

Registered number: SC 169153

**CAIRN ENERGY HOLDINGS LIMITED
REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

Cairn Energy Holdings Limited

Directors:

David Rudge
Paul Cooper
Suniti Bhat

Auditors:

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

Company Secretaries

Accomplish Secretaries Limited
18 South Street, Mayfair,
London- W1K 1DG
United Kingdom

Registered Office:

Blue Square House,
272 Bath Street, Glasgow,
G2 4JR, Scotland

Registered No:

SC169153

Cairn Energy Holdings Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2015. The Company has taken advantage of the small companies' exemption from preparing a Strategic Report.

Principal Activities and Business Review

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

During the year ended 31 March 2015, the Company made a loss of \$33,529 (year ended 31 March 2014: profit of \$70,586).

During the year ended 31 March 2015, the Company did not pay any dividend (year ended 31 March 2014: \$nil) to its holding company, Cairn India Holdings Limited

During the year March 2015, as mentioned in note 7, all the subsidiaries of the company were liquidated. Details of the same are provided in note 7 of financial statements Consolidated accounts are not produced for the Company and its subsidiaries for the year ended 31 March 2014 and 31 March 2015, however, the results of the Company are included within the consolidated accounts of the intermediate parent undertaking, Vedanta Resources Plc.

Future Developments

The Company will continue to be an investment company.

Under section 417(6) of the Companies Act 2006, the directors are required to disclose the Company's financial and non financial key performance indicators. The performance of the Cairn India Group, which includes this company, is discussed within the annual report of the parent undertaking, Cairn India Limited. For this reason the Company's directors believe that the disclosure of further key performance indicators for this Company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Risk Factors

Exchange Rates

The Company's cash flow, income statement and balance sheet are reported in US Dollars and may be significantly affected by fluctuations in exchange rates.

Insurance

Consistent with good industry practice, an insurance programme is in place to mitigate significant losses. There is a risk, however, that the Company's insurance policies may not be sufficient in covering all losses which it or any third parties may suffer. If the Group suffers an event for which it is not adequately insured, there is a risk that this could have a material adverse effect on its business, results of operations and financial condition. The insurance programme is also subject to certain limits, deductibles and other terms and conditions.

War, Terrorist Attack and Natural Disasters

The Company's business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe.

Political Climate

The Company cannot predict the impact of future changes in fiscal policy in the country in which it operates.

Risks and uncertainties of the Cairn India Group, which includes this company, are discussed in detail within the annual report of the parent undertaking, Cairn India Limited.

Financial Instruments

For details of the Company's financial risk management objectives and policies see note 14 of the Notes to the Accounts

Cairn Energy Holdings Limited

Directors' Report (continued)

Going Concern

The directors have considered the factors relevant to support a statement on going concern. They have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and have therefore continued to use the going concern basis in preparing the financial statements.

Directors

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

David Rudge
Paul Cooper
Suniti Bhat (appointed w.e.f.28 May 2014)
P Elango (resigned on 28 May 2014)

Charitable and Political Donations

The Company did not make any political or charitable contributions in UK during the year ended 31 March 2015 (year ended 31 March 2014: \$nil).

Creditors Payment Policy

It is the Company's payment policy to ensure settlement of suppliers' services in accordance with the terms of the applicable contracts. In most circumstances, settlement terms are agreed prior to business taking place.


Disclosure of Information to Auditors

The directors of the Company who held office at 31 March 2015 confirm, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and that the Company's auditors are aware of this information.

Auditors

In accordance with section 487(2) of the Companies Act 2006, the auditors, Ernst & Young LLP are deemed re-appointed.

By Order of the Board


Paul Cooper
Suite 12, 55 Park Lane
London
W1K 1NA
Date: 22 April 2015

Cairn Energy Holdings Limited

Directors' Responsibility Statement

The directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom law and those International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable IFRSs issued by the IASB and adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN ENERGY HOLDINGS LIMITED
(Registration Number: SC169153)

We have audited the financial statements of Cairn Energy Holdings Limited for the year ended 31 March 2015 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 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we all read the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material management or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



James Nisbet (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
22 April 2015

