Registered Number: SC172470

CAIRN ENERGY HYDROCARBONS LIMITED

REPORT & FINANCIAL STATEMENTS

FOR YEAR ENDED 31 MARCH 2021

Cairn Energy Hydrocarbons Limited

Directors:

Hitesh Vaid
Helena Anne Jane Giles
Michael Oluwamaayowa Muyiwa-George

Independent Auditors:

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Company Secretaries
Resigned w.e.f. February 15, 2021
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Appointed w.e.f. February 15, 2021
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272 Bath Street,
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Registered No:

SC172470

The directors present their strategic report for year ended 31 March 2021.

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 132,599 boepd and working interest production was 46,410 boepd.

The Rajasthan block is an onshore block. It is the principal production asset where the Company along with its intermediate holding Company owns a 70% participating interest pursuant to the production sharing contract signed on 15 May 1995 that runs until May 2020. The Government of India, acting through the Directorate General of Hydrocarbons, Ministry of Petroleum and Natural Gas has granted its approval for a ten-year extension of the PSC for the Rajasthan Block under Pre-NELP Policy, RJ-ON-90/1, with effect from 15th May, 2020. As per the said policy and extension, the Company is required to comply with certain conditions and pay an additional 10% profit oil to GoI. The Company had challenged the applicability of Pre NELP Policy to the RJ block. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC The Company is studying the order and all available legal remedies are being evaluated for further action as appropriate.
One of the conditions for extension of PSC relates to notification of certain audit exceptions raised for FY 16-17 as per PSC provisions and provides for payment of amounts, if such audit exceptions result into any creation of liability.

The Directorate General of Hydrocarbons ("DGH") in May 2018 raised a demand on the Company for the period up to March 31, 2017 for Government's additional share of Profit oil based on its computation of disallowance of costs incurred in excess of the initially approved Field Development Plan ("FDP") of the pipeline project for ₹ 739 Crore (US$ 101 million) and retrospective re-allocation of certain common costs between Development Areas ("DAs") of RJ block aggregating to ₹ 1,349 Crore (US$ 182 million). The DGH vide its letter dated May 12, 2020, reiterated its demand only with respect to the retrospective re-allocation of certain common costs between DAs of the RJ block of ₹ 1,349 Crore (US$ 182 million towards contractor share for the period upto March 31, 2017.
Subsequently, the Company in January 2020 received notifications from the DGH on audit exceptions arising out of its audit for the FY 2017-18, which comprises the consequential effects on profit oil due to the aforesaid matters and certain new matters on cost allowability plus interest aggregating to US$ 322.5 million, representing share of the Company, which have been suitably responded to by the Company.

The Company believes that it has sufficient as well as reasonable basis pursuant to the PSC provisions and related approvals, supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Company's opinion, these computations of the aforesaid demand / audit exceptions are not appropriate, and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The Company's view is also supported by independent legal opinion and the Company has been following the process set out in PSC to resolve these aforesaid matters. The Company has also invoked the PSC process for resolution of disputed exceptions and has issued notice for arbitration and the tribunal stands constituted. Further, on September 23, 2020, the GoI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. This matter is now scheduled for hearing on August 04, 2021.

Also, on Vedanta's application under section 17 of the Arbitration and Conciliation Act, 1996, the tribunal in December 2020 ordered that GoI should not take any action to enforce any of the amounts at issue in this arbitration against the Claimants during the arbitral period. The GoI has challenged the said order before the Delhi High Court under the said Act. This matter is also scheduled for hearing on August 04, 2021.

In management's view, the above mentioned condition on demand raised by the DGH for additional petroleum linked to PSC extension is untenable and has not resulted in creation of any liability and cannot be a ground for non-extension. In addition, all necessary procedures prescribed in the PSC including invocation of arbitration, in respect of the stated audit observation have also been fulfilled.

Accordingly, the PSC extension approval granted vide DGH letter dated October 26, 2018 upholds with all conditions addressed and no material liability would devolve upon the company.

Simultaneously, the Company is also pursuing with the GoI for executing the RJ PSC addendum at the earliest. In view of extenuating circumstances surrounding COVID-19 and pending signing of the PSC addendum for extension after complying with all stipulated conditions, the GoI has been granting interim permission to the Company to continue Petroleum operations in the RJ block. The latest permission is valid upto October 31, 2021 or signing of the PSC addendum, whichever is earlier.

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 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 and the first cargo of 500,000 barrels of Rajasthan crude oil was successfully loaded in December 2015 through the Bhogat terminal for Mangalore Refinery and Petrochemicals Limited ("MRPL"). 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. Surface facility development for polymer implementation has completed and polymer injection has been ramped up to its design capacity. We are also investing in developing Rajasthan potential beyond the MBA fields and presently focusing on - Barmer Hill, Satellite Fields. Each of them is at various stages of development and production. Also, gas development in the Raageshwari Deep Gas field continues to be a strategic priority. Early production facility has been commissioned and ramped up to its design capacity of 90 mmscfd. Construction of gas terminal is completed and ramp up is underway. This shall lead to incremental sales of ~100 mmscfd. To realise the full potential of the gas reservoir, contract for the drilling of 42 wells is nearing completion. 41 wells have been drilled, of which 23 wells are online as of March 31, 2021. They are being progressively hooked up to ramp up volumes.

The Company derived gross revenue from oil and gas production of $465.6m (year ended March 2020: $832.6m) from permit interests in India. During the current year, the Company made a profit of $49.4m (year ended March 2020: profit of $104.5m). Dividend amounting to $315.3m has been paid during the year (year ended March 2020: $554.5m). Out of $315.3 m, dividend pay-out of $194.3m is through reduction in share capital.

	Year ended March 2021 ($'000)	Year ended March 2020 ($'000)
Revenue	466,281	833,247
Operating Profit	79,355	254,059
Profit for the year	49,446	104,485
Margin (%)	10.60%	12.54%

The decrease in margin is primarily driven by lower realisation on Crude Oil sale. Revenue is reported post profit sharing with the Government of India and the royalty expense in the Rajasthan block.

Operations & Projects

During the period, the Block achieved a total production of 48.4 mmboe. Cumulative oil production till 31 March 2021 is 616.0 mmboe.

The gross average production for the period ended March 2021 was at 132,599 boepd, 8% lower year on year (yoy). This decrease was primarily due to delay in execution of growth projects due to implementation of nationwide lockdown imposed by the Government of India to curb the spread of COVID-19 and natural reservoir decline at the MBA fields. The decline was partially offset by addition of wells brought online as a part of Mangala Infill, MPT Upgrade, Aishwarya and Bhagyam Polymer and ABH and production optimization activities.

Development Area (DA) 1, primarily comprising the Mangala, Aishwariya, Saraswati and Raageshwari oil & gas fields, produced at a gross average of 119,863 boepd during the year.

DA 2 comprising of Bhagyam, NI and NE field produced gross average 12,507 boepd during the year.

DA 3 comprising KW2 produced gross average 228 boepd during the year.

Gas production from Raageshwari Deep Gas (RDG) averaged to 124 million standard cubic feet per day (mmscfd) in FY2021, with gas sales, post captive consumption, at 96 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. These projects are being executed under an Integrated Development strategy in partnership with global oilfield service companies and are on track to deliver near term additional volumes.

