CAIRN INDIA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

CAIRN INDIA HOLDINGS LIMITED

Directors:

Sanjay Kumar Pandit
Iain John Quenault
Paul Joseph Glennon

Auditors:

MHA MacIntye Hudson
2 London Wall Place, Barbican
London EC2Y 5AU, UK

Secretary:
Appointed as Secretary with effect from March 02, 2021
GlenQ Secretaries Limited
22-24 Seale Street, St Helier,
Jersey JE2 3QG

Resigned as Secretary with effect from March 02, 2021
Vistra Secretaries Limited
4th Floor, 22-24 New Street,
St. Paul's Gate
St. Helier
Jersey
JE1 4TR

Registered Office:

22-24 Seale Street
St Helier,
Jersey JE2 3QG.

Registered No:

94164

CAIRN INDIA HOLDINGS LIMITED

Directors' Report

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

Principal Activities and Business Review

The Company's principal activity is that of an investment company.

In the year 2017-18, the Company invested USD 157.8 mn in AvanStrate Inc. a manufacturing unit of glass substrate for TFT colour LCD based in Japan. Significant changes in the market and economic environment in which ASI operates has led to decrease in demand and profitability in the glass substrate business. Accordingly, the company had assessed the fair value of all its assets and liabilities which led to an impairment reversal of $ 16.24 m during the year ended March 31, 2021. Also, the Company has recorded reduction in fair value of loans of $ 42.18 m (Previous Year $ 82.42 m). Also, Company has booked an additional expected credit loss of $0.02m on inter company loans to ASI (Previous year $9.47 m).

During the year ended 31 March 2021, the Company made a profit of $129.49m (year ended 31 March 2020: $195.11m). During the year the Company has not declared any dividend (Previous Year $ 300 m).

Consolidated accounts are not produced for the Company and its subsidiaries, however, the results of the Company are included within the consolidated accounts of the intermediary parent undertaking, Vedanta Resources Limited.

Future Developments

The Company will continue to be an investment company working on new business developments.

Financial Instruments

Details of the Company's financial risk management: objectives and policies are disclosed on note 18 of the financial statements.

Going Concern

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

Owing to uncertainty arising from COVID-19, there was significant reduction in oil prices leading to reduced profits in the current year. However, now oil price has recovered to pre-Covid-19 levels. The virus and associated uncertainty have therefore had an impact on the Management's assessment of the ability of the Company to continue as a going concern. The Company monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position.

The company has a strong financial position. It has a loan facility of $500m for its subsidiary CEHL and it has also provided inter-company loans (including loan of $934m to TSHL current outstanding $834m). The going concern assessment was done at a consolidated level (i.e. including its wholly owned subsidiary CEHL which has a participating share of 35% in Rajasthan Oil & Gas block).

Directors' Report (continued)

Management has considered the Company's ability to continue as a going concern in the period up to 30 September 2022 ("the going concern period") and carried out detailed assessment. For this assessment, below production levels and price forecast were considered.

Particulars	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Brent Price	56	56	56	57	57
Production level	151kboepd	152kboepd	148kboepd	154kboepd	158kboepd
Gas Price	4.30 $/mscf	4.30 $/mscf	4.30 $/mscf	4.32 $/mcf	4.34 $/mcf

Company has sufficient headroom even without considering the receipt of contractual cash flows on inter-group loans.

Additionally, as per facility agreement for the loan received, Company has also prepared projections on covenant compliance as on Mar 21, Sep 21 & Mar 22 and the Company will be compliant to the covenant requirements as per facility agreement.

Conclusion

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

Directors

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

Sanjay Kumar Pandit (with effect from 8 November 2018)
Marc Walter Harris (with effect from 1 March 2019 and resigned with effect from 2 March 2021)
Gayle Swanson (with effect from 17 May 2019 and resigned with effect from 2 March 2021)
Iain John Quenault (with effect from 2 March 2021)
Paul Joseph Glennon (with effect from 2 March 2021)

By Order of the Board

Director
22-24 Seale Street, St Helier,
Jersey JE2 3QG

29-Jul-21

CAIRN INDIA HOLDINGS LIMITED

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the year end and of the profit or loss of the Company for the year then ended. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; 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 are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. 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.

Opinion

We have audited the financial statements of Cairn India Holdings Limited (the 'Company') for the year ended 31 March 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

Emphasis of matter

We draw attention to note 7a of the accompanying IFRS financial statements which describes the uncertainty arising out of the demands that have been raised on a subsidiary of the company, with respect to government's share of profit oil by the Director General of Hydrocarbons and one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Government has granted permission to continue operations in the block till 31 July 2021 or signing of the PSC addendum, whichever is earlier. The subsidiary company, based on external legal advice, believes it is in compliance with the necessary conditions to secure an extension of this PSC and that the demands are untenable and hence no provision is required in respect of these demands. Were the Director General of Hydrocarbons' demands be allowed by the arbitration panel or competent courts, that would have a significant financial impact on the Company financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies (Jersey) Law 1991

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the exemption from the requirement to prepare a Strategic Report or in preparing the Directors’ Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Use of our report

This report is made solely to the Company's members in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

RShaunak

Rakesh Shaunak FCA

Senior Statutory Auditor
for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditor

2 London Wall Place

London, EC2Y 5AU

Date: 30 July 2021

Cairn India Holdings Limited
Income Statement
For the period ended 31 March 2021

	Notes	Year ended March 2021 $	Year ended March 2020 $
Administrative expenses		(2,686,597)	(4,220,721)
Operating loss		**(2,686,597)**	**(4,220,721)**
Other gains and losses	5b	(111,009,381)	1,620,514
Investment Revenue	4	249,993,137	457,944,480
Finance costs	5a	(22,157,303)	(14,391,089)
Special items	5c	16,231,472	(245,012,160)
Profit before taxation & special items		**130,371,328**	**195,941,024**
Taxation	6	(877,726)	(826,265)
Profit for the period		**129,493,602**	**195,114,759**

The accompanying notes form an integral part of these financial statements

Cairn India Holdings Limited
Balance Sheet
As at 31 March 2021

	Notes	31 March 2021	31 March 2020
		$	$
Non-current assets			
Investments	7a	590,487,052	836,920,000
Trade and other receivables - Non Current	8	891,804,508	285,297,961
Total non-current assets		**1,482,291,560**	**1,122,217,961**
Current assets			
Trade and other receivables	8	396,551,956	21,157,821
Short term investments	10	7,594,392	777,749,537
Financials Instruments(derivatives)	9	-	966,585
Cash and cash equivalents	11	8,502	20,119,144
Total current assets		**404,154,850**	**819,993,087**
Total assets		**1,886,446,410**	**1,942,211,048**
Non-current liabilities			
Borrowings	12	343,612,760	478,536,589
Trade and other payables - Non Current	9	21,347,806	33,318,966
Total non-current liabilities		**364,960,566**	**511,855,555**
Current liabilities			
Trade and other payables	14	6,027,268	7,126,632
Current maturities of long term borrowings	12	39,777,163	14,958,156
Total Current liabilities		**45,804,431**	**22,084,788**
Total liabilities		**410,764,997**	**533,940,343**
Net assets		**1,475,681,411**	**1,408,270,705**
Equity			
Called-up share capital	15	755,567,901	755,567,901
Share premium	16a	458,227,729	458,227,729
Other equity	16b	(5,494,180)	(5,494,180)
Retained earnings		267,379,961	199,969,255
Total equity		**1,475,681,411**	**1,408,270,705**

The financial statements were approved and authorised for issue by the Board of Directors on 29th July, 2021, and were signed on its behalf by

