CIG MAURITIUS PRIVATE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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FOR THE YEAR ENDED 31 MARCH 2017

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CIG MAURITIUS PRIVATE LIMITED

MANAGEMENT AND ADMINISTRATION

			Date of appointment	**Date of resignation**
DIRECTORS	:	Veronique Magny-Antoine	01 July 2008	-
		Nisha Proag-Dookun	26 March 2014	-
		Neerja Sharma	28 May 2014	13 July 2016
		Shameel Rumjaun *(Alternate to Veronique Magny-Antoine)*	25 November 2011	
		Pankaj Kalra	13 July 2016	-

ADMINISTRATOR AND SECRETARY : Abax Corporate Services Ltd
6th floor, Tower A
1 CyberCity
Ebene
MAURITIUS

REGISTERED OFFICE : Abax Corporate Services Ltd
6th floor, Tower A
1 CyberCity
Ebene
MAURITIUS

AUDITORS : Ernst & Young
9th Floor, Tower 1, NeXTeracom
Cybercity
Ebene
MAURITIUS

CIG MAURITIUS PRIVATE LIMITED

COMMENTARY OF DIRECTORS

The directors present their commentary and the separate financial statements of CIG MAURITIUS PRIVATE LIMITED (the "Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activities of the Company is to act as an investment holding company and to provide services and resources relevant to oil and gas exploration, production and development.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 March 2017 is **USD 326,651** (31 March 2016: Loss USD 41,780,519).

During the year under review, the company recognised an impairment of loan amounting to **USD 300,000** (31 March 2016: Impairment of loan of USD 41,700,000)

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

RISHAL TANEE
FOR
ABAX CORPORATE SERVICES LTD

19 APR 2017

SECRETARY

Abax Corporate Services Ltd
6th Floor, Tower A,
1 CyberCity, Ebene, Mauritius
T + 230 403 6000 F + 230 403 6060
E officeoftheceo@abaxservices.com
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SECRETARY'S CERTIFICATE

TO THE MEMBER OF CIG MAURITIUS PRIVATE LIMITED

UNDER SECTION 166(d) OF THE MAURITIUS 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 year ended 31 March 2017, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Dated 19 April 2017

RISHAL TANEE
FOR
ABAX CORPORATE SERVICES LTD

Company Secretary

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIG MAURITIUS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CIG Mauritius Private Limited (the "Company") set out on pages 8 to 24 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2017, 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.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of Directors and the Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIG MAURITIUS PRIVATE LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Other matter

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CIG MAURITIUS PRIVATE LIMITED (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor, tax advisors 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: 19 APR 2017

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF PROIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 USD	2016 USD
EXPENSES			
Administrative expenses		**26,035**	29,037
Impairment of loan	11(ii)	**300,000**	41,700,000
Receivable written off	11(i)	-	50,116
Finance cost		**616**	1,366
Total expenses		**326,651**	41,780,519
Loss before taxation	5	**(326,651)**	(41,780,519)
Income tax expense	7	-	-
Loss for the year		**(326,651)**	(41,780,519)
Other comprehensive income		-	-
Total comprehensive income for the year		(326,651)	(41,780,519)

The notes on pages 12 to 24 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	31 March 2017 USD	31 March 2016 USD
ASSETS			
Non current assets			
Investment in subsidiary	6	**1**	1
Current assets			
Other receivables	8	**23,198**	1,762
Cash and cash equivalents		**1,721**	45,394
		24,919	47,156
Total assets		**24,920**	47,157
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	9	**234,194,455**	233,894,455
Accumulated losses		**(234,185,493)**	(233,858,842)
Total equity		**8,962**	35,613
LIABILITIES			
Current liabilities			
Other payables	10	**15,958**	11,544
Total equity and liabilities		**24,920**	47,157

Approved by the Board of Directors on 19 APR 2017
and signed on its behalf by:

} DIRECTORS

The notes on pages 12 to 24 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital	Accumulated losses	Total
	USD	USD	USD
At 01 April 2015	192,194,455	(192,078,323)	116,132
Loss for the period	-	(41,780,519)	(41,780,519)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(41,780,519)	(41,780,519)
Transaction with owners:			
Issue of shares (Note 9)	41,700,000	-	41,700,000
At 31 March 2016	233,894,455	(233,858,842)	35,613
Loss for the year	-	**(326,651)**	**(326,651)**
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	**(326,651)**	**(326,651)**
Transaction with owners:			
Issue of shares (Note 9)	**300,000**	-	**300,000**
At 31 March 2017	**234,194,455**	**(234,185,493)**	**8,962**