As part of the growth projects in Rajasthan 248 wells have been drilled. Of these 143 wells have been hooked up till date.

The Mangala processing terminal facility upgradation is nearing completion and all the major sub-systems of liquid handling are under operation. Intra-field pipeline augmentation project has been completed. The project has resulted in increase in liquid handling capacity by 30% at the Mangala processing terminal.

Gas development in the Raageshwari Deep Gas field continues to be a strategic priority. Early production facility has been commissioned and ramped up to its designed capacity of 90 mmscfd. Further construction of gas terminal is completed and ramp up is underway. This shall lead to incremental sales of ~100 mmscfd.
In order to realize the full potential of the gas reservoir, drilling of 42 wells is nearing completion. 41 wells have been drilled, of which 23 wells are online as of March 31, 2021. They are being progressively hooked up to ramp up volumes.

Based on the success of the FM3 infill and ABH Stage II drilling campaign, Cairn has identified opportunities to further accelerate production by drilling 4 horizontal wells in FM3 & FM5 sands and 5 infill wells for ABH. The project also entails drilling of few deviated wells for FM2/3 sands and conversion of 3 wells to polymer injector. Drilling for both projects is expected to commence during fiscal year 2022.

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. For Rajasthan, during fiscal year 2021, crude oil price for private companies was benchmarked to Dated Brent, international benchmark crude for low sulphur crude grades. For PSU companies, the price was benchmarked to Bonny Light, West African low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality.

Resource & Reserve Base

As at March 2021, the gross hydrocarbons in-place in Rajasthan is at 5.9 billion boe. The gross proved plus probable reserves and resources stood at 1,124 mmboe, which includes gross reserves (2P) of 444 mmboe and gross resources (2C) of 680 mmboe.

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.

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.

Unfavourable changes in production sharing contract terms or failure to extend the production sharing contract for the Rajasthan block could have a material adverse impact on our financial performance

Our current reserves and production are significantly dependent on the Rajasthan block in India. The current production sharing contract for the block was valid till May 2020. Government of India (GoI), accorded its approval for extension of the PSC, under the Pre-NELP Extension policy as per notification dated 7 April 2017, for RJ block by a period of 10 years w.e.f. 15th May 2020 vide its letter dated 26th October 2018 subject to fulfilment of certain conditions As per the above policy, the Government share of profit petroleum during the extended period of contract would be at higher slabs for these fields.

Mitigation: The applicability of the Pre-NELP extension policy (entailing 10% higher profit petroleum) to Rajasthan Block production Sharing Contract is challenged by Cairn vide an affidavit filed on July 26, 2017.On 26th March 2021, the Division bench of Delhi high Court has set aside a single judge order of 31 May 2018 which directed the government to extend the tenure of the PSC for a period of 10 years, till 2030, on the same terms and conditions. Government of India, in their submissions to the Delhi High Court, has not objected to Vedanta obtaining a 10 year extension of Rajasthan PSC. The legal dispute only relates to additional 10% profit petroleum rather than Vedanta's right to obtain 10 year extension. Further, on 30 March, 2021, Vedanta has paid the additional 10% profit petroleum to the Government due from 15th May 2020 till 31st Dec 2020 and on 3rd April 2021 from1st January 2021 to 31st March 2021. Based on above and Company's intention to extend the PSC, as demonstrated, in Management view it is considered virtually certain that Rajasthan PSC has in effect been extended by 10 years.

Government of India Arbitration (DGH)

DGH has issued a letter on 12 May 2020 asking contractors to make payment of USD 520m (CEHL share US $ 182m) and stating that in case of continued default the present PSC shall expire on 14th May 2020. We've responded to this letter noting that it was unsustainable unless the dispute stands resolved as per process prescribed in the PSC and demanded that the same should be withdrawn. It was also clarified that the same should be de-linked as a condition for the extension. Further, failing confirmation of appointment of sole expert by the GoI for ~7 months, we served Notice of Arbitration dated 14 May 2020. The Government of India (GOI) has responded to company's notice of arbitration on 29 June 2020 and raised claims of $1,031m (CEHL Share -$516m) (representing audit exceptions notified by DGH upto FY FY 2017-18) plus consequential impact until the expiry of the current PSC on 14th May 2020.

Any award unfavorable to the company, could have a material adverse effect on it's business, operating results and financial condition.

Mitigation: Presiding arbitrator has been nominated and the tribunal stands constituted.The matter is in process of hearings. Hearing are underway.

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. *f*
- 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

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 commodityrelated 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.

Impact of COVID-19

The outbreak of novel Coronavirus (COVID-19) pandemic globally and in India and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe. The commodity prices including oil have seen significant volatility with downward price pressures due to major demand centres affected by lockdown. The outbreak, or continued or threatened outbreak, of any similar severe communicable disease could materially and adversely impact Company's business, financial condition, cash flow and results of operations due to weaker Oil prices.

The Company is in the business of oil & gas which is considered as continuous process and were generally allowed to continue to carry out the operations with adequate safety measures. The Company has taken proactive measures to comply with various regulations/ guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general. The Company has considered possible effects of COVID-19 on the recoverability of its investments. The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic. The Company has also performed sensitivity analysis on the assumptions used basis the internal and external information/ indicators of future economic condition. Based on the assessment, the Company has recorded necessary adjustments and has appropriately disclosed the same.

Mitigation:

• The Company has taken proactive measures to comply with various regulations/ guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general including vaccination drives for all emplyees, setting of hospital facilites in Barmer and work from home model for employees wherever possible.

• The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic.

.• Based on the assessment, the Company had recorded necessary adjustments, including impairment to the extent the carrying amount exceeds the recoverable amount and has disclosed the same as exceptional item during the previous year ended 31 March 2020. No such impairments were identified during the current year. The actual effects of COVID-19 could be different from what is presently assessed and would be known only in due course of time, however no further adjustments are considered necessary at this stage.

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.

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, ƒCompetent in-house legal organisation is in place and the legal team have been strengthened with induction of senior legal professionals.

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 .

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 though 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 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.

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

Date: 30 July 2021

Cairn Energy Hydrocarbons Limited

Directors Report

The directors present their report and financial statements for year ended 31 March 2021.

Directors

The directors who held office during the year and subsequently are as follows:
Hitesh Vaid (appointed w.e.f. July 17, 2020)
Helena Anne Jane Giles (appointed w.e.f. February 15, 2021)
Michael Oluwamaayowa Muyiwa-George (appointed w.e.f. February 15, 2021)

Financial Instruments

For details of the Company's financial risk management: objectives and policies see note 23 of the Notes to the Accounts.

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.

Owing to uncertainty arising from COVID-19, there was significant reduction in oil prices leading to reduced profits in the current year. However, since period end oil price has recovered to pre-Covid-19 levels. The virus and associated uncertainty have therefore had an impact on the Management's assessment of the ability of the Company to continue as a going concern.

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 30 September 2022 ("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 2021 and the year ended 31st March 2020.

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 2021 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.

