CIG MAURITIUS PRIVATE LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

CIG MAURITIUS PRIVATE LIMITED

## MANAGEMENT AND ADMINISTRATION

| | | | Date of appointment |
|---|---|---|---|
| **DIRECTORS** | : | Veronique Magny-Antoine | 01 July 2008 |
| | | Nisha Proag-Dookun | 26 March 2014 |
| | | Shameel Rumjaun *(Alternate to Veronique Magny-Antoine)* | 25 November 2011 |
| | | Pankaj Kalra | 13 July 2016 |
| | | Rishikesh Batoosam *(Alternate to Nisha Proag-Dookun)* | 01 March 2017 |

**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

**BANKERS** : Standard Chartered Bank Mauritius Limited
6th Floor, Standard Chartered Tower
Cybercity
Ebene
Republic of Mauritius

**CIG MAURITIUS PRIVATE LIMITED**

**COMMENTARY OF DIRECTORS**

The directors are pleased to present their commentary together with the audited financial statements of CIG MAURITIUS PRIVATE LIMITED (the "Company") for the year ended 31 March 2018.

**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 2018 is **USD 27,857** (31 March 2017: USD 326,651).

During the year under review, the company recognised an impairment of loan amounting to **USD Nil** (31 March 2017: USD 300,000).

The directors do not recommend the payment of a dividend during the year under review (2017: USD Nil).

**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.

The directors have made an assessment of the Company's ability to continue as going concern and have no reason to believe that the business will not be a going-concern in the year ahead.

**AUDITOR**

The auditor, Ernst & Young, has indicated its 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

**SECRETARY**

17 MAY 2018

Abax Corporate Services Ltd
6th Floor, Tower A,
1 CyberCity, Ebene, Mauritius
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www.abaxservices.com

ABAX
Adding value to global business



**SECRETARY'S CERTIFICATE**

**TO THE MEMBER OF CIG MAURITIUS 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 2018, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Dated 17 May 2018

RISHAL TANEE
FOR
ABAX CORPORATE SERVICES LTD

**Company Secretary**

Building a better working world



# 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 26 which comprise the statement of financial position as at 31 March 2018, 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 2018, 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF CIG MAURITIUS PRIVATE LIMITED (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 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

Date: 17 MAY 2018

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

CIG MAURITIUS PRIVATE LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | **2018 USD** | 2017 USD |
|---|---|---|---|
| **EXPENSES** | | | |
| Administrative expenses | | **26,831** | 26,035 |
| Impairment of loan | 12(i) | - | 300,000 |
| Finance cost | | **1,026** | 616 |
| **Total expenses** | | **27,857** | 326,651 |
| **Loss before taxation** | 5 | **( 27,857)** | (326,651) |
| Income tax expense | 7 | - | - |
| **Loss for the year** | | **( 27,857)** | (326,651) |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **( 27,857)** | (326,651) |

The notes on pages 12 to 26 form an integral part of these financial statements.

**CIG MAURITIUS PRIVATE LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

| | Notes | 31 March 2018 USD | 31 March 2017 USD |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Investment in subsidiary | 6 | **1** | 1 |
| **Current assets** | | | |
| Other receivables | 8 | **24,812** | 23,198 |
| Cash and cash equivalents | 9 | **16,492** | 1,721 |
| | | **41,304** | 24,919 |
| **Total assets** | | **41,305** | 24,920 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Stated capital | 10 | **234,244,455** | 234,194,455 |
| Accumulated losses | | **(234,213,350)** | (234,185,493) |
| **Total equity** | | **31,105** | 8,962 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Other payables | 11 | **10,200** | 15,958 |
| **Total equity and liabilities** | | **41,305** | 24,920 |

**Approved by the Board of Directors on** 17 MAY 2018
**and signed on its behalf by:**

} 
} 
} **DIRECTORS**
}

The notes on pages 12 to 26 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

| | Stated capital | Accumulated losses | Total |
|---|---|---|---|
| | USD | USD | USD |
| At 01 April 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 of the Company:* | | | |
| Issue of shares (Note 10) | 300,000 | - | 300,000 |
| At 31 March 2017 | 234,194,455 | ( 234,185,493) | 8,962 |
| Loss for the year | - | **( 27,857)** | **( 27,857)** |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | **( 27,857)** | **( 27,857)** |
| *Transaction with owners of the Company:* | | | |
| Issue of shares (Note 10) | **50,000** | - | **50,000** |
| At 31 March 2018 | **234,244,455** | **( 234,213,350)** | **31,105** |

