

**CIG MAURITIUS HOLDING PRIVATE LIMITED****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**CIG MAURITIUS HOLDING PRIVATE LIMITED****MANAGEMENT AND ADMINISTRATION**

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS</b>	:		
	Veronique Magny-Antoine	01 July 2008	-
	Pandarinathan Elango	01 July 2008	28 May 2014
	Nisha Proag-Dookun	26 March 2014	-
	Neerja Sharma	28 May 2014	-
	Shameel Rumjaun <i>(Alternate to Veronique Magny-Antoine)</i>	04 September 2014	-
<b>ADMINISTRATOR AND SECRETARY</b>	: Abax Corporate Services Ltd 6 <sup>th</sup> floor, Tower A 1 CyberCity Ebene MAURITIUS		
<b>REGISTERED OFFICE</b>	: Abax Corporate Services Ltd 6 <sup>th</sup> floor, Tower A 1 CyberCity Ebene MAURITIUS		
<b>AUDITORS</b>	: Ernst & Young 9 <sup>th</sup> Floor, Tower 1, NeXTeracom Cybercity Ebene MAURITIUS		

**CIG MAURITIUS HOLDING PRIVATE LIMITED**

**DIRECTOR'S REPORT**

The directors present their commentary and the separate financial statements of CIG MAURITIUS HOLDING PRIVATE LIMITED (the "Company") for the year ended 31 March 2015.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is to act as an investment holding company.

**RESULTS AND DIVIDENDS**

The Company's loss for the year ended 31 March 2015 is **USD 192,229,365** (period from 01 January 2013 to 31 March 2014: is USD 43,131).

The increase in loss for the year is mainly attributable to the impairment of investment in subsidiary totalling to USD 192,194,454 as disclosed in Note 6.

The directors do not recommend the payment of a dividend.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

The auditors, Ernst & Young, have indicated their willingness to continue in office and will be automatically reappointed at the Annual Meeting, pursuant to section 200 of Companies Act 2001.

By Order of the Board

ISABELLE ADRIEN  
For

Abax Corporate Services Ltd

**SECRETARY**

23 APR 2015

**SECRETARY'S CERTIFICATE**

**TO THE MEMBER OF CIG MAURITIUS HOLDING PRIVATE LIMITED**

**UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001**

We confirm that, based on records and information made available to us by the Directors and Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2015, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Dated 23 April 2015

ISABELLE ADRIEN  
For   
Abax Corporate Services Ltd

**Secretary**

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
CIG MAURITIUS HOLDINGS PRIVATE LIMITED

**Report on the Financial Statements**

We have audited the financial statements of CIG Mauritius Holdings Private Limited (the "Company") on pages 7 to 21 which comprise the statement of financial position as at 31 March 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

*Directors' Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements on pages 7 to 21 give a true and fair view of the financial position of the Company as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
CIG MAURITIUS HOLDINGS PRIVATE LIMITED (CONTINUED)

Report on the Financial Statements (Continued)

*Other matter*

This report has been prepared solely for the Company's member in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditors' 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 member for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

*Companies Act 2001*

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

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

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



ERNST & YOUNG  
Ebène, Mauritius



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

Date: ..... 23 APR 2015 .....

## CIG MAURITIUS HOLDING PRIVATE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2015 USD	Period from 01 January 2013 to 31 March 2014 USD
<b>EXPENSES</b>			
Administrative expenses		35,091	42,675
Impairment of investment	6	192,194,454	-
Finance (income)/cost		(180)	456
<b>Loss before taxation</b>	5	(192,229,365)	(43,131)
Income tax expense	7	-	-
<b>Loss for the year/period</b>		(192,229,365)	(43,131)
Other comprehensive income		-	-
<b>Total comprehensive income for the year/period</b>		(192,229,365)	(43,131)