By Order of the Board

Date: 30 July 2021

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 United Kingdom law and those international accounting standards in conformity with the requirements of Companies Act, 2006. 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:

- Select suitable accounting policies in accordance with international accounting standards in conformity with the requirements of the Companies Act, 2006 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 IFRSs 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;
- state whether international accounting standards in conformity with the requirements of the Companies Act, 2006, have been followed, subject to any material departures disclosed and
- 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 a 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.

Opinion

We have audited the financial statements of Cairn Energy Hydrocarbons Limited (the 'Company') for the year ended 31 March 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1.1(s) (ii) of the accompanying IFRS financial statements which describes the uncertainty arising out of the demands that have been raised on the Company, with respect to government's share of profit oil by the Director General of Hydrocarbons and one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Government has granted permission to continue operations in the block till 31 July 2021 or signing of the PSC addendum, whichever is earlier. The Company, based on external legal advice, believes it is in compliance with the necessary conditions to secure an extension of this PSC and that the demands are untenable and hence no provision is required in respect of these demands. Were the Director General of Hydrocarbons' demands be allowed by the arbitration panel or competent courts, that would have a significant financial impact on the Company financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors; assessment of the entity's ability to continue to adopt the going concern basis of accounting included, reviewing detailed forecasts and cashflows for 12 months from the date of signing the audit report together with the assumptions underpinning these forecasts. We assessed the Directors' sensitivity analysis and the reasonableness of these documents by reference to market conditions. We also reviewed available banking facilities and covenant requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

- the directors were not entitled to take advantage of the exemption from the requirement to prepare a Strategic Report or in preparing the Directors’ Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

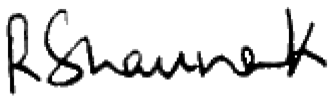
- Enquiry of management and entity’s solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with law and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rational of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak FCA

Senior Statutory Auditor
for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditor

2 London Wall Place

London
EC2Y 5AU
Date: 30 July 2021

Cairn Energy Hydrocarbons Limited
Statement of Comphrensive Income
For the period ended 31 March 2021

	Notes	Mar-21 $'000	Mar-20 $'000
Revenue	2	466,281	833,247
Cost of sales			
Production costs	3(a)	-247,587	-330,721
Depletion and decommissioning	8	-120,897	-141,249
Gross profit		**97,797**	**361,277**
Impairment of investments	9	-50	-2,760
Administrative expenses		-18,392	-20,718
Impairment charge on exploration assets		-	-83,740
Operating profit		**79,355**	**254,059**
Finance income	5	2,695	5,547
Finance costs	6(a)	-4,056	-2,477
Other gains and losses	6(b)	7,359	-32,281
Profit/(loss) before taxation		**85,353**	**224,848**
Taxation	7	-35,907	-120,363
Profit/(loss) for the year		**49,446**	**104,485**

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited
Statement of Comphrensive Income
For the period ended 31 March 2021

	Notes	Year ended March 2021 **$'000**	Year ended March 2020 $'000
Profit for the year		**49,446**	**104,485**
Total comprehensive income for the year		**49,446**	**104,485**

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited
Statement of Financial Position
As at 31 March 2021

	Notes	Mar-21 $'000	Mar-20 $'000
NON-CURRENT ASSETS			
Intangible exploration/appraisal assets	8	86,315	79,850
Property, plant and equipment – development/producing assets	8	477,000	552,947
Investment in subsidiaries	9	25	33
Deferred tax assets	7	227,052	246,233
Non-current tax assets		712	3,251
Other receivables	10	123,131	89,149
		914,235	**971,463**
CURRENT ASSETS			
Trade and other receivables	11	228,897	180,107
Short - term investments	12	124,580	220,998
Cash and cash equivalents	13	58,691	20,019
Inventory	14	29,445	33,315
Total current assets		**441,613**	**454,439**
TOTAL ASSETS		**1,355,848**	**1,425,902**
CURRENT LIABILITIES			
Trade and other payables	15	634,968	458,915
Current tax liabilities		2,030	10,344
Short term borrowings		-	495
Total current liabilities		**636,998**	**469,754**
NON-CURRENT LIABILITIES			
Provisions		120,851	119,228
Total non-current liabilities		**120,851**	**119,228**
TOTAL LIABILITIES		**757,849**	**588,982**
NET ASSETS		**597,999**	**836,920**
EQUITY			
Called-up share capital	17	344,043	575,616
Share Premium	18	-	-
Other equity	19	181,624	181,624
Retained Earnings		72,332	79,680
TOTAL EQUITY		**597,999**	**836,920**

Financial Statements of Cairn Energy Hydrocarbons Limited, registration number SC172470 were approved by the Board of Directors on 30 July 2021.

Signed on behalf of the Board

Date:30 July 2021

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited

Statement of Cash Flows

For year ended 31 March 2021

Particulars	Note	Mar-21 $'000	Mar-20 $'000
Cash flows from operating activities			
Profit before taxation		**85,353**	**224,848**
Adjustments for:			
Depletion	8	120,897	141,249
Unwinding of discount on decommissioning liability	6(a)	2,498	3,355
Interest income	5	-2,610	-3,737
Profit on sale of Property, plant and equipment	6(b)	-473	-323
Dividend income	5	-85	-1,810
Interest expense and other finance charges	6(a)	1,558	-878
Unrealized foreign exchange loss (net)		-6,694	37,438
Impairment charge on exploration/appraisal assets	3(e)	-	83,740
Impairment on investment	9	50	2,760
Operating cash flows before movements in working capital		**200,494**	**486,642**
(Increase) in trade and other receivables		-68,938	-39,594
Increase/(Decrease) in trade and other payables		266,729	-89,178
(Increase)/ Decrease in inventories		3,870	-3,872
Cash generated from operations		**402,155**	**353,998**
Income tax paid		-18,282	-66,750
Net cash flows from operating activities		**383,873**	**287,248**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment – development /producing assets and intangible exploration/appraisal assets		-123,089	-118,575
Deposits made (original maturity of more than 3 months)		-443,379	-160,578
Proceeds from deposits matured		481,690	7,007
Proceeds from sale of short-term investments		57,988	1,015,343
Purchase of short-term investments		-	-972,114
Investment in subsidiary	9	-60	-2,760
Interest received		2,814	3,127
Dividend received		-	-
proceeds from Return of Equity Investment	9	18	-
Payments made to site restoration fund		-9,996	-3,013
Net cash (used in) investing activities		**-34,014**	**-231,563**

Cash flows from financing activities			
Proceeds from the issue of ordinary shares		26,924	399,580
Dividend paid to parent on equity shares		-315,293	-554,497
Payment of Lease rentals	15	-21,004	-17,650
Interest Paid/(Received)		-1,572	876
Net cash (used) in financing activities		**-310,945**	**-171,691**
Net (decrease)/increase in cash and cash equivalents		38,914	-116,006
Effect of foreign exchange rate changes		-242	784
Cash and cash equivalents at the beginning of the year		20,019	135,241
Cash and cash equivalents at the end of the year	13	**58,691**	**20,019**

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 2021

	Equity Share Capital $'000	Share Premium $'000	Other Equity * $'000	Retained Earnings $'000	Total $'000
	(Note 17)	(Note18)	(Note 19)		
At 1 April 2019	651,014	19,574	181,624	35,141	**887,353**
Additions during the year	399,580	-	-	-	**399,580**
Reduction in Share Capital (Note 17 & 18)	-474,977	-19,574	-	494,551	-
Profit for the year	-	-	-	104,485	**104,485**
Dividend distributed during the year	-	-	-	-554,497	**-554,497**
At 31 March 2020	**575,617**	**-**	**181,624**	**79,680**	**836,921**
At 1 April 2020	575,617	-	181,624	79,680	**836,921**
Additions during the year	26,924	-	-	-	**26,924**
Reduction in Share Capital (Note 17 & 18)	-258,498	-	-	258,498	-
Profit for the year				49,446	**49,446**
Dividend distributed during the year	-	-	-	-315,292	**-315,292**
At 31 March 2021	**344,043**	**-**	**181,624**	**72,332**	**597,999**

* Other equity represents waiver of intergroup balances and these are non-distributable.