The notes on pages 12 to 26 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | Year ended 31 March 2018 USD | Year ended 31 March 2017 USD |
|---|---|---|---|
| *Cash flows from operating activities* | | | |
| Net loss before taxation | | **(27,857)** | (326,651) |
| *Adjustment for:* | | | |
| Impairment of loan | 12(i) | - | 300,000 |
| Operating loss before working capital changes | | **(27,857)** | (26,651) |
| Increase in trade and other receivables | | **(1,614)** | (21,436) |
| (Decrease)/increase in other payables and accruals | | **(5,758)** | 4,414 |
| **Net cash used in from operating activities** | | **(35,229)** | (43,673) |
| *Cash flows from investing activities* | | | |
| Loan advanced to subsidiary | 12(i) | - | (300,000) |
| **Net cash used in investing activities** | | - | (300,000) |
| *Cash flows from financing activities* | | | |
| Proceeds from issue of share capital | 10 | **50,000** | 300,000 |
| **Net cash flows from financing activities** | | **50,000** | 300,000 |
| **Net increase/(decrease) in cash and cash equivalents** | | **14,771** | (43,673) |
| Cash and cash equivalents at beginning of year | | **1,721** | 45,394 |
| **Cash and cash equivalents at end of year** | | **16,492** | 1,721 |

The notes on pages 12 to 26 form an integral part of these financial statements.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## 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 under the Financial Services Act 2007 and is regulated by the Financial Services Commission and domiciled in Republic of Mauritius. The Company's registered office address is Abax Corporate Services Ltd, 6th Floor Tower A, 1 CyberCity Ebène, Republic of Mauritius.

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.

## 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") as issued by the International Accounting Standards Board and comply with Companies Act 2001. 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 April 2017.

The nature and the impact of each new standard or amendment relevant to the Company are described below:

*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 (such as foreign exchange gains and losses). 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 application of these amendments had no impact on the Company's financial position or performance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Change in accounting policies and disclosures (Continued)**

***New and amended standards adopted by the Company (Continued)***

Other standards, amendments and interpretations which are effective for the financial period beginning on 01 April 2017 do not have any impact on the Company.

***New standards and interpretations that are not yet effective***

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.

Impairment
The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at Fair Value Through Other Comprehensive Income; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime ECL are always recognised.

The Company expects no significant impact on its statement of financial position and equity with regards to the application of IFRS 9.

| **Amendments** | **Effective for accounting period beginning on or after** |
|---|---|
| IFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| IFRS 16 Leases (effective 1 January 2019) | 1 January 2019 |
| IIFRS 17 Insurance contracts | 1 January 2021 |
| IFRIC Interpretation 23 Uncertainty over Income Tax treatment | 1 January 2019 |
| Sales or contribution of assets between Investor and its Associate or Joint venture (amendments to IFRS 10 to IAS 28 ) | 1 January 2018 |
| Annual Improvement 2014-2016 Cycle | 1 January 2018 |
| Transfer of Investment Property (Amendments to IAS 40) | 1 January 2018 |
| IFRS 2 Classification and Measurement of Share based payment Transactions (Amendments to IAS 2) | 1 January 2018 |
| Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS4) | 1 January 2018 |
| IFRIC Interpretation 22 Foreign Currency Transactions and advance Consideration | 1 January 2018 |
| IFRS 3 Business Combinations - Previously held Interests in a joint operation | 1 January 2020 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***New standards and interpretations that are not yet effective (continued)***

| Amendments | Effective for accounting period beginning on or after |
|---|---|
| IFRS 11 Joint Arrangements - Previously held Interests in a joint operation | 1 January 2020 |
| IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity | 1 January 2020 |
| Prepayment Features with Negative Compensation - Amendments to IFRS 9 | 1 January 2019 |
| Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 | 1 January 2019 |
| Long-term interests in associates and joint ventures - Amendments to IAS 28 | 1 January 2019 |

**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. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

*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 generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of 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 amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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 which are available for public use or measures its investment in subsidiaries at fair value through profit or loss in accordance with IFRS 10. 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.