## CIG MAURITIUS HOLDING PRIVATE LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	31 March 2015 USD	31 March 2014 USD
<b>ASSETS</b>			
<b>Non current asset</b>			
Investment in subsidiary	6	1	192,074,455
<b>Current assets</b>			
Other receivables	8	2,071	2,013
Cash and cash equivalents		42,687	2,874
		44,758	4,887
<b>Total assets</b>		<b>44,759</b>	<b>192,079,342</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	9	192,469,961	192,269,961
Accumulated losses		(192,437,398)	(208,033)
<b>Total equity</b>		<b>32,563</b>	<b>192,061,928</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	10	12,196	17,414
<b>Total equity and liabilities</b>		<b>44,759</b>	<b>192,079,342</b>

Approved by the Board of Directors on 23 April 2015  
and signed on its behalf by:


  

  
 }  
 }  
 } DIRECTORS  
 }

The notes on pages 11 to 21 form an integral part of these financial statements.



## CIG MAURITIUS HOLDING PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital	Accumulated losses	Total
	USD	USD	USD
At 01 January 2013	192,269,961	( 164,902)	192,105,059
	-----	-----	-----
Loss for the year	-	( 43,131)	( 43,131)
Other comprehensive income	-	-	-
	-----	-----	-----
Total comprehensive income for the period	-	( 43,131)	( 43,131)
	-----	-----	-----
At 31 March 2014	192,269,961	( 208,033)	192,061,928
	-----	-----	-----
Loss for the period	-	(192,229,365)	(192,229,365)
Other comprehensive income	-	-	-
	-----	-----	-----
Total comprehensive income for the year	-	(192,229,365)	(192,229,365)
	-----	-----	-----
<i>Transaction with owners:</i>			
Issue of shares (Note 9)	<b>200,000</b>	-	<b>200,000</b>
	-----	-----	-----
At 31 March 2015	<b>192,469,961</b>	<b>(192,437,398)</b>	<b>35,563</b>
	=====	=====	=====

The notes on pages 11 to 21 form an integral part of these financial statements.

## CIG MAURITIUS HOLDING PRIVATE LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2014 USD	Period from 01 January 2013 to 31 March 2014 USD
<b><i>Cash flows from operating activities</i></b>			
Net loss before taxation		( 192,229,365)	( 43,131)
<i>Adjustment:</i>			
Impairment of investment	6	192,194,454	-
Operating loss before working capital changes		( 34,911)	( 43,131)
(Increase)/decrease in other receivables		( 58)	1,658
(Decrease)/increase in other payables and accruals		( 5,218)	7,551
<b>Net cash used in operating activities</b>		<b>( 40,187)</b>	<b>( 33,922)</b>
<b><i>Cash flow from investing activities</i></b>			
Acquisition of investment in subsidiary	6	( 120,000)	-
<b>Net cash used in investing activities</b>		<b>( 120,000)</b>	<b>-</b>
<b><i>Cash flow from financing activities</i></b>			
Proceeds from issue of share capital	9	200,000	-
<b>Net cash flows from financing activities</b>		<b>200,000</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>39,813</b>	<b>( 33,922)</b>
Cash and cash equivalents at beginning of year/period		2,874	36,796
<b>Cash and cash equivalents at end of year/period</b>		<b>42,687</b>	<b>2,874</b>

The notes on pages 11 to 21 form an integral part of these financial statements.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015****1. GENERAL INFORMATION**

CIG Mauritius Holding Private Limited ( 'the Company') is a private limited company incorporated on 01 July 2008, holding a Category 1 Business Licence and is regulated by the Financial Services Commission. The Company's registered office address is C/O Abax Corporate Services Ltd, 6<sup>th</sup> Floor Tower A, 1 CyberCity Ebene, Republic of Mauritius.

The Company is engaged in investment holding activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the separate financial statements of the Company. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Basis of preparation**

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

**Change in accounting policies and disclosures*****New and amended standards adopted by the Company***

The following relevant standards which are effective for annual periods beginning on or after 1 January 2014 have been adopted by the Company for the first time for the year beginning on 1 April 2014 and have no material impact on the Company:

***Amendments to IFRS10, IFRS12, and IAS 27 – Investment entities***

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Company, since does not qualify as an investment entity under IFRS 10.