The notes on pages 12 to 24 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017 USD	Year ended 31 March 2016 USD
Cash flows from operating activities			
Net loss before taxation		**(326,651)**	(41,780,519)
Adjustment for:			
Impairment of loan	11(ii)	**300,000**	41,700,000
Receivable written off	11(i)	**-**	50,116
Operating loss before working capital changes		**(26,651)**	(30,403)
(Increase)/decrease in trade and other receivables		**(21,436)**	324
Increase/(decrease) in other payables and accruals		**4,414**	(2,549)
Net cash used in from operating activities		**(43,673)**	(32,628)
Cash flows from investing activities			
Loan advanced to subsidiary	11(ii)	**(300,000)**	(41,700,000)
Net cash used in investing activities		**(300,000)**	(41,700,000)
Cash flows from financing activities			
Proceeds from issue of share capital	9	**300,000**	41,700,000
Net cash flows from financing activities		**300,000**	41,700,000
Net (decrease)/increase in cash and cash equivalents		**(43,673)**	(32,628)
Cash and cash equivalents at beginning of year		**45,394**	78,022
Cash and cash equivalents at end of year		**1,721**	45,394

The notes on pages 12 to 24 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

CIG Mauritius Private Limited ("the Company") is a private limited company incorporated on 01 July 2008, holds a Category 1 Business Licence and is regulated by the Financial Services Commission. The Company's registered office address is Abax Corporate Services Ltd, 6th Floor Tower A, 1 CyberCity Ebène, Republic of Mauritius.

The principal activity of the Company is to act as investment holding and to provide services and furnishing resources relevant to gas and oil exploration.

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. The 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.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The holding company has given a written undertaking to provide financial support to enable the Company to meet its liabilities as and when they fall due over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Change in accounting policies and disclosures

New and amended standards adopted by the Company

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 January 2016.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment relevant to the Company are described below:

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

• The materiality requirements in IAS 1 - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated - where this is relevant to an understanding of the entity's financial position or performance.

• That entities have flexibility as to the order in which they present the notes to financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations that are not yet effective and have not yet been early adopted

New and amended standards adopted by the Company (continued)

• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments affect presentation only and do not have any impact on the financial position or performance of the Company.

Other standards, amendments and interpretations which are effective for the financial period beginning on 01 April 2016 do not have any impact on the Company.

New standards and interpretations that are not yet effective and have not yet been early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company plans to adopt the new standard on the required effective date. Early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7 (effective for accounting periods beginning on or after 01 January 2017)

The amendments to IAS 7, 'Statement of Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt.

The directors anticipate that these IFRSs will be applied on their effective dates in the future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 profit or loss.

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 subsidiary 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 Cairn Lanka (Private) Limited, a company incorporated in Sri Lanka. . The Company itself is ultimately owned by Volcan Investment Limited, a company incorporated 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.

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 loan receivable, trade and other receivables, cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed below:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of loan receivable; and cash and cash equivalents, and trade and other receivables.

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 financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Impairment of non-financial 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 fair value less cost of disposal and its value in use. Impairment losses (if any) are recognised as an expense in profit or loss.

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 of 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.

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.

(i) 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.

Related party transactions

Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party and/or exercise significant influence over the party in making financial and operating decisions. Related parties may be individuals or other entities including management companies.

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.

During the year under review, the Company recognized an impairment of loan amounting to USD **300,000** (31 March 2016 – Impairment of loan of USD 41,700,000 and receivable written off of USD 50,116).

Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and they have no intention to liquidate the Company. Furthermore, the holding company has given a written undertaking to provide financial support to enable the Company to meet its liabilities as and when they fall due over the next twelve months. They therefore believe that it is appropriate for the financial statements 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.

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 year end.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) 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.

(iii) 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.

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.

	Increase/decrease in foreign exchange rate	**Effect on profit before tax**	Effect on profit before tax
		Year ended 31 March 2017 USD	Year ended 31 March 2016 USD
Depreciation of USD v/s EURO	+5%	**(542)**	(333)
Appreciation of USD v/s EURO	-5%	**542**	333

Currency profile

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

	Financial assets March 2017 USD	**Financial liabilities March 2017 USD**	Financial assets March 2016 USD	Financial liabilities March 2016 USD
Euro	-	**10,840**	-	6,657
United States dollars (USD)	**23,154**	**5,118**	45,395	4,887
	23,154	**15,958**	45,395	11,544

Prepayments amounting to **USD 1,765** (31 March 2016 - USD 1,761) have not been included in financial assets.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk factors (continued)

(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, loan receivable, and trade and other receivables, 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, CIG Mauritius Holdings 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, other receivables and other payables approximate their fair values.

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

	Year ended 31 March 2017 USD	Year ended 31 March 2016 USD
The loss before taxation is stated after charging:		
Secretarial and administration fees	**7,514**	12,653
Audit fees	**5,348**	5,118
Accounting fees	**2,777**	2,941
Directors' fees	**3,311**	3,301
Impairment of loan	**300,000**	41,700,000

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

6. INVESTMENT IN SUBSIDIARY

	31 March 2017 USD	31 March 2016 USD
Carrying amount:		
At 01 April and 31 March	**1**	1
	============	============

Details of the investment in subsidiaries are as follows:

Name of company	% holding 31 March 2017	31 March 2016	Country of incorporation	31 March 2017 USD	31 March 2016 USD
Cairn Lanka (Pvt) Limited	**100**	100	Sri lanka	**1**	1
				==========	==========

The principle activity of the Subsidiary is that of oil and gas exploitation. The company is incorporated in Sri lanka.