The accompanying notes form an integral part of these financial statements

For year ended 31 March 2021

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 Summit House, 4-5 Mitchell Street, Edinburgh, EH6 7BD, Scotland, 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 international accounting standards in conformity with the requirements of Companies Act 2006 and as they apply to year ended 31 March 2021.

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 Review on page 2. The financial position of the Company, its cash flows, liquidity position are presented in the financial statements and supporting notes. In addition, note 23 and 24 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 s400 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 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.

Owing to uncertainty arising from COVID-19, there was significant reduction in oil prices leading to reduced profits in the current year. However, since period end oil price has recovered to pre-Covid-19 levels. The virus and associated uncertainty have therefore had an impact on the Management's assessment of the ability of the Company to continue as a going concern.

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 30 September 2022 ("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.

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
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

b) Application of new and revised standards affecting amounts reported in the current period (and/or prior periods)

The Company has adopted with effect from 1 April 2020, the following new amendments and pronouncements.Their adoption has not had any significant impact on the amounts reported in the financial statements.
1. Amendments to IFRS 3 regarding definition of a Business
2. Amendments to IFRS 7 and 9 regarding Interest Rate Benchmark Reform
3. Amendments to IAS 1 and IAS 8 regarding definition of Material
4. Amendments to IFRS 16 regarding COVID-19 related rent concessions

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

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

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.

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.

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.

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.

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 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:

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.

(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.

(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.

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 2021	Average year ended March 2021
Indian Rupee	73.2973	74.1056

Currency	As at 31 March 2020	Average year ended March 2020
Indian Rupee	74.8109	70.8601

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.

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.

l) 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.

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.

m) 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.

n) 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.

o) 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.

p) 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.

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.

q) 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.

r) 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.

s) 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.

ii. PSC Extension

On 26 October 2018, the Government of India (GoI) acting through the Directorate General of Hydrocarbons (DGH) granted its approval for a ten-year extension of the PSC for the Rajasthan Block (RJ), with effect from 15 May 2020 subject to certain conditions. The GoI had granted the extension under the Pre-NELP Extension Policy. This policy entails additional 10% profit petroleum payment to GoI. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC The Company is studying the order and all available legal remedies are being evaluated for further action as appropriate.The key conditions stated by DGH and the Company's position is detailed below:

a) Submission of Audited Accounts and End of Year Statement

Condition regarding submission of audited accounts and End of Year Statement for adoption by Management Committee of the Block has been delinked by DGH vide letter dated 3 December 2019 as a pre-condition to PSC extension.

b) Profit Petroleum

DGH has issued a letter on 12 May 2020 asking contractors to make payment of $520m (CEHL share $182m) and stating that in case of continued default the present PSC shall expire on 14 May 2020. Company responded to this letter noting that it was unsustainable unless the dispute stands resolved as per process prescribed in the PSC and demanded that the same should be withdrawn. It was also clarified that the same should be de-linked as a condition for the extension. Further, failing confirmation of appointment of sole expert by the GoI for ~7 months, Company served Notice of Arbitration dated 14 May 2020. The Government of India (GOI) has responded to company's notice of arbitration on 29 June 2020 and raised claims of $1,031m (CEHL Share -$516m) (representing audit exceptions notified by DGH upto FY 2017-18) plus consequential impact until the expiry of the current PSC on 14 May 2020. DGH vide its letter dt 24 December 2020 repeated its demand asking the contractors to pay the revised amount of $655 mn(CEHL share $ 229 m) (as of FY 2017-18).

The Company believes that it has sufficient as well as reasonable basis (pursuant to PSC provisions & approvals), supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Company's opinion, these computations of the aforesaid demand/audit exceptions are not appropriate and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The Company's view is also supported by independent legal opinion and the Company has been following the process set out in PSC to resolve these aforesaid matters.

On 23 September 2020 GOI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The bench was not inclined to pass ex-parte order and it was put to the Govt why the matter should not be relegated to the Tribunal which stands constituted already. The matter is now listed for hearing on 04 August 2021.

On Vedanta Limited's applicant u/s 17 of the Arbitration and conciliation Act, 1996, on 23 December 2020, the tribunal has ordered that Government of India (GOI) should not take any action, directly or indirectly, to enforce against the Claimants (i.e. Vedanta Limited and CEHL) any of the amounts at issue in this arbitration, including by way of a purported condition to any extension of the Production Sharing Contract ("PSC"); any steps to impair or terminate any rights of the Claimants under the PSC or otherwise to expropriate the Claimants' investment in the RJ Block; and direction by the GOI upon a third party with respect to the amounts at issue in this arbitration.

Also, GOI should not take any other steps likely to aggravate the dispute pending the Tribunal's final resolution of the Parties' claims, including whether the audit exceptions give rise to any liability on the part of the Claimants; and/or alter the status quo ante as at the time the arbitration was commenced. During the arbitral period, the GOI continues to extend the contractual arrangements under the PSC on the terms of the current extension, which includes a 10% increase in payment to the GOI pursuant to its current policy, on a without prejudice basis. The GOI has challenged the said order before the Delhi High Court u/s 37 of the Arbitration and conciliation Act, 1996. The same is listed on 04 August 2021.

Further to above stated letter from GoI on 26 October 2018, in view of pending non-finalisation of the Addendum to PSC, the extraordinary situation prevailing on account of COVID-19 and non-finalisation of issues including the aforesaid DGH demand, the GoI granted, vide letter dated 14 May 2020, permission to the Company to continue petroleum operations in Rajasthan block, till the execution of the Addendum to PSC or for a period of three months from 15 May 2020, whichever is earlier, which is further extended to 31 October 2021. The applicability of the Pre-NELP extension policy (entailing 10% higher profit petroleum) to Rajasthan Block production Sharing Contract is challenged by Cairn vide an affidavit filed on 26 July 2017. On 26th March 2021, the Division bench of Delhi high Court has set aside a single judge order of 31 May 2018 which directed the government to extend the tenure of the PSC for a period of 10 years, till 2030, on the same terms and conditions.