***Amendments to IAS 32 – Offsetting financial assets and financial liabilities***

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Company, since it has no offsetting arrangements.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*****New standards and interpretations that are not yet effective and have not yet been early adopted***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

***IFRS 9 – Financial instruments (effective for annual periods beginning on or after 01 January 2018)***

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2010, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intend to adopt IFRS 9 no later than the accounting period beginning 1 January 2018. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

***IAS 24 – Related party disclosures (For annual periods beginning on or after 01 July 2014)***

Amendment to IAS 24 forms part of the annual improvement 2010-2012. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

***Amendments to IAS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 01 January 2016)***

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

There are no other standards and IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**Foreign currency translation*****Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in United States Dollars (USD), which is the functional and presentation currency of the Company.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Foreign currency translation (continued)***Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of the laws enacted or substantively enacted at the reporting date in the country where the Company operates and generate income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be paid to the tax authorities.

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

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

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

**Investment in subsidiary**

A subsidiary is an entity that is controlled by another entity. Control is determined when the entity is exposed, or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

**Consolidated financial statements**

The Company owns 100% of the issued share capital of CIG Mauritius Private Limited, a company incorporated in Mauritius. The Company itself is ultimately owned by Volcan Investments Limited, a company incorporated in Bahamas. The Company has taken advantage of paragraph 4 of International Financial Reporting Standard ("IFRS") 10, Consolidated Financial Statements, which dispenses it of the need to present consolidated financial statements, as its intermediate parent, Vedanta Resource Plc, prepares consolidated financial statements in accordance with IFRS. The registered office of Vedanta Resource Plc, the intermediate parent which presents consolidated IFRS financial statements, 2nd Floor, Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ. These are therefore the separate financial statements of the Company.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments**

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed below:

*Cash and cash equivalents*

Cash comprises cash at bank. For the purpose of cash flows, cash and cash equivalents consist of cash at bank net of any bank overdraft if applicable, with a maturity of three months or less.

*Payables and accruals*

Accounts payable are stated at their nominal value.

**Derecognition of financial assets and liabilities**

The Company derecognises a financial asset when the contractual rights to the 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. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

**Impairment of assets**

At each reporting date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment is recognised when the carrying amount of an asset exceeds its recoverable amount which is the higher of an asset's net selling price and its value in use. Impairment losses (if any) are recognised as an expense in the statement of comprehensive income.

**Provision**

Provision are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

*Dividend income*

Dividend income is recognised when the shareholder's right to receive payment is established.

**Expense recognition**

Expenses are accounted for in the statement of comprehensive income on the accruals basis.

**Share capital**

Ordinary shares are classified as equity.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Impairment assessment*

The impairment assessment relies on forecasts and assumptions that are subject to a significant level of uncertainty. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The directors have assessed the carrying value of the investments in the subsidiary at 31 March 2015 as detailed in Note 6 and have determined that the recoverable amount of the investment is the value in use. The key assumptions used to determine the recoverable amount are disclosed in Note 6.

*Going concern*

The Company's directors have made an assessment of the Company's ability to continue as a going concern and have no intention to liquidate the Company. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES***Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)***Financial risk factors (continued)*

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below.

*(a) Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Price risk*

Equity price risk is the risk of unfavorable changes in fair values of equities as a result of changes in the value of individual shares. The Company has no exposure to price risk at period end.

*(ii) Currency risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has financial liabilities denominated in currencies other than USD. Consequently, the Company is exposed to the risk that the exchange rate of the foreign currencies relative to USD may change in a manner, which has a material effect on the reported value of the Company's financial instruments which are denominated in other currencies.

*Currency risk sensitivity analysis*

The following demonstrates the sensitivity to a reasonably possible change of 5% in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	<b>Increase/decrease in foreign exchange rate</b>	<b>Effect on profit before tax for the year ended 31 March 2015 USD</b>	<b>Effect on profit before tax for the period ended 31 March 2014 USD</b>
Depreciation of USD	<b>+5%</b>	<b>(331)</b>	<b>(591)</b>
Appreciation of USD	<b>-5%</b>	<b>315</b>	<b>564</b>



**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Financial risk factors (continued)*

(a) *Market risk (continued)*

*Currency profile*

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

	<b>Financial assets 31 March 2015 USD</b>	<b>Financial liabilities 31 March 2015 USD</b>	Financial assets 31 March 2014 USD	Financial liabilities 31 March 2014 USD
Euro	-	<b>6,619</b>	-	11,837
United States dollars (USD)	<b>42,687</b>	<b>5,577</b>	2,874	5,577
	-----	-----	-----	-----
	<b>42,687</b>	<b>12,196</b>	2,874	17,414
	=====	=====	=====	=====

Prepayments amounting to **USD 2,071** (31 March 2014 - USD 2,013) have not been included in financial assets.