Cairn Energy Holdings Limited

Income Statement

For the year ended 31 March 2015

	Notes	Year ended March 2015 \$	Year ended March 2014 \$
Reversal of Joint Operation - operator fee income	2	-	(110,698)
Operating loss	2		(110,698)
Finance income	4	11,385	102,041
Finance costs	5	(44,914)	(15)
Loss before taxation		(33,529)	(8,672)
Taxation	6	-	79,258
Profit/(loss) for the year		(33,529)	70,586

Cairn Energy Holdings Limited

Statement of Comprehensive Income

For the year ended 31 March 2015

	Year ended March 2015 \$	Year ended March 2014 \$
Profit/(Loss) for the year	(33,529)	70,586
Total comprehensive income and expense for the year	(33,529)	70,586

Cairn Energy Holdings Limited

Balance Sheet

As at 31 March 2015

	Notes	31 March 2015 \$	31 March 2014 \$
Current assets			
Trade and other receivables	8	-	32,151
Bank deposits	10	-	100,000
Cash and cash equivalents	10	-	114,801
Income tax assets		36,613	41,238
		36,613	288,190
Total assets			
		36,613	288,190
Current liabilities			
Trade and other payables	9	(138,439)	(1,579,500)
Total liabilities			
		(138,439)	(1,579,500)
Net assets			
		(101,826)	(1,291,310)
Equity			
Called-up share capital	11	430,075,391	430,075,391
Other equity		8,010,918	6,787,905
Retained earnings	12	(438,188,135)	(438,154,606)
Total equity attributable to the equity holders			
		(101,826)	(1,291,310)

Signed on behalf of the Board



Paul Cooper
22 April 2015

Cairn Energy Holdings Limited

Statement of Cash Flows

For the year ended 31 March 2015

	Note	Year ended March 2015 \$	Year ended March 2014 \$
Cash flows from operating activities			
Profit/(loss) before taxation		(33,529)	(8,672)
Finance income	4	(11,385)	(102,041)
Finance costs	5	44,914	15
Net interest paid		(70)	(15)
Income tax paid		-	(107,803)
Foreign exchange differences		1,663	15,970
Trade and other receivables movement		30,959	59,958
Trade and other payables movement		(12,942)	116,868
Net cash (used in)/from operating activities		19,610	(25,720)
Cash flows from investing activities			
Interest received		12,576	494
Investment in subsidiaries		-	-
Movement in funds on deposits		100,000	(100,000)
Net cash from /(used in) investing activities		112,576	(99,506)
Cash flows from financing activities			
Proceeds from/ to related parties		(246,987)	-
Payments used in financing activities		(246,987)	-
Net decrease/increase in cash and cash equivalents		(114,801)	(125,226)
Opening cash and cash equivalents at beginning of year		114,801	240,027
Closing cash and cash equivalents		-	114,801

Cairn Energy Holdings Limited

Statement of Changes in Equity

For the year ended 31 March 2015

	Share Capital \$	Other Equity \$	Retained Earnings \$	Total \$
At 1 April 2013	430,075,391	6,787,905	(438,225,192)	(1,361,896)
Profit for the year	-	-	70,586	70,586
Total comprehensive income for the year	-	-	70,586	70,586
At 1 April 2014	430,075,391	6,787,905	(438,154,606)	(1,291,310)
Waiver of inter-group balance		1,223,013	-	1,223,013
Loss for the year	-	-	(33,529)	(33,529)
Total comprehensive income for the year	-		(33,529)	(33,529)
At 31 March 2015	430,075,391	8,010,918	(438,188,135)	(101,826)

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

Cairn Energy Holdings Limited

Notes to the Accounts

For the year ended 31 March 2015

1 Accounting Policies

a) Basis of preparation

The financial statements of the Company for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 22 April 2015. The Company is a private company incorporated and domiciled in Scotland. The registered office is located at Blue Square House, 272 Bath Street, Glasgow, G2 4JR, Scotland.