Director
29th July 2021

The accompanying notes form an integral part of these financial statements

Cairn India Holdings Limited
Cash flow Statement for the period ended 31 March 2021

	Notes	Year ended March 2021 $	Year ended March 2020 $
Profit before tax		130,371,328	195,941,024
Adjustments:			
Unrealized foreign exchange (gain)/loss (net)		1,707,969	(11,598,125)
Fair Value loss/(gain on financial asset investments (structured investment)		-	51,143,954
Impairment reversal/(loss)	5c	(16,231,472)	245,012,160
Loss on sale of investment in subsidiary	5b	95,295,731	-
Finance expense	5a	22,157,303	14,391,089
Change in fair value of financial assets (net of realised/unrealised gain)	4	(19,860,062)	68,889,787
Finance income	4	(109,052,287)	(20,427,110)
Bank charges		-	(91,369)
Volcan receivables written off	5b	13,929,517	-
ECL on Intercompany loans	5b	240,402	9,967,664
Dividend income	4	(121,080,788)	(557,079,625)
Operating profit before working capital changes		**(2,522,359)**	**(3,850,551)**
Movements in working capital :			
Increase in trade payables		2,359,856	1,483,900
(Increase) in trade receivables		(134,548)	(526,474)
Cash generated from operations		**(297,051)**	**(2,893,125)**
Interest paid		(22,233,334)	(12,772,462)
Dividend paid		-	(300,000,000)
Dividend Received		121,000,000	554,497,186
Interest Received		16,916,432	11,861,492
Net cash flows from operating activities (A)		**115,386,047**	**250,693,091**
Cash flows from investing activities			
Proceeds from short term investments		36,498,636	1,979,638,023
Purchase of short term investments			(2,361,260,433)
Sale of financial asset investments		-	397,623,620
Purchase of financial asset investments		-	(63,027,953)
Loan given to related party	17	(974,817,781)	(86,978,317)
Proceeds from redemption/ maturity of deposits having original maturity of more than 3 months	10	748,433,649	-
Receipts from/(made) investment in subsidiary		167,368,689	(399,580,000)
Realised gain/loss on currency forward		-	30,150,170
Net cash (used in) investing activities (B)		**(22,516,807)**	**(503,434,890)**
Cash flows from financing activities			
Proceeds from long term borrowings		-	492,500,000
Repayment of long term borrowings	12	(112,979,798)	(379,302,212)
Corporate Guarantee Commission		-	(8,962)
Net cash (used in) financing activities (C)		**(112,979,798)**	**113,188,826**
Net increase in cash and cash equivalents (A + B + C)		**(20,110,558)**	**(139,552,975)**
Effect of exchange differences on cash & cash equivalents held in foreign currency		(84)	(49,884)
Cash and cash equivalents at the beginning of the year		20,119,144	159,722,003
Cash and cash equivalents at the end of the year		**8,502**	**20,119,144**

The accompanying notes form an integral part of these financial statements

CAIRN INDIA HOLDINGS LIMITED
Statement of Changes in Equity
For the period ended 31 March 2021

Particulars	Share Capital	Share Premium	Other Equity*	Retained Earnings	Total
	$	$	$	$	$
	(Note 15)	(Note 16 a)	(Note 16 b)		
At 31 March 2019	**755,567,901**	**458,227,729**	**-5,494,180**	**305,219,496**	**1,513,520,946**
Profit for the year				195,114,759	195,114,759
Dividend payout during the period				(300,000,000)	(300,000,000)
Impairment of loan (Note 17)				(365,000)	(365,000)
At 31 March 2020	**755,567,901**	**458,227,729**	**-5,494,180**	**199,969,255**	**1,408,270,705**
Profit for the year				129,493,602	129,493,602
Fair Valuation charge on ICL				(61,827,894)	(61,827,894)
ECL Provision on ICL				(255,000)	(255,000)
At 31 March 2021	**755,567,901**	**458,227,729**	**-5,494,180**	**267,379,963**	**1,475,681,413**

* Other equity includes waiver of intergroup balances.

The accompanying notes form an integral part of these financial statements.

1 Accounting Policies

a) Basis of preparation

The Company is a private company incorporated under the Companies (Jersey) Law 1991. The registered office is located at 22-24 Seale Street, St Helier, Jersey JE2 3QG.

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

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

The financial statements have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as they apply to the year ended 31 March 2021.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Principal Activities and Business Review on page 2. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are presented in the financial statements and supporting notes. In addition, notes 18 and 19 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has taken exemption under paragraph 4(a) of IFRS 10 Consolidated Financial Statements from preparing consolidated financial statements.

Going Concern

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

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

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

The company has a strong financial position. It has a loan facility of $500m for its subsidiary CEHL (Current outstanding $ 383.39 mn) and it has also provided inter-company loans (including loan of $934m to TSHL current outstanding $834m). The going concern assessment was done at a consolidated level (i.e. including its wholly owned subsidiary CEHL which has a participating share of 35% in Rajasthan Oil & Gas block).

Management has considered the Company's ability to continue as a going concern in the period up to 30 September 2022 ("the going concern period") and carried out detailed assessment.

Conclusion

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

b) Accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by IASB and as adopted by the European Union as they apply to the year ended 31 March 2021. IFRS as adopted by the European Union differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact on the financial statements for the years presented.

The Company has adopted all new or amended and revised accounting standards and interpretations ('IFRSs') issued by IASB and as adopted by the European Union effective for the year ended 31 March 2021. Based on an analysis by the Company, the application of the new IFRSs has not had a material impact on the financial statements in the current reporting period and we do not anticipate any significant impact on future periods from the adoption of these new IFRSs.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

c) Presentation currency

The functional and presentation currency of Cairn India Holdings Limited is US Dollars ("$"). The Company's policy on foreign currencies is detailed in note 1(k). All amounts have been rounded to the nearest dollar, unless otherwise indicated.

d) Investment revenue

Investment revenue constitutes the following items:

Interest income
Interest income is recognised using the effective interest rate method on an accrual basis and is recognised as investment income in the income statement. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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

Fair value gain/ (loss)
The fair value assessment is done at each reporting date and resultant gain/(loss) in relation to financial assets is accounted for as investment income / (loss) in the income statement in respective period.

e) Financial instruments – initial recognition and subsequent measurement

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

(a) Financial Assets – Initial recognition
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

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

• The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

• Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the income statement. The losses arising from impairment are recognised in the income statement.

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

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Equity instruments

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI.

There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the the income statement.

(b) Financial Asset - Derecognition

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(c) Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits

ii) Financial assets that are debt instruments and are measured as at FVOCI

iii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) during the year is recognised as income/expense in profit or loss. The statement of financial position presentation for various financial instruments is described below:

i) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.
ii) Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

(d) Financial liabilities – Initial recognition & Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the income statement. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and Borrowings and Other payables)
After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

(e) Financial liabilities – Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(f) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

f) Investments in subsidiaries

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. Cost includes all transaction expenses that are directly attributable to the acquisition of investments The recoverable value of investments is the higher of its fair value less costs to sell and value in use. Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post-tax discount rate to arrive at the net present value. Value in use is based on the discounted future net cash flows of the oil and gas assets held by the subsidiary. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

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

Investment in CEHC

During the year, the company has invested $ 26,924,121 in Cairn Energy Hydrocarbons Limited (CEHL).

Investment in ASI

During the year, the company has recorded an impairment reversal in relation to its equity investment in ASI of $ 16.2 mn on the basis fair valuation reports.