(iii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no significant exposure to interest-rate risk as it has no interest-bearing financial assets and liabilities.

(b) *Credit risk*

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Cash transactions are limited to high credit quality financial institutions. There was no concentration of credit risk as at the reporting date.

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter financial difficulty in meeting obligations associated with financial liabilities. The Company pays out its obligations from equity finance and funds received from the sole shareholder, Cairn India Limited. The Company is therefore not exposed to liquidity risk.

All financial liabilities of the Company outstanding at year end are payable on demand due to their short term nature.

*Fair values*

The carrying amounts of cash and cash equivalents and payables and accruals approximate their fair values due to their short term nature.

## CIG MAURITIUS HOLDING PRIVATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Financial risk factors (continued)*

*Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

## 5. LOSS BEFORE TAXATION

	<b>Year ended 31 March 2015 USD</b>	Period from 01 January 2013 to 31 March 2014 USD
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The loss before taxation is stated after charging:

Secretarial and administration fees	<b>16,483</b>	21,160
Audit fees	<b>5,757</b>	6,152
Accounting fees	<b>3,478</b>	3,854
Directors' fees	<b>3,628</b>	4,564
	=====	=====

## 6. INVESTMENT IN SUBSIDIARY

	<b>31 March 2015 USD</b>	31 March 2014 USD
<u>Cost:</u>		
At 01 April/01 January	<b>192,074,455</b>	192,074,455
Additions	<b>120,000</b>	-
	-----	-----
At 31 March	<b>192,194,455</b>	192,074,455
	-----	-----
<u>Impairment:</u>		
At 01 April/01 January	-	-
Impairment during the year	<b>192,194,454</b>	-
	-----	-----
At 31 March	<b>192,194,454</b>	-
	-----	-----
<b>At 31 March</b>	<b>1</b>	192,074,455
	=====	=====

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****6. INVESTMENT IN SUBSIDIARY (CONTINUED)**

Details of the investment in subsidiary is as follows:

Name of company	% holding		Country of incorporation	31 March	31 March
	31 March 2015	31 March 2014		2015 USD	2014 USD
CIG Mauritius Private Limited	100	100	Mauritius	1	192,074,455
				=====	=====

In addition to the previously approved (dated 14 October 2008) investment limit of USD 5,000,000, the Company had approved additional investment limits of USD 37,500,000, USD 155,000,000 and 195,000,000, aggregating to USD 387,500,000 in CIG Mauritius Private Limited on 19 November 2009, 15 August 2011 and 5 September 2012 respectively. During the year under review, the Company made additional investments of USD 120,000 and the total investment made stands to USD 192,194,455.

The subsidiary company, CIG Mauritius Private Limited has used the funds received from the Company to invest in its sole subsidiary, Cairn Lanka (Pvt) Limited, involved in exploration, development and production of oil and gas.

During the financial year ended 31 December 2011, Cairn Lanka (Pvt) Ltd successfully completed the exploration of three wells, resulting in two gas discoveries namely Dorado and Barracuda. However, under the macroeconomic climate, the low materiality and high development cost of the Dorado and Barracuda discoveries, together with low volume, falling crude oil prices, high-risk exploration potential of the license fail to justify further appraisal capital expenditure. An independent valuer was appointed to determine the recoverability of the exploration assets in Cairn Lanka (Pvt) Limited and based on the valuation report received, the value in use of the exploration assets have been valued to NIL. As a consequence, the entire exploration assets have been impaired in the books of Cairn Lanka (Pvt) Ltd.