Management believes that it has no assets which have a carrying value in excess of its realisable value and has been assured by its parent for adequate financial support whenever required in order to discharge its liabilities. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company prepares its financial statements on a historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

Group accounts are not submitted as the Company is exempt from the obligation to prepare Group accounts under Section 400(1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the intermediate parent undertaking, Vedanta Resources Plc, a company registered in UK.

b) Accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and in accordance with IFRS as adopted by the European Union and as they apply to the year ended 31 March 2015. 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 2015. Based on an analysis by the Company, the application of the new IFRSs has not had a material impact on the financial statements in reported period and we do not anticipate any significant impact on future periods from the adoption of these new IFRSs.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IAS and IFRS effective as of 1 April 2014:

- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance effective 4 April 2013
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities effective 20 November 2013
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting effective 19 December 2013
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets effective 19 December 2013
- IFRIC Interpretation 21 Levies (issued on 20 May 2013) effective 13 June 2014
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions effective 17 December 2014

New IFRSs that have been issued but not yet come into effect

In addition to the above, IASB has issued a number of new or amended and revised accounting standards and interpretations (IFRSs) that have not yet come into effect. The Company has thoroughly assessed the impact of these IFRSs which are not yet effective and determined that we do not anticipate any significant impact on the financial statements from the adoption of these standards.

- IFRS 9 Financial Instruments effective for annual periods beginning on or after 01 January 2018
- IFRS 14 Regulatory Deferral Accounts for annual periods beginning on or after 01 January 2016
- IFRS 15 Revenue from Contracts with customers period beginning on or after 01 January 2017

c) Presentation currency

The functional and presentation currency of the Company is US Dollars ("\$"). The Company's policy on foreign currencies is detailed in note 1(h).

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

1 Accounting Policies (continued)

d) Other income

Income received as operator from Joint Operation is recognised on an accruals basis in accordance with Joint Operating agreements and is included within "Other operating income" in the Income Statement. Interest income is recognised using the effective interest rate method on an accruals basis and is recognised within "Finance income" in the Income Statement.

e) Investments

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. The recoverable value of investments is the higher of its fair value less costs to sell and value in use. Value in use is based on the discounted future net cash flows of the oil and gas assets held by the subsidiary.

Discounted future net cash flows for IAS 36 purposes are calculated using an consensus short and long-term oil price forecast and the appropriate gas price as dictated by the relevant gas sales contract, escalation for costs of 3%, and a pre-tax discount rate of 10%-12% (2014: 10%-12%). Forecast production profiles are determined on an asset by asset basis, using appropriate petroleum engineering techniques.

f) Financial instruments

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.

Financial assets are categorised as financial assets held at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company holds financial assets which are classified as loans and receivables.

Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are categorised as either fair value through profit or loss or held at amortised cost. All of the Company's financial liabilities are held at amortised cost.

Financial instruments are generally recognised as soon as the Company becomes party to the contractual regulations of the financial instrument.

Loans and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Trade and other receivables are recognised when invoiced. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest would be immaterial.

The carrying amounts of loans and other receivables are tested at each reporting date to determine whether there is objective material evidence of impairment, for example overdue trade debt. Any impairment losses are recognised through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement or Balance Sheet in accordance with where the original receivable was recognised.

Bank deposits

Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the Balance Sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits with an original maturity of three months or less.

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.

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

1 Accounting Policies (continued)

f) Financial instruments (continued)

Trade payables and other non derivative financial liabilities

Trade payables and other creditors are non-interest bearing and are measured at cost.

Interest-bearing bank loans and borrowings

All interest-bearing bank loans and borrowings represent amounts drawn under the Cairn India Holdings Limited Group's revolving credit facilities, classified according to the length of time remaining under the respective facility. Loans are initially measured at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Interest payable is accrued in the Income Statement using the effective interest rate method.

Borrowing costs

Borrowing costs are recognised in the Income Statement in the period in which they are incurred except for borrowing costs incurred on borrowings directly attributable to development projects that are capitalised within the development/producing asset.

g) Equity

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

h) Foreign currencies

The Company translates foreign currency transactions into the functional currency, \$, at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency 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.

Rates of exchange to \$1 were as follows:

	31 March 2015	Average Year ended March 2015	31 March 2014	Average Year ended March 2014
Sterling	0.6770	0.623	0.602	0.627
Indian Rupee	62.591	61.221	60.100	60.936

i) Taxation

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

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in Joint Arrangements where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax liability is not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

1 Accounting Policies (continued)

i) Taxation (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary timing difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in Joint Arrangements, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets are reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which 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 assets and liabilities are only offset where they arise within the same entity and tax jurisdiction and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

j) Exceptional items

Exceptional items are those not considered to be part of the normal operation of the business. Such items are identified as exceptional and a full explanation is given in the notes to the accounts.

k) Key estimations and assumptions

The Company has used estimates and assumptions in arriving at certain figures within the financial statements. The resulting accounting estimates may not equate with the actual results, which will only be known in time. Those areas believed to be key areas of estimation are noted below, with further details of the assumptions used listed at the relevant note.