All available legal remedies (including appeal toSupreme Court) are being evaluated for further action as appropriate. Nevertheless, Government of India, in their submissions to the Delhi High Court, has not objected to Vedanta obtaining a 10 year extension of Rajasthan PSC. The legal dispute only relates to additional 10% profit petroleum rather than Vedanta's right to obtain 10 year extension. Further, on 30 March, 2021, Vedanta has paid the additional 10% profit petroleum to the Government due from 15th May 2020 till 31st Dec 2020. Based on above and Company's intention to extend the PSC, as demonstrated, in Management view it is considered virtually certain that Rajasthan PSC has in effect been extended by 10 years.

Further in our view, the demand raised by the Government linked to PSC extension, is untenable and has not resulted in creation of any liability and cannot be a ground for non-extension. In addition, all necessary procedures prescribed in the PSC including appropriate dispute resolution process, in respect of the stated audit observation have also been satisfied. Accordingly, in our view, all the conditions of the PSC extension approval granted vide DGH letter dated 26 October 2018 stands addressed and no material liability would devolve upon the Company.

An adverse decision from the Government of India on the PSC extension could result in a substantial loss of value and could have a material adverse effect on Vedanta's results of operations and financial condition.

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

The Company has carry forward MAT credit that is available for offset against future taxable profit. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax credits can be utilized. 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. The details of MAT assets are set out in note 7.

v. Impact of COVID-19

The outbreak of novel Coronavirus (COVID-19) pandemic globally and in India and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe. The commodity prices including oil have seen significant volatility with downward price pressures due to major demand centers affected by lockdown.

The Company has taken proactive measures to comply with various regulations/ guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general. The Company has considered possible effects of COVID-19 on the recoverability of its investments. The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic.

vi. 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 21.

2 Revenue from Operations

	Year ended March 2021	Year ended March 2020
	$'000	**$'000**
Sale of products		
Revenue from sale of oil and gas	465,591	832,550
Sale of services	690	697
Revenue from contract with customers	**466,281**	**833,247**

Disaggregation of revenue

	Year ended March 2021	Year ended March 2020
	$'000	**$'000**
Sale of products		
Oil	425,314	783,508
Gas	40,277	49,042
Sale of products	465,591	832,550
Sale of services	690	697
Total revenue	**466,281**	**833,247**

a) Revenue from operations includes revenue from contract with customers of $445.70million(March 2020:$762.16 million) of which $ 445.01 million(March 20:$761.46 million) is recognised at a point in time and $ 0.69 million(March 2020:0.70 million) is recognised over a period of time. Mark-to-market (losses)/ gains on sales which were provisionally priced initially, and the pricing has been finalised during the year amounts to $20.57 million (March 2020:($ 19.65 million)). There is no outstanding provisionally priced contracts as on 31st March,2021.

b) Government of India (GoI) vide Office Memorandum ("OM") No. O-19025/10/2005-ONG-DV dated February 01, 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 October 24, 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, during the previous year(F.Y 19-20), the Company has recognised revenue of $90.74 million included above, 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, view which is also supported by an independent legal opinion. However, the Joint operation partner carries a different understanding and the matter is pending resolution.

3 Operating Profit

a) Operating Profit is stated after charging :

	Year ended March 2021	Year ended March 2020
	\$'000	**\$'000**
Cess on crude oil	112,920	160,996
Decrease in inventory of crude oil	53	1,581
Other production costs	134,614	168,144
Production costs	**247,587**	**330,721**
Depletion and decommissioning	120,897	141,249
Impairment of Investments	50	2,760
Administrative Expenses	18,392	20,718
Impairment charge on exploration assets	-	83,740

b) Continuing operations

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

c) Auditors' Remuneration

Fees amounting to $36,600 (the year ended 31 March 2020: $16,719) is payable to the Company's auditors for the audit of the Company's annual accounts for the year 2020-21.

The Company has a system in place for the award of non-audit work to the auditors which, in certain circumstances, requires Audit Committee approval.

d) Administrative Expenses

Administrative expenses includes provision for ECL of $6.3m as company's share (for the year ending 31 March 2020: $7.3m) pertaining to amount recoverable from Joint Operators.

e) Impairment Charge

	Year ended March 2021	Year ended March 2020
	\$'000	**\$'000**
Impairment of assets*	-	**83,740**
Total	**-**	**83,740**

* In the current year, the management has reviewed the key assumptions i.e. future production, oil prices, discount to price, Production sharing contract (PSC) life, discount rates, etc. for all of its oil and gas assets. Based on analysis of events that have occurred since then, there did not exist any indication that the assets may be impaired or previously recorded impairment charge may reverse. Hence, detailed impairment analysis has not been conducted in the current financial year.

During the year ended March 31, 2020, the Company had recognized net impairment charge of US $ 83.7m against exploration intangible assets under development mainly due to reduction in crude price forecast. The carrying value of RJ CGU amounted to US $ 727m (Rajasthan Development- US $ 565m & Rajasthan Exploration- US $ 161 m).The recoverable amount US $ 658.9m (Rajasthan Development-US $ 581m & Rajasthan Exploration – US $ 77.9m) of the RJ CGU was determined based on the fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy, as it more accurately reflects the recoverable amount based on the Company's view of the assumptions that would have been used by a market participant. Also, fair value less cost of disposal was higher than Value in use. This was based on the cash flows expected to be generated by the projected oil and natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal test consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short-term oil price of US $ 38 per barrel for the next one year (and scales up to long-term nominal price of US $ 57 per barrel three years thereafter derived from a consensus of various analyst recommendations. Thereafter, these have been escalated at a rate of 2% per annum. The cash flows were discounted using the post-tax nominal discount rate of 10.13% derived from the post-tax weighted average cost of capital after factoring in the risks ascribed to PSC extension including successful implementation of key growth projects. Based on the sensitivities carried out by the Company, change in crude price assumptions by US$ 1/bbl and changes to discount rate by 1% would lead to a change in recoverable value by US $ 20.8 mn and US $ 31.3 mn respectively.

4 Directors' Emoluments

A total remuneration of $29,803 year ended 31 March 2021 (the year ended 31 March 2020: $24,160).

5 Finance Income

	Year ended March 2021 $'000	Year ended March 2020 $'000
Bank deposit interest	1,528	2,329
Income from SRF deposit	949	816
Other interest income	133	592
Dividend income	85	1,810
	2,695	**5,547**

6(a) Finance Costs

	Year ended March 2021 $'000	Year ended March 2020 $'000
Interest expense	1,158	255
Other finance charges	400	-1,133
Sub Total	**1,558**	**-878**
Other finance charges - unwinding of discount (refer note 16)	2,498	3,355
Total	**4,056**	**2,477**

6(b) Other gains and losses

	Year ended March 2021 $'000	Year ended March 2020 $'000
Profit on sale of Property, plant and equipment	473	-323
Exchange loss (net)*	6,886	32,604
Total	**7,359**	**32,281**

*includes Foreign exchange loss on Minimum Alternate Tax (MAT) credit of $ (4,092) (31st March 2020: $ 17,552).