The effect of the above write off resulted in the entire investment being made by the Company's subsidiary to be fully impaired.

For the reasons stated above, the directors are of the opinion that the investment made in CIG Mauritius Private Limited is subject to impairment and have determine the recoverable amount to be NIL. Consequently, the Company recognised an impairment of USD 192,194,454 on the investment held, which brought down the carrying value of the investment to USD 1.

**7. INCOME TAX**

The Company has a tax incentive in Mauritius and under current laws and regulations liable to pay income tax on its profit at a rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of the Mauritian tax payable in respect of its foreign source income, thus reducing its maximum effective tax rate to 3%. Gains or profits from the sale of units of securities by a Company holding a category 1 Global Licence under the Financial Services Act 2007 are exempt in Mauritius.

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 March 2015, the Company had tax losses of **USD 156,574** (31 March 2014: USD 122,016) and is therefore not liable to income tax. The tax losses are available for offset against future taxable profit of the Company as follows:

## CIG MAURITIUS HOLDING PRIVATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

## 7. INCOME TAX (CONTINUED)

	USD
Up to the year/period ending:	
31 December 2016	(39,251)
31 December 2017	(39,634)
31 March 2019	(43,131)
31 March 2020	(34,558)
	-----
	(156,574)
	=====

*Tax reconciliation*

A numerical reconciliation between the accounting loss and the actual income tax charge is shown as follows:

	Year ended 31 March 2014 USD	Period from 01 January 2013 to 31 March 2014 USD
Net loss for the year before taxation	(192,229,365)	(43,131)
	=====	=====
Tax @ 15%	(28,834,405)	(6,470)
Expenses not deductible for tax purposes	28,829,221	
Unutilised tax losses	5,184	6,470
	-----	-----
Income tax charge	-	-
	=====	=====

*Deferred income tax*

A deferred income tax asset of **USD 4,697** (31 March 2014: USD 3,660) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

## 8. OTHER RECEIVABLES

	31 March 2015 USD	31 March 2014 USD
Prepayments	2,071	2,013
	=====	=====

## 9. STATED CAPITAL

	31 March 2015 USD	31 March 2014 USD
<i>Issued and fully paid Ordinary shares of USD 1 each</i>		
At 01 April/01 January	192,269,961	192,269,961
Issued during the year	200,000	-
	-----	-----
At 31 March	192,469,961	192,269,961
	=====	=====

**CIG MAURITIUS HOLDING PRIVATE LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)****9. STATED CAPITAL (CONTINUED)**

A reconciliation of the number of shares at the beginning and end of the financial year is as follows:

<i>No of shares in issue:</i>	<b>31 March 2015 Number</b>	31 March 2014 Number
At 01 April/01 January	<b>192,269,961</b>	192,269,961
Issued during the year	<b>200,000</b>	-
At 31 March	<b>192,469,961</b>	192,269,961

**10. PAYABLES AND ACCRUALS**

	<b>31 March 2015 USD</b>	31 March 2014 USD
Accruals	<b>12,196</b>	17,414
	<b>12,196</b>	17,414

**11. RELATED PARTY TRANSACTIONS**

During the year under review, the Company transacted with related parties. The nature, volume of transactions and the balances are as follows:

<i>Key management personnel</i>	<b>Year ended 31 March 2015 USD</b>	Period from 01 January 2013 to 31 March 2014 USD
Directors' fees	<b>3,628</b>	4,564

**12. PARENT AND ULTIMATE PARENT**

The Company's parent entity is Cairn India Limited, a company incorporated in India. The ultimate controlling party of the Company is Volcan Investments Limited ("Volcan") incorporated in Bahamas. Vedanta Resources PLC is the intermediate holding company of the Company.

**13. COMPARATIVES**

The current year figures are for the year ended 31 March 2015 and the prior year figures are for the period from 01 January 2013 to 31 March 2014. Therefore, the figures for the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and related notes are not comparable.

**14. EVENTS AFTER REPORTING DATE**

There have been no material events after the reporting date which would require disclosure and adjustment to the financial statements for the year ended 31 March 2015.