Impairment testing

Discounted future net cash flows for IAS 36 purposes are calculated using commodity price, cost and discount rate assumptions on forecast production profiles. See notes 1(e) and 1(f) for further details.

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

2 Operating Profit

a) Operating profit is stated after charging/(crediting):

	Year ended March 2015 \$	Year ended March 2014 \$
Other operating income		
Joint Operation - operator fee income /(reversal)*	-	(110,698)
	-	(110,698)

*Operator fee income reversed during the previous year pertains to income booked in the previous years.

b) Continuing operations

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

c) Auditors' remuneration

Fees amounting to \$5,938 (year ended March 2014: \$6,963) are payable to the Company's auditors for the audit of the Company's annual accounts and are payable by another group company.

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.

3 Directors' Emoluments

Being in Non-executive position P Elango and Suniti Bhat were not entitled to any remuneration from the Company. Further, the other directors of the company David Rudge and Paul Cooper received a total remuneration of \$15,241 for the year ended 31 March 2015 (year ended 31 March 2014: \$15,142).

4 Finance Income

	Year ended March 2015 \$	Year ended March 2014 \$
Bank interest	1,058	1,641
Dividend income	10,327	47
Foreign exchange gain	-	100,353
	11,385	102,041

5 Finance Costs

	Year ended March 2015 \$	Year ended March 2014 \$
Bank charges	70	15
Exchange loss	44,844	-
	44,914	15

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

6 Taxation on Profit

a) Analysis of tax charge for the period	Year ended March 2015 \$	Year ended March 2014 \$
Current tax	-	(79,258)
	-	(79,258)
b) Factors affecting tax charge for period:	Year ended March 2015 \$	Year ended March 2014 \$
Loss before taxation	(33,529)	(8,672)
Corporation tax at the standard UK rate of 21% (Apr'13 -Mar'14- 23%)	(7,041)	(1,995)
Adjustment for past year	-	(18,229)
Other permanent differences	7,041	(59,034)
Total tax	-	(79,258)

c) Factors that may affect future corporation tax charges:

The UK Government has announced that the main rate of UK Corporation tax will be reduced from the current rate of 21%, which has applied from 1 April 2014, to 20% w.e.f. 1 April 2015. As the reduction in the main rate of corporation tax to 20% was substantively enacted at the Balance Sheet date, and reduces the rate expected to apply when temporary differences reverse, it has the effect of reducing the UK deferred tax assets and liabilities.

7 Investments in Subsidiaries

As per the Scheme of Arrangement approved during 2012 between Cairn India Limited and some of its wholly owned subsidiaries i.e. Cairn Energy India Pty Limited, Cairn Energy India West B.V., Cairn Energy Gujarat B.V. and Cairn Energy Cambay B.V., the Company's subsidiaries indirectly held by the Company through its investment have transferred all the assets and liabilities relating to its Indian undertakings to its parent Cairn India Limited ("CIL") for \$nil consideration. Pursuant to this transaction, the value of the business of the subsidiaries have become \$nil. Correspondingly investment of the Company had been impaired and its value reduced to \$nil.

During the year 2014-15, following direct and indirect subsidiaries have been dissolved as a result of which the holding is reduced to \$nil.

Name	Country of incorporation	Holding	% Shares Held	Nature of Business
Cairn Energy Holdings BV	Netherlands	The Netherlands	Ordinary Shares	100% Holding company
Cairn Energy India West B.V.	The Netherlands	Ordinary Shares	100%	Exploration & production
Cairn Energy Cambay B.V.	The Netherlands	Ordinary Shares	100%	Exploration & production
Cairn Energy Gujarat B.V.	The Netherlands	Ordinary Shares	100%	Exploration & production

All the above mentioned subsidiaries have been dissolved on 30 December 2014.