7 Taxation on Profit

a) Analysis of tax charge during the year

	Year ended March 2021	Year ended March 2020
	$'000	$'000
Current tax on profit for the year	12,657	49,443
Current tax charge in respect of earlier years	-	-410
Total current tax (a)	**12,657**	**49,033**
Origination and reversal of temporary differences	22,550	70,296
Charge in respect of deferred tax for earlier years	700	1,034
Total deferred tax (b)	**23,250**	**71,330**
Total tax charge ((a)+(b))	**35,907**	**120,363**

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 2021 $'000	Year ended March 2020 $'000
Profit before taxation	85,353	224,848
Corporation tax at the standard UK rate of 19%	16,217	42,721
Effects of:		
Permanent differences*	-1,180	21,643
Effect of higher tax rate**	20,170	55,375
Tax charge relating to earlier years	700	624
Total tax charge	**35,907**	**120,363**
Effective tax rate	**42.07%**	**53.53%**

* 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 43.7% (March 2020: 43.7%).

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:

For year ended March 2021

Significant components of Deferred Tax assets & (liabilities)	**Opening balance as at April 1, 2020**	**(Charged)/credited to statement of profit or loss**	**Exchange difference on translation of foreign operation**	**Closing balance as at Mar 31, 2021**
	$'000	**$'000**	**$'000**	**$'000**
Property, Plant and Equipment, Exploration and evaluation and intangible exploration/appraisal assets	49,178	14,092	-2	63,268
MAT credit entitlement	201,505	-34,507	4,071	171,069
Other Temporary Differences	-4,450	-2,835	-	-7,285
Total	**246,233**	**-23,250**	**4,069**	**227,052**

For the year ended March 2020

Significant components of Deferred Tax assets & (liabilities)	**Opening balance as at April 1, 2019**	**(Charged)/credited to statement of profit or loss**	**Exchange difference on translation of foreign operation**	**Closing balance as at Mar 31, 2019**
	$'000	**$'000**	**$'000**	**$'000**
Property, Plant and Equipment, Exploration and evaluation and intangible exploration/appraisal assets	26,498	21,687	993	**49,178**
MAT credit entitlement	304,000	-83,984	-18,511	**201,505**
Other Temporary Differences	4,583	-9,033	-	**-4,450**
Total	**335,081**	**-71,330**	**-17,518**	**246,233**

Recognition of deferred tax assets on MAT credits entitlement is based on the Company's present estimates and business plans as per which the same is expected to be utilized within the stipulated fifteen-year period from the date of origination.

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

Particulars	Oil and gas properties	ROU Plant & Machinery	Sub Total Oil and Gas Properties	Intangible exploration/ appraisal assets	Total
	$'000	$'000	$'000	$'000	$'000
Gross Block					
As at 1 April 2019	**2,716,584**	-	**2,716,584**	**169,486**	**2,886,070**
Additions	176,487	46,092	**222,579**	10,079	**232,660**
Deletions/Adjustments	-522	-	**-522**	-	**-522**
Transfers [Note 1.1(s)(ii)]	15,825	-	**15,825**	-15,825	-
Unsuccessful Exploration cost	-	-	-	-150	**-150**
As at 31 March 2020	**2,908,374**	**46,092**	**2,954,466**	**163,590**	**3,118,056**
Additions	45,058	341	**45,399**	6,027	**51,426**
Deletions	-473	-	**-473**	-	**-473**
Transfers	-547	-	**-547**	547	-
Unsuccessful Exploration cost	-	-	-	-109	**-109**
As at 31 March 2021	**2,952,412**	**46,433**	**2,998,845**	**170,055**	**3,168,900**
Accumulated depreciation and depletion					
As at 1 April 2019	**2,260,792**	-	**2,260,792**	-	**2,260,792**
Deletions	-522	-	**-522**	-	**-522**
Charge for the year	140,057	1,192	**141,249**	-	**141,249**
Impairment	-	-	-	83,740	**83,740.00**
As at 31 March 2020	**2,400,327**	**1,192**	**2,401,519**	**83,740**	**2,485,259**
Deletions	473		**473**	-	**473**
Charge for the year	115,055	4,798	**119,853**	-	**119,853**
Impairment	-	-	-	-	-
As at 31 March 2021	**2,515,855**	**5,990**	**2,521,845**	**83,740**	**2,605,585**
Net book value					
As at 31 March 2020	**508,047**	**44,900**	**552,947**	**79,850**	**632,797**
As at 31 March 2021	**436,557**	**40,444**	**477,000**	**86,315**	**563,315**

[1] *Oil and Gas Properties includes development assets under construction of carrying value US$ 368 million (31 March 2020: US$ 426 million).*

[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.*

9 Investments in Subsidiaries

	$'000
Cost and net book value:	
At 1 April 2019	33
Additions	2,760
Impairment of investment	-2,760
At 1 April 2020	33
Additions	60
Impairment of investment	-50
Return of Equity	-18
At 31 March 2021	25

The investment has been made in the following subsidiaries-

Name of subsidiary	Mar'21	Mar'20
CIG Mauritius Holding Private Limited	50	90
Cairn South Africa (Pty) Limited	10	2,670

The investments made in CIG Mauritius during the year $50, 000 have also been impaired as the entity is now liquidated. Also, an investment of $ 10,000 was made in Cairn South Africa (Pty) Limited during the year for meeting day to day running costs. Subsequently the company received $ 18,000 from Cairn South Africa (Pty) Limited as Return of Equity when entity filed for 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
Direct				
Cairn South Africa (Pty) Limited *	South Africa	22 Bree Street, Cape Town 8001, South Africa	100%	Exploration & production
Cairn Mauritius Holding Limited**	Mauritius	6th floor, Tower A ,1 CyberCity Ebene Republic of	100%	Holding company
Indirect				
Cairn Mauritius Pvt Limited**	Mauritius	6th floor, Tower A ,1 CyberCity Ebene Republic of	100%	Holding company
Cairn Lanka Pvt Limited	Sri Lanka	Lanka Shipping Tower No.99, St. Michael Road, Colombo 3, Sri Lanka	100%	Exploration & production

*Confirmation of deregistration received on 06th April 2021.

** Company is in the process of Liquidation.

10 Other receivables

	Mar'21 $'000	Mar'20 $'000
Unsecured & considered good		
Site restoration deposits with banks	28,119	18,123
Claims and other receivables	86,195	40,875
Advance Profit Petroleum [a]	-	21,512
Unsecured & considered doubtful		
Claims and other receivables[d]	13,586	5,520
Less: Provision for expected credit loss[d]	-13,586	-5,520
Financial (A)	**114,314**	**80,510**
Balance with government authorities [b c]	8,817	8,639
Non-Financial (B)	**8,817**	**8,639**
Total (A) + (B)	**123,131**	**89,149**

a) Pursuant to Management Committee recommendation and minutes of Empowered Committee of Secretaries (ECS) filed by Government of India, Vedanta Limited (Parent Company) had considered cost recovery of $251m in FY 2017-18, being the cost incurred over the initially approved Field Development Plan of Pipeline Project. Vedanta Limited's claim for the resultant profit petroleum of $43m (out of which Company's share is $21.5m), which had been previously paid, has been disputed by the Government of India. Company based on independent legal opinion believes that it has a good case on merits to recover the amount and has therefore treated it as a non-current recoverable amount for the year ended 31st March 2020. In FY 2020-21 the same was adjusted against the profit petroleum payable to Government of India for the year ended 31st March 2021.

b) Includes $3.8m (31 March 2020: $3.8m), being Company share of gross amount of $11.4m paid under protest on account of Education cess and Secondary Higher Education Cess for 2013-14 (refer note 21).

c) Includes $4.4m (31 March 2020: $4.3m), paid under protest on account of Entry Tax (refer note 21)

d) Includes provision for ECL $13.5m (31 March 2020:$5.5m), which includes $6.3 m provision created during the year and $1.8m is regrouped from Trade and other receivables. This is related to amount recoverable from joint venture partner, Oil and Natural Gas Corporation (ONGC) on account of revenue from OM fields (refer2(b)).