The projections of future sales volume are based on the existing customer relationships, unperformed contracts
and revenue from contracts with new customers which are in the advanced stage of discussions or are probable
wins based on management judgement. Any subsequent changes to cash flows due to changes in the above-mentioned factors could impact the carrying value of the assets.

Consequently, a fair valuation exercise has been carried out by an independent external expert & implied value per share has been determined based on valuation techniques. The below summary indicates the impairment reversal in respect to investment in ASI.

An impairment reversal on equity investment of $16.23 mn in Avanstrate Inc. has been taken in the books on the basis of above-mentioned calculation method. Also, based on the fair valuation exercise the Company has recorded reduction in fair value of loans of USD 42.18m

g) Current and non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date

<u>All other assets are classified as non-current</u>

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
All other liabilities are classified as non-current.

h) Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprises cash at banks and on hand and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

i) Equity instruments

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

j) Foreign currencies

The Company translates foreign currency transactions into the functional currency, US dollar (US $), at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at the rate of exchange prevailing at the Balance Sheet date. Exchange differences arising are taken to the Income Statement except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset.

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

k) Taxation

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

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interested in joi arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised
- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or directly in equity.

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

l) Special items

Special items are those not considered to be part of the normal operation of the business.

m) Key estimations and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of expenses, assets and, liabilities, and the accompanying disclosures and disclosure of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

The information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as given below:

(i) Impact of COVID-19

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

The Company has taken proactive measures to comply with various regulations/ guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general.

The Company has considered possible effects of COVID-19 on the recoverability of its investments and loan receivables. The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic. The Company has also performed sensitivity analysis on the assumptions used basis the internal and external information/ indicators of future economic condition. Based on the assessment, the Company is not forecasting any significant risk and hence no further adjustment is required in books of accounts.

(ii) Impairment testing

To ascertain the fair value of all the components related to ASI acquisition to be recorded in the financial statements of CIHL, a fair valuation exercise has been carried out by an independent external expert. Since all the components such as receivables, put option, equity are closely interlinked, the valuation was carried out for all the components after considering the projected earnings estimates of ASI, future cash flows, coupon interest repayments, principal repayment ability after repayment of interest payments etc. with the help of valuation techniques (discounted cash flow).

(iii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. Estimates include considerations of inputs such as stock prices, vesting terms, exercise price, volatility, risk free rate of return, equity value and other factors. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 7a for further details.

2 Operating loss is stated after charging:

Particulars	Year ended March 2021 $	Year ended March 2020 $
Administrative expenses	**2,686,597**	4,220,721
Total	**2,686,597**	4,220,721

b) Continuing operations

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

c) Administrative expenses

Administrative expenses include $19,214 (year ended March 2020: $ 13,006) on account of directors remuneration.

3 Auditors' Remuneration

Fees amounting to $34,508 (year ended 31 March 2020: S21,470) are payable to the Company's auditors for the audit of the Company's accounts for the year 2020-21. The Company has a system in place for the award of non-audit work to the auditors which, in certain circumstances, requires Audit Committee approval of its parent company

4 Investment Revenue

Particulars	Year ended March 2021 $	Year ended March 2020 $
Interest Income – Financial assets measured at FVTPL	**4,553,918**	7,041,533
Interest income- financial assets at amortised cost	**104,498,368**	13,385,576
Fair value (loss)/gain on financial asset investments (structured investment) at FVTPL (Refer note 17(6))	-	(51,143,954)
Dividend income	**121,080,788**	557,079,625
Change in fair value of investments asset held for trading* (net of realised loss)	**19,860,062**	(68,418,300)
Total	**249,993,136**	457,944,480

*Includes gain of $0 m (March 2020: Gain of S26.6 m) on forward currency contracts, loss of $ 0.97m (March 2020: $4.8m) on conversion option and gain of $ 11.2m (March 2020: loss $13.6m) on put option.

5a Finance Costs

Particulars	Year ended March 2021 $	Year ended March 2020 $
Interest on borrowings	**16,154,387**	10,296,658
Bank and other charges	**43,430**	3,090,723
Amortisation of borrowing costs	**2,874,977**	994,746
Other Interest cost	**3,084,510**	-
Corporate guarantee commission	-	8,962
Total	**22,157,304**	**14,391,089**

5b Other gains and losses

Particulars	Year ended March 2021	Year ended March 2020
	$	$
Foreign exchange (loss)/gain (net)	1,543,731	11,588,178
Expected credit loss provision on Inter Company Loans	240,402	(9,967,664)
Receivable written off	13,929,517	-
Loss on sale of investment	95,295,731	-
Total	**111,009,381**	**1,620,514**

5c Special items

Particulars	Year ended March 2021	Year ended March 2020
	$	$
Impairment of investments gain/(loss)	16,231,472	(245,012,160)
Total	**16,231,472**	(245,012,160)

The company has recorded an impairment reversal in relation to its equity investment in ASI of $ 16.2 mn on the basis fair valuation reports.

6 Taxation on Profit

Profits arising in the Company for the year ended 31 March 2021 of assessment will be subject to Jersey tax at the standard corporate

a) Analysis of tax charge during the year

	Year ended March 2021	Year ended March 2020
	$	$
Current tax	877,726	826,265
Total current tax	877,726	826,265
Deferred tax	-	-
Total deferred tax	-	-
Total tax charge	877,726	826,265

Factors affecting tax charge for year

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

	Year ended March 2021	Year ended March 2020
Profit before taxation	130,371,328	195,941,024
Corporation tax at the standard Jersey rate of 0% (Apr'18-Mar'19- 0%)	-	-
Effects of:		
Withholding tax deducted on interest income from foreign jurisdictions	877,726	826,265
Total tax charge	877,726	826,265
Effective tax rate	0.67%	0.42%

7a Investments in Subsidiaries

	Year ended March 2021 $	Year ended March 2020 $
Cost and net book value:		
Opening investment		
Cairn Energy Hydrocarbons Limited	**836,920,000**	674,864,432
AvanStrate Inc.	-	7,485,419
Investments made during the year		
Cairn Energy Hydrocarbons Limited	26,924,121	399,580,000
AvanStrate Inc.		-
Impairment of investment		
Cairn Energy Hydrocarbons Limited		(237,524,433)
AvanStrate Inc.	16,231,472	(7,485,418)
Capital Reduction/Sell of Investment		
Cairn Energy Hydrocarbons Limited	(289,588,541)	-
AvanStrate Inc.		-
Total	**590,487,052**	**836,920,000**

a) During the year, the Company made the following investments in Cairn Energy Hydrocarbons Limited:

- 21,817,691 shares @GBP 1 amounting to $ 26,924,121 on 22nd April 2020.

During the previous year, the Company made the following investments in Cairn Energy Hydrocarbons Limited:

- 141,946,369 shares @ GBP 1.00 amounting to $175,000,000 on 04th October 2019
- 140,473,526 shares @ GBP 1.00 amounting to $172,000,000 on 09th October 2019
- 19,155,620 shares @ GBP 1.00 amounting to $25,000,000 on 31st January 2020
- 1,982,816 shares @ GBP 1.00 amounting to $2,580,000 on 04th February 2020
- 19,282,535 shares @ GBP 1.00 amounting to $25,000,000 on 13th February 2020

b) The directors, in their meeting held on 28 December, 2017, had approved an investment of $157.8m for a 51.63% stake in the voting rights in Japanese manufacturer for LCD glass substrate, AvanStrate Inc. ("ASI") and its two subsidiaries AvanStrate Taiwan ("AST") and AvanStrate Korea ("ASK").

The transaction consists of three elements:

- acquisition of 51.63% of equity stake of ASI for a nominal consideration of $8,827 (JPY 1.0m)
- acquisition of $150.6m (JPY 17,058m) debt in ASI & ASK with a face value of $299.0m from banks;
- extension of $7.2m (JPY 814.8m) loan to ASI.