**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 non-derivative 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.

The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in profit or loss.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Financial instruments (continued)**

*Other payables*

Other payables 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. Gains or losses arising on derecognition of financial and liabilities are recognised in profit or loss.

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

**Offsetting of financial instruments**

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 legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**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.

**Impairment of financial assets**

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.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

*Critical judgement*

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

*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 ended 31 March 2017, the Company recognized an impairment of loan amounting to **USD Nil** (31 March 2017 – USD 300,000).

**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 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.

*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## 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 profit or loss 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.

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

*Financial risk factors(continued)*

*(a) Market risk*

*(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.

*(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.

*Sensitivity analysis*

As at 31 March 2018, if EURO has weakened/strengthened by 5% against the United Stated Dollar (USD), with all other variables held constant, pre-tax profit for the year would decreased or increased by USD 569, mainly as a result of foreign exchange losses/gains on translation of EURO denominated financial assets and/or liabilities.

*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.

*(a) Market risk (Continued)*

*(iii) Currency risk (Continued)*

| | **Increase/decrease in foreign exchange rate** | **Effect on profit before tax Year ended 2018 USD** | Effect on profit before tax Year ended 2017 USD |
|---|---|---|---|
| Depreciation of USD v/s EURO | **+5%** | **(569)** | (542) |
| Appreciation of USD v/s EURO | **-5%** | **569** | 542 |

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

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

*Currency profile*

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

| | **Financial assets 2018 USD** | **Financial liabilities 2018 USD** | Financial assets 2017 USD | Financial liabilities 2017 USD |
|---|---|---|---|---|
| Euro | - | **5,371** | - | 10,840 |
| United States dollars (USD) | **39,180** | **4,830** | 23,154 | 5,118 |
| | **39,180** | **10,201** | 23,154 | 15,958 |

Prepayments amounting to **USD 2,124** (31 March 2017 - USD 1,765) have not been included in financial assets.

*(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 directors assessed that the fair values of cash and cash equivalents, other receivables and other payables approximate their carrying amounts largely due to short-term maturities of these instruments.

*Capital management*

The Company's objectives when managing capital, comprising of equity and debt, 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.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

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

*Capital management (continued)*

There have been no changes in the Company's objectives, policies and processes for managing capital from the previous year. No changes were made in the objectives, policies and processes for managing capital during the year ended 31 March 2018 and 2017.

*Categories of financial instruments*

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Loans and receivables | | |
| Cash and cash equivalents | **16,492** | 1,721 |
| Amount receivable from holding company | **22,687** | 21,432 |
| Loan receivable from subsidiary company | **1** | 1 |
| | **39,180** | 23,154 |

| | USD | USD |
|---|---|---|
| Other financial liabilities at amortised cost | | |
| Accruals | **10,201** | 12,958 |
| Amount due to subsidiary company | - | 3,000 |
| | **10,201** | 15,958 |

## 5. LOSS BEFORE TAXATION

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| The loss before taxation is stated after charging: | | |
| Secretarial and administration fees | **12,927** | 12,023 |
| Audit fees | **3,968** | 5,348 |
| Accounting fees | **3,204** | 2,777 |
| Tax fees | **863** | 748 |
| Directors' fees | **3,703** | 3,311 |
| Impairment of loan | - | 300,000 |
| Licence fees | **2,166** | 1,828 |
| Finance costs | **1,026** | 616 |
| | **27,857** | 326,651 |

## 6. INVESTMENT IN SUBSIDIARY

| | 2018 | 2017 |
|---|---|---|
| | USD | USD |
| Carrying amount: | | |
| At 01 April and 31 March | 1 | 1 |

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 6. INVESTMENT IN SUBSIDIARY (CONTINUED)

Details of the investment in subsidiaries are as follows:

| | % holding | | Country of | 2018 | 2017 |
|---|---|---|---|---|---|
| **Name of company** | **2018** | 2017 | **incorporation** | **USD** | 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 2018, no impairment has been recognised since no further funds have been advanced to Cairn Lanka (Pvt) Ltd as investment.