11 Trade and Other Receivables

	Mar'21 $'000	Mar'20 $'000
Unsecured, Considered good		
Trade receivables	82,343	8,156
Joint Operations receivable	129,736	163,481
Unsecured, Considered doubtful		
Joint Operations receivable	19,550	21,358
Less: Provision for expected credit loss	-19,550	-21,358
Financial (A)	**212,079**	**171,637**
Unsecured, Considered good		
Amount receivable from Group Company	6,008	-
Joint Operations receivable*	10,810	8,470
Non – Financial (B)	**16,818**	**8,470**
Total (A) + (B)	**228,897**	**180,107**

*Includes prepayments of $ 2.9m(31 March 2020:0.14 mn)

a) The credit period given to customers ranges from zero to 30 days. All receivables are within the said credit period.

b) The carrying value of trade receivables may be affected by the changes in the credit risk of the counterparties as well as the currency risk as explained in Note 23.

As at 31 March 2021 and 31 March 2020, the ageing analysis of trade and other receivables (Financial), is set out below:

	Mar'21	Mar'20
	$'000	$'000
Neither past due nor impaired	184,579	9,225
Past due but not impaired		
Less than 1 month	-	-
Between 1-3 months	-	30,131.00
Between 3-12 months	-	121,963.00
Greater than 12 months	27,500.00	10,318.00
Total	**212,079**	**171,637**

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

	Mar'21	Mar'20
	$'000	$'000
Joint operation trade receivables		
Opening balance	21,358	19,550
Movement during the period	-1,808	1,808
Closing balance	**19,550**	**21,358**

Included in the provision for expected credit loss are individually impaired Joint operation trade receivables with a balance of $19.5m (31 March 2020:$21.4m). 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.
Also, amount recoverable on account of OM fields revenue (Please refer note 2(b))1.8 m as on 31 st March 2020, have been regrouped to Other recievables as on 31st March 2021.

12 Short – Term Investments

	Mar'21	Mar'20
	$'000	$'000
Bank Deposits	122,821	161,336
Mutual funds	1,759	59,662
Total	**124,580**	**220,998**

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'21	Mar'20
	$'000	$'000
Cash at bank	58,691	12
Short-term deposits	-	20,007
Total	**58,691**	**20,019**

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'21	Mar'20
	$'000	$'000
Oil inventories*	5,105	**5,158**
Stores and spares	24,340	**28,157**
Total	**29,445**	**33,315**

* As on 31st March 2021 the inventory of finished goods is valued at cost , having total cost of $ 5.10 million & Net Realisable Value of $ 8.3 million.

* As on 31st March 2020 the inventory of finished goods is valued at NRV , having total cost of $ 6.59 million & Net Realisable Value of $ 5.16 million. Consequently, write down value of inventory amounting to $1.43 million has been charged to Statement of Profit & Loss during the year.

15 Trade and Other Payables

	Mar'21	Mar'20
	$'000	$'000
Joint operation liabilities	419,106	250,277
Amounts owed to group companies	10,649	11,274
Profit petroleum payable	82,662	39,129
Dues to Joint Venture Partner*	101,596	110,727
Operational buyers' credit/suppliers' credit	6,539	7,620
Other liabilities	267	1,600
Lease Liability	7,440	28,444
Financial (A)	**628,259**	**449,071**
Statutory liabilities	6,731	6,109
Other liabilities	-22	3,735
Non-Financial (B)	**6,709**	**9,844**
Total (A) + (B)	**634,968**	**458,915**

	Mar'21	Mar'20
	$'000	$'000
Opening Lease Liability	28,444	-
Additions During the year	-	46,092
Payments	-21,974	-17,887
Interest	970	239
Closing Liability	**7,440**	**28,444**

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 1 April 2019	104,493
Change in decommissioning estimate	11,380
Unwinding for the year	3,355
At 31 March 2020	**119,228**
Change in decommissioning estimate	-875
Unwinding for the year	2,498
At 31 March 2021	**120,851**

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 1.9% p.a. (2020: 1.9% .p.a.) and discounted using a real discount rate of 2.19% p.a. (2020: 2.08% 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-21 £1 Ordinary Number	31-Mar-21 Amount $'000	31-Mar-20 £1 Ordinary Number	31-Mar-20 Amount $'000
Allotted, issued and fully paid ordinary shares	261,562,119	344,043	436,269,859	575,616
	261,562,119	**344,043**	**436,269,859**	**575,616**

During year ended 31 March 2021, the Company issued 21,817,691 equity shares of $26,924,121 to its parent company, Cairn India Holdings Limited. Also, the Company passed a special resolution to reduce its share capital balance by cancelling and extinguishing 196,525,431 ordinary shares.

Rights and obligations attaching to the shares

The rights and obligations attaching to the ordinary and redeemable preference 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.

The holders of the redeemable preference shares do not have the right to receive notice of any general meeting of the company nor the right to attend, speak or vote any such general meeting. The redeemable preference shares don't confer on their holders the right to receive any dividend. On winding up or redemption, at the time of such return of capital, holders of redeemable preference shares shall get priority over any other class of shares. Also, redeemable preference shares are convertible into ordinary shares only at the option of the Company.

18 Share Premium

	Mar'21	Mar'20
	$'000	$'000
Share premium	-	-

19 Other Equity

	Mar'21	Mar'20
	$'000	$'000
Other Equity	181,624	181,624

Represents waiver of intergroup balances and these are non-distributable.

20 Capital Commitments

	Mar'21	Mar'20
	$'000	$'000
Oil and gas commitments:		
Property, plant and equipment – development activities	65,169	162,615
– exploration activities	30,287	32,199
Contracted for	95,456	194,814

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.

21 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, $4.6m (31 March 2020: $4.6m) belongs to RJ-ON-90/1 block, and out of which Company's share will be $1.7m (31 March 2020: $1.6m).

Further, during the previous year, 6 SCNs out of above has been closed pursuant to the SVLDRS Scheme 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 $1.6m and the company's share is $0.6m. Consequently, the net contingent liability is $0.5m after considering provision created in books for

Service tax – MGA
Further, during the previous financial year, the operator had received a SCN dated September 16, 2019 issued by Directorate General of Goods & Service Tax Intelligence (DGGST) alleging demand of $ 59.6m (company share $16.8m) on account of short payment of service tax on Manpower & General Administrative Overhead Costs (MGA Costs) cost for the period April 2014 to June 2017 plus applicable interest & penalty. The possible liability being estimated by the management on account of above notice for the period Apr 16 to Jun 17 is $6.2m. Demand pertaining to earlier period has not been stated as contingent liability due to limitation prescribed under the Service Tax Law. The matter is pending for hearing.