As per the shareholding agreement (SHA) entered with the other majority shareholder holding 46.6% in ASI, Company has a convertible call option to convert part of the loan into equity of ASI and it has issued put option to the other majority shareholder. These are exercisable as per the terms mentioned below.

The non-controlling shareholders of ASI have been given an option to offload their shareholding to the Company. The option is exercisable after 5 years from the date of acquisition (i.e. 28 December 2017) at a price higher of $0.757 per share and the fair market value of the share. Therefore, the Company has recorded a derivative liability of $33.3m (March 2019: $19.3m) as fair value change through profit & loss. (Refer note 9)

The Company has an option to purchase the entire shares of non-controlling shareholders of ASI. The non-controlling shareholders have the option to reject the offer if the company does not make an offer for the entire shareholding. The option is exercisable after 5 years from the date of acquisition at a price higher of $1.0816 per share and fair market value of the share multiplied by 150%, 140% or 130%, depending upon the time of exercise. The Call Option is exercisable in whole and not in part, since the Call option is out of money, the same has not been recognised in these financial statements.

The Company has an option to purchase the entire shares of non-controlling shareholders of ASI. The non-controlling shareholders have the option to reject the offer if the company does not make an offer for the entire shareholding. The option is exercisable after 5 years from the date of acquisition at a price higher of $1.0816 per share and fair market value of the share multiplied by 150%, 140% or 130%, depending upon the time of exercise. The Call Option is exercisable in whole and not in part, since the Call option is out of money, the same has not been recognised in these financial statements.

The Company was also entitled to convert the loan extended by it to ASI into the equity shares of ASI. The option was exercisable from January 1, 2018 to December 31, 2020 at a price of $86.0 per share, subject to a condition that the shareholding of non-controlling shareholders of ASI should not fall below 20%.

Company has not exercised this option by 31st December 2020 and allowed it to lapse and balance amount of $1 mn has been charged to profit & loss during the year.

As a part of the overall transaction, the Company had also acquired a financial asset ($ 141.1 mn) in the nature of loan receivable which at initial recognition has been recorded at fair value being the transaction value of acquisition of ASI after allocating values to put option, call option and conversion option from the total consideration paid. At the end of financial year 2020-21, a fair valuation exercise of total investments in ASI has been carried out by CIHL, based on which the above amounts ($143.40m i.e. closing balance as at 31 March 2021) were recorded in the financial statements . The valuation has been carried out by an external expert.

In the opinion of the Directors, the value of shares in the Company's subsidiary undertakings (Cairn Energy Hydrocarbons Limited and AvanStrate Inc.) is not less than the amounts at which these are shown in the Balance Sheet.

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

Company	Country of incorporation	Proportion of voting rights and ordinary shares	Nature of Business
Cairn Energy Hydrocarbons Limited	Scotland	100%	Exploration & production
Cairn Energy Gujarat Block 1 Limited	Scotland	100%	Exploration & production
Cairn Energy India Pty Limited	Australia	100%	Exploration & production
AvanStrate Inc.	Japan	51.63%	LCD Glass substrate
Indirect Holding			
Cairn South Africa (Pty) Limited	South Africa	100%	Exploration & production
Cairn Mauritius Holding Limited	Mauritius	100%	Holding company
Cairn Mauritius Pvt Limited	Mauritius	100%	Holding company
Cairn Lanka Pvt Limited	Sri Lanka	100%	Exploration & production
AvanStrate Korea Inc.	Korea	51.63%	LCD Glass substrate
AvanStrate Taiwan Inc.	Taiwan	51.63%	LCD Glass substrate

During the year 2020-21, the following subsidiaries were liquidated/deregistered as a result of which these holdings were reduced to nil:

Cairn South Africa (Pty) Limited*	South Africa
Cairn Mauritius Holding Limited	Mauritius
Cairn Mauritius Pvt Limited	Mauritius

The Company operates an oil and gas production facility in Rajasthan under a Production Sharing Contract ("PSC"). The management is of the opinion that the Company is eligible for automatic extension of the PSC for Rajasthan ("RJ") block on same terms w.e.f. May 15, 2020, while Government of India ("GoI") in October 2018, accorded its approval for extension of the PSC, under the Pre-NELP Extension policy as per notification dated April 07, 2017 ("Pre-NELP Policy"), for RJ block by a period of 10 years, w.e.f. May 15, 2020. As per the said policy and extension, the Company is required to comply with certain conditions and pay an additional 10% profit oil to GoI. The Company had challenged the applicability of Pre NELP Policy to the RJ block. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC The Company is studying the order and all available legal remedies are being evaluated for further action as appropriate.

One of the conditions for extension of PSC relates to notification of certain audit exceptions raised for FY 16-17 as per PSC provisions and provides for payment of amounts, if such audit exceptions result into any creation of liability.

The Directorate General of Hydrocarbons ("DGH") in May 2018 raised a demand on the Company and its subsidiary for the period up to March 31, 2017 for Government's additional share of Profit oil based on its computation of disallowance of costs incurred in excess of the initially approved Field Development Plan ("FDP") of the pipeline project for ₹ 1,477 Crore (US$ 202 million) and retrospective re-allocation of certain common costs between Development Areas ("DAs") of RJ block aggregating to ₹ 2,669 Crore (US$ 364 million). The DGH vide its letter dated May 12, 2020, reiterated its demand only with respect to the retrospective re-allocation of certain common costs between DAs of the RJ block of ₹ 2,669 Crore (US$ 364 million towards contractor share for the period upto March 31, 2017. This amount was subsequently revised to US$ 458 million (₹ 3,360 Crore) till March 2018 vide DGH letter dated December 24, 2020

The Company in January 2020 received notifications from the DGH on audit exceptions arising out of its audit for the FY 2017-18, which comprises the consequential effects on profit oil due to the aforesaid matters and certain new matters on cost allowability plus interest aggregating to US$ 645 million, representing share of the Company and its subsidiary, CEHL ("the Claimants"), which have been suitably responded to by the Company.

The Company believes that it has sufficient as well as reasonable basis pursuant to the PSC provisions and related approvals, supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Company's opinion, these computations of the aforesaid demand / audit exceptions are not appropriate, and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The Company's view is also supported by independent legal opinion and the Company has been following the process set out in PSC to resolve these aforesaid matters. The Company has also invoked the PSC process for resolution of disputed exceptions and has issued notice for arbitration and the tribunal stands constituted. Further, on September 23, 2020, the GoI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. This matter is now scheduled for hearing on August 4, 2021

Also, on Vedanta's application under section 17 of the Arbitration and Conciliation Act, 1996, the tribunal in December 2020 ordered that GoI should not take any action to enforce any of the amounts at issue in this arbitration against the Claimants during the arbitral period. The GoI has challenged the said order before the Delhi High Court under the said Act. This matter is also scheduled for hearing on August 4, 2021.

In management's view, the above mentioned condition on demand raised by the DGH for additional petroleum linked to PSC extension is untenable and has not resulted in creation of any liability and cannot be a ground for non-extension. In addition, all necessary procedures prescribed in the PSC including invocation of arbitration, in respect of the stated audit observation have also been fulfilled. Accordingly, the PSC extension approval granted vide DGH letter dated October 26, 2018 upholds with all conditions addressed and no material liability would devolve upon the Group.