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 and USD 155,000,000 , aggregating to USD 192,500,000 in Cairn Lanka Private Limited on 19 November 2009 and 06 July 2011 respectively. There has been no change in equity investment since the last financial year and the same stands at USD 170,390,000.

An independent valuer was appointed in year ended 31 March 2015 to determine the recoverability of the exploration assets in Cairn Lanka (Pvt) Ltd 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 and the Company recognised an impairment of USD 170,389,999 against equity investment in the latter.

As of 31 March 2017, the directors have re-assessed the recoverable amount of the investment in Cairn Lanka (Pvt) Ltd and have concluded that the investment is fully impaired.

7. INCOME TAX

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income.

Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Company from the sale of shares are exempt from tax. At 31 March 2017, the Company had tax losses of **USD 184,149** (2016: USD 201,305) and is therefore not liable to income tax. The tax losses are available for set off against future taxable profit of the Company as follows:

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

7. INCOME TAX (CONTINUED)

Up to the year ending:	USD
31 December 2017	43,517
31 March 2019	47,289
31 March 2020	36,605
31 March 2021	30,087
31 March 2022	26,651
	184,149

Tax losses of **USD 43,807** (2015: NIL) have lapsed during the year under review.

Tax reconciliation:

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

	Year ended 31 March 2017 USD	Year ended 31 March 2016 USD
Net loss for the year before taxation	**(326,651)**	(41,780,519)
Tax @ 15%	**(48,998)**	(6,267,078)
Expenses not deductible for tax purposes	**45,000**	6,262,565
Unutilised tax losses	**3,998**	4,513
Income tax charge	-	-

Deferred income tax

A deferred income tax asset of **USD 5,524** (31 March 2016: USD 6,039) 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 2017 USD	31 March 2016 USD
Loan receivable from subsidiary company (Note 11(ii))	**1**	1
Amount receivable from holding company (Note 11 (iii))	**21,432**	-
Prepayments	**1,765**	1,761
	23,198	1,762

During the year ended 31 March 2016, an amount receivable from subsidiary company amounting to USD 50,116 was written off due to the balance being irrecoverable from the latter.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

9. STATED CAPITAL

	31 March 2017 USD	31 March 2016 USD
Issued and fully paid – Ordinary shares of USD 1 each		
At 01 April	**233,894,455**	192,194,455
Issued during the year	**300,000**	41,700,000
At 31 March	**234,194,455**	233,894,455

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

	31 March 2017 Number	31 March 2016 Number
At 01 April	**233,894,455**	192,194,455
Issued during the year	**300,000**	41,700,000
At 31 March	**234,194,455**	233,894,455

10. OTHER PAYABLES

	31 March 2017 USD	31 March 2016 USD
Accruals	**12,958**	11,544
Amount payable to holding company (Note 11 (iv))	**3,000**	-
	15,958	11,544

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:

	31 March 2017 USD	31 March 2016 USD
(i)Amount receivable from subsidiary company – Cairn Lanka (Pvt) Ltd		
At 01 April	-	50,116
Write off	-	(50,116)
At 31 March	-	-

During the year ended 31 March 2016, the amount receivable of USD 50,116 was written off due to the balance being irrecoverable from Cairn Lanka (Pvt) Ltd.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (CONTINUED)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

	31 March 2017 USD	31 March 2016 USD
(ii) Loan receivable from subsidiary company – Cairn Lanka (Pvt) Ltd		
At 01 April	**1**	1
Loan advanced during the year	**300,000**	41,700,000
Impairment	**(300,000)**	(41,700,000)
At 31 March	**1**	1

The loan advanced during the year under review is part of a loan facility of USD 200,000,000 approved on 05 September 2012 and is valid for the period from 05 September 2012 to 31 March 2017 or to such extended time as may be mutually agreed in writing. The loan is interest free, unsecured and repayable on demand.

Based on the circumstances mentioned in Note 8, the loan advanced to the subsidiary shall not be recovered and an impairment of **USD 300,000** (31 March 2016: USD 41,700,000) has been recognised accordingly.

(iii)Amount receivable from holding company – CIG Mauritius Holding Private Limited

	Year ended 31 March 2017 USD	Year ended 31 March 2016 USD
At 01 April	-	-
Additions	**21,432**	-
At 31 March	**21,432**	-
(iv)Amount due to holding company – CIG Mauritius Holding Private Limited		
At 01 April		
Additions	**3,000**	-
At 31 March	**3,000**	-
(v) Key management services		
Fees to management company	**18,859**	22,021
Outstanding balances		
Due to management entity	**7,841**	6,657

12. PARENT AND ULTIMATE PARENT

The Company's parent entity is CIG Mauritius Holding Private Limited, a company incorporated in Mauritius. 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. 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 2017.