Entry Tax
Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for $4.3m (31 March 2020: $4.1m) plus potential interest of $0.8m for the period 2002 to 2018. The Supreme Court has upheld the constitutionally validity of Entry tax disregarding compensatory theory, however, grounds of 'discrimination' and coverage of entire state under 'Local Area' has been remanded back to High Courts for adjudication. We have filed the writ before Rajasthan High court in Entry tax matter on the grounds of 'discrimination' and coverage of entire state under 'local area' and appeal is under due course. Department has filed a counter affidavit in September 2017. The Company based on the legal advice believes that its position is likely to be upheld and has disclosed the same as contingent liability.

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 $3.8m (31 March 2020: $3.7m)

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 $20.2m (31 March 2019: $22.1m) plus applicable interest and penalty, Company's share in the same is $7.3m (31 March 2020: $7.1m).

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.

Tax holiday on gas production

Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

The Company filed a writ petition to the Gujarat High Court challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately $5.5m (31 March 2020: $5.4m)

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 $51.27m (31 March 2020: $16.2m).

22 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'21	Mar'20
	$'000	$'000
Transactions during the period		
Dividend paid [(1)]	315,292	554,497
Brand fees paid to Vedanta Resources Limited	9,273	11,644
Issue of Equity shares [(2)]	26,924	399,580
RJ Guarantee Commission	2,500	-

	Mar'21	Mar'20
Outstanding balances	$'000	$'000
Balances amounts owed to Cairn India Holding Limited	74	74
Balances amounts owed/ (receivable) to/from Vedanta Resources Limited	-3,508	11,029
Balances amounts owed by Vedanta Limited	8,075	190

(1) On 23 September 2020 the Company passed a special resolution to reduce its share capital balance by cancelling and extinguishing 196,525,431 ordinary shares by transferring its proceeds to retained earnings . The Company paid total dividend of $ 315.3m out of which 121m is paid out of profits and $194.3 m out of retained earnings generated through capital reduction, (year ended 31 March 2020: $401.5m) to its holding

(2) During year ended 31 March 2021, the Company issued 21,817,691(March 2020:322,840,866) equity shares of $26,924,121 (March 2020: $399,580,000)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 $29,803 year ended 31 March 2021 (the year ended 31 March 2020: $24,160).

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

23 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)

At 31 March 2021	< 1 year	1-3 years	3-5 years	>5 years	Total
Trade and other Payables	620,819	-	-	-	620,819
Lease Liability	7,440	-	-	-	7,440
Short term borrowings	-	-	-	-	-
	628,259	-	-	-	628,259

At 31 March 2020	< 1 year	1-3 years	3-5 years	>5 years	Total
Trade and other Payables	420,627	-	-	-	420,627
Lease Liability	28,444	-	-	-	28,444
Short term borrowings	495	-	-	-	495
	449,566	-	-	-	449,566

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 (31 March 2020: $nil).

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

(in $'000)

	Mar-21			Mar-20		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Assets	29,878	122,821	356,965	**77,783**	**181,343**	**234,038**

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

(in $'000)

	Mar-21			Mar-20		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Liabilities	-	13,979	614,280	**495**	**36,064**	**413,007**

Considering the net asset position as at 31 March 2021 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 2021	**31 March 2020**
Change in interest rates	Effect on profit for the year	Effect on profit for the year
0.50%	149	386
1.00%	299	773
2.00%	598	1,546

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:

				(in $'000)
	31-Mar-20	**31-Mar-20**	**31-Mar-20**	**31-Mar-20**
	Financial Assets	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
USD	386,989	497,870	357,159	431,985
GBP	12,544	1,595	11,323	1,552
INR	107,947	126,525	122,637	13,688
Others	2,184	2,269	2,046	2,341
Total	**509,664**	**628,259**	**493,165**	**449,566**

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-21
	Closing exchange rate	**Effect of 10% strengthening of US dollar on net earning**
INR	73.2973	-1,858
GBP	0.73	1,095

	31-Mar-20	
	Closing exchange rate	**Effect of 10% strengthening of US dollar on net earning**
INR	**74.811**	**10,895**
GBP	**0.81**	977

The sensitivities are based on financial assets and liabilities held at 31 March 2021 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.

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 2021.

The Company has nil (31st March 2020:$ 495,000) short term borrowings as at 31 March 2021.

24 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

As at March 2021	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	58,691	58,691	58,691
Trade and other receivables	-	212,079	212,079	212,079
Other assets	-	114,314	114,314	114,314
Short – Term investments	1,759	122,821	124,580	124,580
	1,759	**507,905**	**509,664**	**509,664**

Financial liabilities

As at March 2020	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	$'000	$'000	$'000	$'000
Joint Operation trade payables	-	419,106	419,106	419,106
Dues to Joint Venture Partner	-	101,596	101,596	101,596
Operational buyers' credit/suppliers' credit	-	6,539	6,539	6,539
Amounts owed to group companies	-	10,649	10,649	10,649
Profit petroleum payable	-	82,662	82,662	82,662
Other Liabilities	-	267	267	267
Lease Liability	-	7,440	7,440	7,440
Short term borrowings	-	0	0	0
	-	**628,259**	**628,259**	**628,259**

As at March 2020	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	-	20,019	20,019	20,019
Trade and other receivables	-	171,638	171,638	171,638
Other assets	-	80,510	80,510	80,510
Short – Term investments	59,662	161,336	220,998	220,998
	59,662	**433,503**	**493,165**	**493,165**

Financial liabilities

As at March 2020	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	$'000	**$'000**	**$'000**	**$'000**
Joint Operation trade payables	-	250,277	250,277	250,277
Dues to Joint Venture Partner	-	110,726	110,726	110,726
Operational buyers' credit/suppliers' credit	-	7,620	7,620	7,620
Amounts owed to group companies	-	11,274	11274	11,274
Profit petroleum payable	-	39,129	39,129	39,129
Other liabilities	-	1,601	1,601	1,601
Lease Liability	-	28,444	28,444	28,444
Short term borrowings	-	495	495	495
	-	**449,566**	**449,566**	**449,566**

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 2021**		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
Short term invest	1,759	-	-
Total	**1,759**	-	-

Fair Value Hierarchy

Particulars	**As at 31 March 2020**		
	Level 1	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
Short term invest	59,662	-	-
Total	**59,662**	-	-

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 ar cash equivalents), bank deposits, 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 mod 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. Fo 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.

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 2021 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.

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 2021 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.

25 Ultimate Parent Company

The Company is a wholly owned subsidiary of Vedanta Limited which in turn 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.

The results of the Company are consolidated into intermediate parent company, viz. Vedanta Resources Limited. The registered office of Vedanta Resources Limited, is 5th Floor, 6 St. Andrew Street, London, EC4A 3AE. Copies of Vedanta Resources Limited's financial statements are available on its website.

26 Subsequent events

- Subsequent to the year end, the board has approveddividend payment to CIHL upto $200m, to be paid in tranches till 31st Mar'22. Till date $7.44m has been paid as dividend.

- No other events or 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 .