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

7b Financial asset investment

Financial asset investments represent investments classified and accounted for as fair value through profit or loss

	31 March 2021	31 March 2020
	$	$
As at April 2020	-	689,831,032
Purchase of structured investment (Refer note 17)		
Sale of structured investment (Refer note 17)	-	(638,687,079)
Movement in fair value	-	(9,916,265)
Exchange difference	-	(41,227,688)
As at March 2021	-	-

On August 14, 2019, the CIHL had received GBP 328 mn from Volcan SPV and GBP 10m was retained by Volcan for expenses incurred by it. As it is a related party transaction, CIHL was awaiting its Board approval and approval from parent Vedanta Limited's Audit Committee. During the year, CIHL board and Vedanta Limited Audit Committee has approved reimbursement to Volcan.

8 Other Receivables

Particulars	31 March 2021	31 March 2020
	$	$
Non-Current Assets		
Amount owed by group companies* (Refer note 7)	**902,012,574**	295,265,625
Less: Expected credit loss	**(10,208,066)**	-9,967,664
Non-Current Assets	**891,804,508**	**285,297,961**
Current Assets		
Amount owed by group companies*	**396,474,355**	8,743,027
Others debtors	**57,601**	12,414,794
Current Asset Total	**396,531,956**	**21,157,821**
Financial (A)	1,288,336,464	306,455,782
Current Assets		
Prepayments	20,000	-
Non-Financial (B)	**20,000**	-
Total (A) + (B)	**1,288,356,464**	306,455,782
Neither past due nor impaired	1,267,375,169	292,979,932
Past due but not impaired		
Less than 1 month	-	55,557
Between 1-3 months	9,268,250	956,055
Between 3-12 months	11,581,151	12,374,706
Greater than 12 months	131,894	89,532
Total	**1,288,356,464**	**306,455,782**

*Amount owed by group companies includes the loan given (inclusive of accrued interest) to THL Zinc Holding BV amounting to $206.39m (March 2020: $86.2m), Fujairah Gold amounting to $85.7m (March 2020: $74.0m), Avanstrate Inc. amounting to $130.38m (March 2020: $128.5m), Avanstrate Korea amounting to $14.62m (March 2020: $15.2m), Twin Star Holdings Limited $ 834m (March 2020:$ 0m)and Cairn Lanka Private Limited amounting to $0m (March 2020: $0.1m)

Cairn India Holdings Limited
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9 Financial instruments (derivatives)

	31 March 2021	31 March 2020
	$	$
Current Financial Assets		
Fair value of Conversion option (at FVTPL)	-	966,585
Total	-	966,585
Non-Current Financial Liabilities		
Fair value of Put option liability (at FVTPL) (Refer Note 19)	**21,347,806**	33,318,966
Total	**21,347,806**	33,318,966

10 Short-term Investments

	31 March 2021	31 March 2020
	$	$
Bank deposits*	-	752,522,676
Investment in bonds	-	24,245,387
Investment in mutual funds	7,594,392	981,474
Total	**7,594,392**	777,749,537

*Bank deposits are made for varying periods depending on the cash requirements of the company and interest is earned at respective fixed deposit rates. The increase in current year is on account amount realised from Mutual funds and structured investments are held as bank deposits

11 Cash and Cash Equivalents

	31 March 2021	31 March 2020
	$	$
Cash at bank	8,502	20,119,144
Total	**8,502**	20,119,144

Cash at bank earns interest at floating rates based on daily deposit rates.

12 Borrowings

	31 March 2021	31 March 2020
	$	$
Total Non-current borrowings	**343,612,760**	478,536,589
Total current borrowings	**39,777,163**	14,958,156

a) During the year, Company has repaid term loan amounting to $112.9m.The Company had taken the loan for the purpose of capital and operating expenditure incurred through its subsidiary Cairn Energy Hydrocarbons Limited ("CEHC") in Rajasthan oil and gas block.

b) The said loan is charge on CEHC's all banks accounts, cash, investments, receivables and current assets (excluding any shares issued to CEHC by its subsidiaries, all of its right, title and interest in and to Production Sharing Contract of RJ-ON-90/1 block and all of its fixed assets of any nature).

c) The Company has not defaulted in the repayment of principal and interest as at Balance sheet date.

d) The loan is subject to certain financial and non-financial covenants. The Company has complied with the covenants as per terms of the loan agreement.

13 Net Debt Movement $

Particulars	Cash and cash equivalents	Liquid Investments*	Financial asset investment net of related liabilities and derivatives	Total cash and liquid investments	Debt carrying value due within one year	Debt carrying value due after one year	Total Net Debt
- At 1 April 2018	**2,630**	**805,228,111**	**-**	**805,230,741**	(51,595,168)	(374,732,627)	**378,902,946**
- Cash flow	147,051,415	(390,416,732)	253,781,750	10,416,433	-	42,353,377	52,769,810
- Other non-cash changes ([2])	12,667,959	(4,439,104)	136,770,309	144,999,163	(327,707,044)	332,379,250	149,671,369
- At 1 April 2019	**159,722,004**	**410,372,275**	**390,552,059**	**960,646,338**	**-379,302,212**	**-**	**581,344,125**
- Cash flow	(139,552,975)	361,405,338	(334,595,668)	(91,651,910)	364,344,056	(479,531,334)	(206,839,187)
- Other non-cash changes [2]	(49,884)	5,971,924	(55,956,391)	(71,125,747)	-	994,745	(70,131,002)
- At 31 March 2020	**20,119,144**	**777,749,537**	**-**	**797,868,681**	**-14,958,156**	**-478,536,589**	**304,373,935**
- Cash flow	(20,110,558)	784,932,285	-	764,821,727	(24,819,007)	134,923,829	874,926,548
- Other non-cash changes [2]	(84)	(1,555,087,430)	-	(1,555,087,515)			(1,555,087,515)
- At 31 March 2021	**8,502**	**7,594,392**	**-**	**7,602,893**	**(39,777,163)**	**(343,612,760)**	**(375,787,031)**

*Includes Non-Current bank deposits. (Refer note 10)

1) Net debt is a Non IFRS measure and represents total debt after fair value adjustments under IAS 32 and IFRS 9 as reduced by cash and cash equivalents, short-term investments and structured investment, net of the deferred consideration payable for such investments (referred above as Financial asset investment net of related liabilities) (refer note 17) .

2) Other non-cash changes comprise of amortisation of borrowing costs, fair value movement in investments, reclassification between debt due within one year and debt due after one year. It also includes fair value movement on structured investment and accrued interest on other investments.

14 Other Payables

	31 March 2021	31 March 2020
	$	$
Non-current		
Other payables (at amortised cost)*	-	-
Current		
Other payables (at amortised cost) *	**6,027,268**	7,126,632
Total	**6,027,268**	7,126,632

Non-interest bearing other payables are normally settled in a 30 to 60 days term. Fair values of other payables are not materially different from the carrying values presented.

15 Share Capital

	31 March 2021	31 March 2020
	Number	Number
Authorised shares		
Ordinary shares of £1 each	**1,200,000,000**	1,200,000,000
Redeemable preference shares of £1,000 each	**600,000**	600,000
Total	**1,200,600,000**	1,200,600,000

Rights and obligations attaching to the shares

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

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

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

Paid up share capital

Particulars	**31 March 2021**	**31 March 2021**	31 March 2020	31 March 2020
Paid up amount	**Number**	**$**	Number	$
At 31 March	**420,810,062**	**755,567,901**	420,810,062	755,567,901

16a) Share Premium

Share Premium and Reserves

Particulars	**31 March 2021**	**31 March 2020**
	$	**$**
At 31 March	**458,227,729**	458,227,729

b) Other Equity

Particulars	**31 March 2021**	**31 March 2020**
	$	**$**
Opening balance	**(5,494,180)**	(5,494,180)
Transfer of balances from group companies	-	-
Closing balance	**(5,494,180)**	(5,494,180)

Other equity consists of debts owing from Cairn India Holdings Limited to other group companies which were waived in earlier years, and have been recognised directly in equity.