## 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% (2017:50%). 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% (2017:80%) 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. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax. The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 7. INCOME TAX (CONTINUED)

At 31 March 2018, the Company had tax losses of **USD 168,449** (2017: USD 184,149) 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:

| Up to the year ending: | **USD** |
|---|---|
| 31 March 2019 | 47,289 |
| 31 March 2020 | 36,605 |
| 31 March 2021 | 30,087 |
| 31 March 2022 | 26,651 |
| 31 March 2023 | 27,857 |
| | 168,489 |

Tax losses of **USD 43,517** (2017: 43,807) 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:

| | **2018 USD** | 2017 USD |
|---|---|---|
| Net loss for the year before taxation | **(27,817)** | (326,651) |
| Tax @ 15% | **(4,173)** | (48,998) |
| Expenses not deductible for tax purposes | - | 45,000 |
| Unutilised tax losses | **4,173** | 3,998 |
| Income tax charge | - | - |

Deferred income tax

A deferred income tax asset of **USD 5,055** (2017: USD 5,524) 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

| | **2018 USD** | 2017 USD |
|---|---|---|
| Loan receivable from subsidiary company (Note 12(i)) | **1** | 1 |
| Amount receivable from holding company (Note 12 (ii)) | **22,687** | 21,432 |
| Prepayments | **2,124** | 1,765 |
| | **24,812** | 23,198 |

The loan receivable and amount receivable from holding company is unsecured, interest free and repayable on demand.

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 9. CASH AND CASH EQUIVALENTS

| | 2018<br>USD | 2017<br>USD |
|---|---|---|
| Cash at bank | - | 1,721 |
| Cash in transit | 16,532 | - |
| At 31 March | 16,532 | 1,721 |

Cash in transit represents funds following closure of the bank account with Deutsche Bank during the financial year, received in the new bank account of the Company after the reporting date.

## 10. STATED CAPITAL

| | 2018<br>USD | 2017<br>USD |
|---|---|---|
| *Issued and fully paid – Ordinary shares of USD 1 each* | | |
| At 01 April | 234,194,455 | 233,894,455 |
| Issued during the year | 50,000 | 300,000 |
| At 31 March | 234,244,455 | 234,194,455 |

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

| | 2018<br>Number | 2017<br>Number |
|---|---|---|
| At 01 April | 234,194,455 | 233,894,455 |
| Issued during the year | 50,000 | 300,000 |
| At 31 March | 234,244,455 | 234,194,455 |

The holder of an ordinary share in the Company shall confer on the holder:

(a) the right to one vote on a poll at a meeting of the Company on any resolution;
(b) the right to an equal share in dividends authorised by the Board; and
(c) the right to an equal share in the distribution of the surplus assets of the Company.

## 11. OTHER PAYABLES

| | 2018<br>USD | 2017<br>USD |
|---|---|---|
| Accruals | 10,200 | 12,958 |
| Amount payable to holding company (Note 12 (iii)) | - | 3,000 |
| | 10,200 | 15,958 |

CIG MAURITIUS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

## 12. 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:

| | **2018 USD** | 2017 USD |
|---|---|---|
| *(i) Loan receivable from subsidiary company – Cairn Lanka (Pvt) Ltd* | | |
| At 01 April | **1** | 1 |
| Loan advanced during the year | - | 300,000 |
| Impairment | - | (300,000) |
| At 31 March (Note 8) | **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 2018 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 was recognised accordingly during the year ended 31 March 2017.

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

| | **2018 USD** | 2017 USD |
|---|---|---|
| At 01 April | **21,432** | - |
| Additions | **4,255** | 21,432 |
| Offsetting against amount payable (Note 12 (iii)) | **(3,000)** | - |
| At 31 March | **22,687** | 21,432 |

*(iii)Amount due to holding company – CIG Mauritius Holding Private Limited*

| | | |
|---|---|---|
| At 01 April | | |
| Additions | **3,000** | 3,000 |
| Offsetting against amount receivable (Note 12 (ii)) | **(3,000)** | - |
| At 31 March | - | 3,000 |

*(v) Key management services*

| | | |
|---|---|---|
| Fees to management company | **20,696** | 18,859 |

*Outstanding balances*

| | | |
|---|---|---|
| Due to management entity | **5,372** | 7,841 |

## 13 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.

## 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 2018. The Company is however expected to receive capital injection from its parent entity after the reporting date, with no timeline.