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17 Related Party Transactions

The following table provides the relationship between Group companies with whom the Company has entered into transactions during the year and the balances outstanding at the Balance sheet date:

Name of company	Relationship
Cairn Energy Hydrocarbons Limited	Subsidiary
Vedanta Resources Limited	Intermediate Parent Company
AvanStrate Inc	Subsidiary
AvanStrate, Korea	Subsidiary
Cairn Lanka Private Limited	Fellow Subsidiary
THL Zinc Holding BV	Fellow Subsidiary
Vedanta Limited	Holding Company
Sterlite Technologies Limited	Same controlling party
Volcan Investments Limited	Ultimate controlling entity
Twin Star Holding Limited Mauritius	Fellow Subsidiary
Bloom Fountain	Fellow Subsidiary
Akarsh Hebbar	KMP of AvanStrate Inc and related to Director of parent company
Fujairah Gold?	Fellow Subsidiary

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

Transactions during the year	Note	31 March 2021	31 March 2020
		$	$
Dividend received		121,000,000	554,497,186
Interest income on bonds		1,151,896	2,482,500
Loan given to AvanStrate Inc.		16,536,323	13,878,410
Interest income on loan		93,033,836	9,301,189
Guarantee Commission Income		10,966,250	-
Loans given to related parties		949,100,000	73,205,000
Impairment of loan		-	365,000
Capital investment		26,924,121	399,580,000
Corporate guarantee released		-	436,197,544
Guarantee commission paid		-	8,963
Redemption of debt bonds in the market		28,667,896	-
Support services taken from Vedanta Limited		-	15,600
Expense reimbursement to Vedanta Resources Limited		199,372	172,232
Management Consultancy services -Akarsh Hebbar		532,291	699,996
Management Consultancy services -Sterlite Technologies Limited		1,720,000	2,006,164
Volcan Investments Limited – (Sale)/Purchase of structured investment			(397,623,620)
Volcan Investments Limited – Payment of deferred liability			63,027,953
Volcan Investments Limited – Write-off		13,929,517	

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Balances owed by /(to) group companies/related parties		
Cairn Energy Hydrocarbons Limited	74,289	74,289
THL Zinc Holding BV (including interest accrued)	206,389,097	86,156,055
Fujairah Gold (including interest accrued)	85,711,141	74,009,327
AvanStrate Inc. (Face value)	230,812,734	219,993,771
AvanStrate, Korea (Face value)	112,334,329	115,025,427
Vedanta Resources Limited.	(1,012,146)	(1,012,232)
Cairn Lanka Private Limited	-	105,000
Management Consultancy services -Akarsh Hebbar	(21,875)	(29,167)
Management Consultancy services -Sterlite Technologies Limited	(2,150,000)	(485,000)
Volcan Investments Limited – Deferred consideration payable	-	-
Volcan Investments Limited – Fair value of structured investment at year end	-	-
AvanStrate Inc. – interest accrued	11,561,151	7,681,972
Volcan Investments Limited-receivable	-	12,374,706
Twinstar Holdings Limited (Face Value Loan)	834,000,000	-
Twinstar Holdings Limited - interest and guarantee commission accrued	77,324,714	-
Fair Value of Bonds		
Vedanta Resources Limited	-	13,534,290

1 The Company received dividends of $121m (year ended 31 March 2020: $554.5m) from Cairn Energy Hydrocarbons Limited, its subsidiary. During the year CEHC has reduced its paid-up share capital and share premium reserves by $258.5m and transferred it to retained earnings thus creating distributable reserves.

2 The Company has made an investment of $26.9m (March 2020: $399.6m) in the equity of Cairn Energy Hydrocarbons Limited during the year ended 31st March 2021.

3 Company had purchased the debt bonds of Vedanta Resources Limited, its parent company from secondary market. The Company earned interest income of $1.2m (year ended 31 March 2020:$2.5m) on bonds. During the year, the company has sold bonds in secondary market and had accounted net capital loss of $ 4.5 mn. The balance outstanding at the balance sheet date is Nil (year ended 31 March 2020: $13.5m).

4 During the current year the Company advanced a loan to its fellow subsidiaries Twinstar Holdings Limited Mauritius, Fujairah Gold and THL Zinc Holding BV amounting to $984m, $9.1m and $106m respectively. On the said loans, interest income and accrued interest amounting to $88.8m and $87.12m were recorded in the books.

In June 2020, the Company entered into an unsecured loan agreement with Twin Star Holding Limited (TSHL) (subsidiary of Vedanta Resources Limited) for $475 m at an interest rate of 7% per annum repayable after one year from the date of the agreement. Additionally, the Company has provided a guarantee to Standard Chartered Bank (SCB), one of the lenders of TSHL. To secure the guarantee, CIHL had made a bank deposit of $425 million with SCB and the same is hypothecated with SCB. The Company had charged 1% of guarantee commission in lieu of the above guarantee from TSHL amounting to $10.9m (balance outstanding of which as on March 2021 is $9.3m. In October 2020, the original agreements were amended wherein the overall facility was increased to $934m and repayment terms were changed from 1 year to due in four tranches starting from June 2021 to December 2023. An additional loan of USD 525 million was disbursed to TSHL and $100 million has been since repaid by TSHL. The additional loan was partly made by pre-maturing the deposit of $ 425 million pledged with SCB after which the guarantee was extinguished. The overall facility amount was then restricted to $ 834 million which is current total outstanding balance of loan. The original agreement has been amended to include an enabling provision to transfer $307m of the loan to THL Zinc. This has not been exercised by TSHL as of date of the financial statements.

5 In December 2018, as part of its cash management activities, Cairn India Holdings Limited (CIHL), entered into a tripartite agreement with Volcan Limited (Volcan) and one of its subsidiaries. Under the agreement, CIHL purchased an economic interest in a structured investment for the equity shares of Anglo American Plc (AA Plc), a company listed on the London Stock Exchange, from Volcan for a total consideration of US$ 541 million (GBP 428 million), determined based on an independent third-party valuation. The ownership of the underlying shares, and the associated voting interests, remained with Volcan and the investment would mature in two tranches in April 2020 and October 2020. As part of the agreement, CIHL also received a put option (embedded derivative) from the aforementioned subsidiary, the value of which was not material at initial recognition. In February 2019, certain terms of the aforesaid agreement were modified, and it was converted into a biparty agreement between CIHL and Volcan. The revision in the terms did not have any material effect on the fair value of the instrument on that date.

As per the revised agreement, if the share price of AA Plc remain above the Put exercise price, CIHL would be entitled to an amount determined based on the share price of AA Plc multiplied by 14.6 million and 10.1 million shares respectively on the aforementioned two maturity dates. Alternatively, CIHL also has an option to realise the instrument for US$ 358 million (GBP 274 million) and US$ 247 million (GBP 189 million) on the respective maturity dates

6 During the year, based on market view and as a profit booking strategy, CIHL requested Volcan to early exit MXB structure and transfer the AAP share realization proceed to CIHL. Accordingly, on July 25, 2019, CIHL entered into an amendment with Volcan to agree terms of settlement of SID on early unwinding of MXBs. Simultaneously, on July 25, 2019 Volcan entered into an agreement with J.P. Morgan Securities Plc. (JPM), for appointment of JPM as share sale agent ('Block Trade Agreement') for the sale of shares of AAP. JPM subsequently sold shares to third party buyers at market rate (based on accelerated book building process) and the amount so realised from such resale net of deferred payment liability of CIHL under SID and transaction expenses/charges were transferred by Volcan to CIHL.

The Actual net settlement proceeds from the sale of 24.7 million shares of AAP was approximately ~ US$ 639m (GBP 518m) (settled at GBP 21/ share which is ~4% bulk purchase discount to closing price of AAP). The net settlement price represents the actual price Volcan realised from selling the shares of AAP to an unrelated third-party net of associated transaction costs. On 13th and 14th August 2019, CIHL received total sum of US$ 397.6 million (net of associated liabilities of US$ 228.7 million) from the sale of Structured investments. The SID liability amounting to US$ 63.0 million (net of realized foreign exchange gain of US$ 7.5 million) has been settled during the FY 19-20. The balance of US$ 12.4 million was retained by Volcan for expenses incurred by it as at March 31, 2020. During the year, CIHL board and Vedanta Limited Audit Committee has approved reimbursement to Volcan, and the outstanding from Volcan as at March 31, 2021 is Nil.

7 During the year 2017-18, the Company has paid an amount of $150.6m to acquire control in AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan ("AST") and AvanStrate, Korea ("ASK"). As a part of the integrated transaction, the Company has entered into put, call, conversion option (refer note 7 for further details) and acquired financial instruments having a face value of $230.8m (March 2020: $220m) and $112m (March 2020: $115m) from AvanStrate Inc., Japan and AvanStrate, Korea respectively. The said instruments are in different tranches and carry interest rates ranging from six months JPY TIBOR + 1% to 2.5%. The first interest payment was due in April 2018 and thereafter every six months. The loans are repayable in half yearly instalments starting April 2021 till October 2027.

The terms of interest payments have been amended during the year. As per the modified terms, the interest payments which were earlier due in 2018-19 and 2019-20 were initially extended to April 2020 and after the year end, they have been further extended to October 2020 and then further extended to April 2021. After 2021, the terms for payments has been extended to April 2025.

During the current year the company received Interest income of $4.3m (March 2020: $4.0m) on loan given to AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan ("AST") and AvanStrate, Korea ("ASK"), amounting to $133.2m (March 2020: $136m). Interest accrued thereon amounts to $11.6m (March 2020: $7.7m).

During the year, the Company advanced a loan amounting to $16.5m. The Company has recorded reduction in fair value of loans of $ 42.18m on the basis of third-party valuation report from Duff &Phelps. (Refer note 1(f) above). In addition, Company has recorded an expected credit loss of $10.2m on the above inter-company loans.

8 The Company reimbursed consultancy expenses of $0.2m to its intermediate parent company Vedanta Resources Limited during the

9 During the year, the Company has incurred fees for consultancy services to KMP of AvanStrate Inc. amounting to $0.5m (March 2020: $0.7m) and have an amount outstanding of $0.02m.

10 The Company incurred consultancy fees to Sterlite Technologies Limited for assistance in, and improve on, the management and operations of AvanStrate Inc.

Remuneration of key management personnel

Professional fees paid to the consultants for their directorship services to the Company amounted to $0.01m (year ended 31 March 2020: $0.01m)

18 Financial Risk Management: Objectives and Policies

The Company manages its financial risk along with its subsidiaries at consolidated level (the 'Cairn India Holdings Group').

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

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. The risk management policies cover areas such as liquidity risk, interest rate risk, foreign exchange risk, counterparty credit risk, equity price risk and capital management.

Liquidity risk

The Cairn India Holdings Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short terms investments provide liquidity both in the short term as well as in the long term. As of 31 March 2021, the Group has taken a loan facility of $400.0m (S100 mn prepaid during the year) (31 March 2020: 500m). The Company also has uncommitted secured working capital facility worth $Nil (31 March 2020: $Nil). As at 31 March 2021, there were no outstanding amounts under these facilities. In addition, as at 31 March 2021, the Group had $nil of trade finance facilities (31 March 2020: $nil) in place to cover the issue of bank guarantees / letter of credit. Fixed rates of bank commission and charges apply to these facilities. As of 31 March 2021 there were no outstanding amounts under the facility (31 March 2020: $ nil).

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

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

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

As at 31st March 21	<1 year	1-3 years	3-5 years	>5 years	Total
Financial Liabilities					
Non-Derivative- Other Payables	6,027,268	-	-	-	**6,027,268**
Derivative -Put Option	21,347,806	-	-	-	**21,347,806**
Borrowings*	53,299,893	275,239,957	87,786,833	-	**416,326,683**

As at 31st March 20	<1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivative- Other Payables	7,126,632	-	-	-	**7,126,632**
Derivative -Put Option	-	33,318,966	-	-	**33,318,966**
Borrowings*	35,567,767	212,123,813	314,451,117	-	**562,142,697**

* includes contractual interest payment of $32.94m (March 2020: $68.6) based on interest rate prevailing at the end of the reporting period

At 31 March 2021, the Company has access to the following funding facilities:

At 31st March 2021	Total facility	Drawn	Undrawn
Fund/Non-fund based	500,000,000	500,000,000	-
Total	**500,000,000**	**500,000,000**	**-**
At 31st March 2020			
Fund/Non-fund based	500,000,000	500,000,000	-
Total	**500,000,000**	**500,000,000**	**-**

Interest rate risk

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

The Company has borrowing of $500m towards Oil and Gas business. The borrowing is linked to floating rates. Further short/medium-term borrowing arrangements are available at floating rates. The treasury functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. However, no such instruments have been used by the Company during the current and previous year. The Company also has a loan receivable from AvanStrate Inc. along with AvanStrate Korea, THL Zinc Holding BV, Fujairah Gold and Twin Start Holding limited amounting to $143.40m, $206.39m, $85.7m and $834 m respectively.

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

	31-Mar-21			31-Mar-20		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Assets*	1,187,852,859	8,502	108,097,997	285,010,107	796,881,996	23,398,945

*Intercompany loans of $ 260m has been reclassified from non-interest bearing to floating rate in comparative figures consistent with the terms of the agreement.

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

	31-Mar-21			31-Mar-20		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial liabilities	383,427,846	-	27,337,151	497,212,999	-	36,727,344

Considering the net debt position with respect to floating rate instruments as at 31 March 2021 and the investment in bank deposits, foreign currency bonds and foreign mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net profit. The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date.

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

Change in interest rates	**31-Mar-21 Effect on profit**	**31-Mar-20 Effect on profit**
0.50%	4,022,125	(1,061,014)
1%	8,044,250	(2,122,029)
2%	16,088,500	(4,244,058)

Foreign currency risk

The Company manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position.
In order to minimise Company's exposure to foreign currency fluctuations, currency assets are matched with currency liabilities by borrowing or entering into foreign exchange contracts in the applicable currency if deemed appropriate.

The Group also aims where possible to hold surplus cash, debt and working capital balances in functional currency which in most cases is US dollars, thereby matching the reporting currency and functional currency of most companies in the Group. This minimises the impact of foreign exchange movements on the Company's Statement of Financial Position.

Where residual net exposures do exist and they are considered significant the Company and Group may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. The carrying amount of the Company's financial assets and liabilities in different currencies are as follows:

	31-Mar-21		31-Mar-20	
	Financial Assets	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
USD	1,150,944,658	389,417,192	957,677,597	498,900,112
JPY	144,994,701	21,347,806	135,238,619	34,896,882
GBP	-		12,374,706	107,288
Others	19,999		126	36,061
Total	**1,295,959,358**	**410,764,998**	**1,105,291,048**	**533,940,343**

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

	31-Mar-21	
	Closing exchange rate $	**Effect of 10% strengthening of US dollar on net earning**
JPY	110.70	12,364,689
GBP	0.73	-

A 10% weakening of US dollar would have an equal and opposite effect on the company's financial statements.

	31-Mar-20	
	Closing exchange rate $	**Effect of 10% strengthening of US dollar on net earning**
JPY	108.11	10,034,174
GBP	0.81	1,226,742

The sensitivities are based on financial assets and liabilities held at 31 March 2021 and 31 March 2020 where balances are not denominated in the company's functional currency. The sensitivities do not take into account the company's sales and costs and the results of sensitivities could change due to other factors such as change in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

Credit risk

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

During the year, Company has booked an expected credit loss of $0.24m on inter-company loans.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date. (Refer Note 8 and Note 17 for Structured Investment)

Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow
requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.
The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

Net debt are non-current and current as reduced by cash and cash equivalents, bank deposits/balance and current investments. Equity comprises of all components.
No changes were made in the objectives, policies or processes during the year ended 31 March 2021
The Company's capital and net debt were made up as follows:

	31 March 2021	**31 March 2020**
	$	**$**
Cash and cash equivalents	8,502	20,119,144
Short-term investments and bank deposits	7,594,392	777,749,537
Less: Current maturities of long-term borrowings	(39,777,163)	(14,958,156)
Less: Long term borrowings	(343,612,760)	(478,536,589)
Net funds	(375,787,031)	304,373,936
Equity	1,475,681,411	1,408,270,705
Total capital	1,099,894,380	1,712,644,641
Gearing	-34%	18%

19 Financial Instruments

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

Financial assets

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2021	**$**	**$**	**$**	**$**
Cash and cash equivalents		8,502	8,502	8,502
Short-term investments and bank deposits	7,594,392	0	7,594,392	7,594,392
Other receivables (including non-current)	107,293,683	1,181,062,781	1,288,356,464	1,288,356,464
Financial instruments (derivatives)			-	-
	114,888,075	**1,181,071,283**	**1,295,959,358**	**1,295,959,358**

An analysis of the ageing of amounts owed is provided in note 8

Financial liabilities

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2021	**$**	**$**	**$**	**$**
Other payables	-	6,027,268	6,027,268	6,027,268
Financial instruments (derivatives)	21,347,806	-	21,347,806	21,347,806
Short term borrowings	-	39,777,163	39,777,163	39,777,163
Long term borrowings	-	343,612,760	343,612,760	343,612,760
	21,347,806	**389,417,191**	**410,764,997**	**410,764,997**

Financial assets

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2020	**$**	**$**	**$**	**$**
Cash and cash equivalents	-	20,119,144	20,119,144	20,119,144
Short-term investments and bank deposits	25,226,860	752522677	777,749,537	777,749,537
Other receivables (including non-current)	109,977,160	196478622	306,455,782	306,455,782
Financial instruments (derivatives)	966,585	-	966,585	966,585
	136,170,605	**969,120,443**	**1,105,291,048**	**1,105,291,048**

Financial liabilities	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	$	**$**	**$**	**$**
As at March 2020				
Other payables	-	7,126,632	7,126,632	7,126,632
Financial instruments (derivatives)	33,318,966	-	33,318,966	33,318,966
Short term borrowings	-	14,958,156	14,958,156	14,958,156
Long term borrowings	-	478,536,589	478,536,589	478,536,589
	33,318,966	**500,621,377**	**533,940,343**	**533,940,343**

Investments in equity of subsidiaries, associates and joint ventures which are carried at cost are not covered under IFRS 13 and hence not been included above.

Fair value hierarchy

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

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 March 2021		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
Short-term investments	7,594,392	-	-
Other receivables (including non-current)	-	-	107,293,683
Financial instruments (derivatives)	-	-	
	7,594,392	**-**	**107,293,683**

	As at 31 March 2021		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities			
At amortised cost			
Borrowings	-	**383,389,924**	-
At fair value through profit or loss			
Financial instruments (derivatives)	-	-	**21,347,806**
Total	**-**	**383,389,924**	**21,347,806**

	As at 31 March 2020		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
Short-term investments	981,474	24,245,386	-
Other receivables (including non-current)	-	-	109,977,160
Financial instruments (derivatives)	-	-	966,585
	981,474	**24,245,386**	**110,943,745**

	As at 31 March 2020		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities			
At amortised cost			
Borrowings	-	493,494,745	-
At fair value through profit or loss			
Financial instruments (derivatives)	-	-	33,318,966
Total	**-**	**493,494,745**	**33,318,966**

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

• Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments and structured investments are valued by referring to market inputs including quotes, trades, poll, primary issuances for securities and /or underlying securities issued by the same or similar issuer for similar maturities and movement in benchmark security, etc.

• Financial assets forming part of Trade and other receivables, cash and cash equivalents (including restricted cash and cash equivalents), bank deposits, and financial liabilities forming part of trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments. Also, in case of financial assets receivable from ASI, a fair valuation exercise has been carried out by an independent external expert & accordingly amounts were recorded in the financial statements.

• Other non-current financial assets and financial liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

• Long-term fixed-rate and variable rate borrowings: For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.

• Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.

• Long-term fixed-rate and variable rate borrowings: For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.

• Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.

• Derivative financial assets/liabilities: The Company enters into derivative financial instruments with various counterparties. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques by the Group include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (UK).

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

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

The estimated fair value amounts as at 31 March 2020 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

Non-qualifying/economic hedge

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments consist of currency forward, conversion and put options. Fair value changes on such derivative instruments are recognised in the income statement. The fair value of the Company's open derivative positions as at 31 March 2020, recorded within financial instruments (derivative) is as follows:

	31-Mar-21		31-Mar-20	
	Liabilities	**Asset**	**Liabilities**	**Asset**
Current				
Non Qualifying hedges	-	-	-	-
Forward foreign currency contracts	-	-	-	-
Conversion Option	-	-	-	**966,585**
Total	**-**	**-**	**-**	**966,585**
Non-current				
Non Qualifying hedges	-	-	-	-
- Other	-	-	-	-
Put option	21,347,806		33,318,966	-
Conversion option	-	-	-	-
Total	**21,347,806**	**-**	**33,318,966**	**-**
Grand total	**21,347,806**	**-**	**33,318,966**	**966,585**

20 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Vedanta Limited which in turn is a subsidiary of Vedanta Resources Limited. Volcan Investments Limited ("Volcan") is the ultimate controlling entity and controls Vedanta Resources Limited. Volcan is controlled by persons related to the Executive Chairman, Mr. Anil Agarwal.

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

21 Subsequent events

1. Subsequent to year-end, additional loan has been granted to Avanstrate ($12 m) & Fujairah Gold ($49.4 M)

2. Subsequent to year-end, CIHL has received $ 207 M from Twin star Holding Ltd. against the o/s loan of $834 M along with $19 M Interest. In addition to this we have received $ 9.2 M against the guarantee commission receivable from Twinstar

3. Out of the loan balance receivable from Twin Star Holding (TSH), tranche of USD 178M due to be receivable in Jun'22 has been now reassigned to Vedanta Holdings Jersey Limited and the interest rate has also changed from 9.6% to 10.1 % per annum with effect from 31st May 2021.

4. For the loan given to THL Zinc Holdings BV, interest rate for tranche-2 (USD 122m) has been changed from 9.35% to 9.85% with effect from 31st May 2021

5. Subsequent to the year end, the Board had declared the divided on $250 mn (on 04th May, 2021), out of which $180 mn has been paid.