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

8 Trade and Other Receivables

	31 March 2015 \$	31 March 2014 \$
Others debtors	-	32,151
	-	32,151

	Total \$	Current \$	< 30 days \$	30-60 days \$	60-90 days \$	90-120 days \$	>120 days \$
2014-15							
Neither past due nor impaired	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	-	-
2013-14							
Neither past due nor impaired	32,151	32,151	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
At 31 March 2014	32,151	32,151	-	-	-	-	-

There is no allowance for doubtful debts in the Company.

9 Trade and Other Payables

	31 March 2015 \$	31 March 2014 \$
Amounts owed to group companies	-	1,470,000
Other creditors	138,439	109,500
	138,439	1,579,500

10 Net Funds

	31 March 2015 \$	31 March 2014 \$
Bank deposit	-	100,000
Cash at bank	-	114,801
Short term deposits	-	-
Cash and cash equivalents	-	114,801
Net funds	-	214,801

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

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2015

11 Share Capital

Authorised ordinary shares

Special Resolution was passed on 21 December 2009, whereby limit on the Authorised Share Capital of the Company was removed.

	31 March 2015	31 March 2015	31 March 2014	31 March 2014
	£1 Ordinary Number	£1 Ordinary \$	£1 Ordinary Number	£1 Ordinary \$
Allotted, issued and fully paid ordinary shares	267,016,089	430,075,391	267,016,089	430,075,391

12 Retained Earnings

	31 March 2015	31 March 2014
	\$	\$
At 1 April	(438,154,606)	(438,225,192)
Profit/(loss) for the year	(33,529)	70,586
	(438,188,135)	(438,154,606)

13 Related Party Transactions

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

	31 March 2015	31 March 2014
	\$	\$
Transactions during the year		
Joint Operation - operator fee (income)/ reversal	-	110,698
Waiver of inter group balances	1,223,013	-
Balances		
Amounts owed to group companies	9	1,470,000
	-	1,470,000

During the year inter group balance of \$1,223,013, payable to Cairn Energy Gujarat Block (1) have been waived off. Remaining amount \$246,987 was paid by the Company to Cairn Energy Gujarat Block (1) on 18 February 2015.

Remuneration of key management personnel

Being in Non-executive position P Elango and Sunili Bhat were not entitled to any remuneration from the Company. Further, the other directors of the company David Rudge and Paul Cooper received a total remuneration of \$15,241 for the year ended 31 March 2015 (year ended 31 March 2014: \$15,142).

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2014

14 Financial Risk Management: Objectives and Policies

The Company's primary financial instruments comprise cash, short and medium-term deposits, money market liquidity funds, marketable bonds, loans and other receivables and financial liabilities held at amortised cost. The Company's strategy has been to finance its operations through a mixture of retained profits and inter group borrowings. Other alternatives, such as equity finance and project finance are reviewed by the Board, when appropriate, to fund substantial acquisitions of oil and gas development projects.

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

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. Derivative financial instruments have not been used throughout the year ended 31 March 2015. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

Liquidity risk

During the year 2012 and 2013, Cairn India Group entered into uncommitted secured working capital facility for aggregating \$125m to fund its short term capital requirements. Uncommitted facility as of 31 March 2015 was \$75m (31 March 2014:\$125m). As at 31 March 2015, there were no outstanding amounts under these facilities. In addition, as at 31 March 2015, the Cairn India Group had \$105.9m of trade finance facilities (31 March 2014: \$303.7m) in place to cover the issue of bank guarantees / letter of credit. Fixed rates of bank commission and charges apply to these. A sum of \$18.9m was utilised as at 31 March 2015 (31 March 2014: \$243.7m).

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

Interest rate risk

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

Short/medium term borrowing arrangements are available at floating rates. The treasury function may from time to time opt to manage a proportion of the interest costs on this debt by using derivative financial instruments such as interest rate swaps. At this time, however, there are no such instruments (2014: none).

Foreign currency risk

The Company manages exposures that arise from foreign currency transactions, by matching receipts and payments in the same currency, and actively managing the residual net position.

In order to minimise the 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 loan facilities are multi-currency and allow drawings denominated in US dollars, Sterling, Euro or such other currency as may be agreed between the lenders and the Company from time to time.

The Company reports in US dollars which, with most assets US dollar-denominated, minimises the impact of foreign exchange movements on the Company's Balance Sheet.

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2014

14 Financial Risk Management: Objectives and Policies (continued)

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 Cairn India Limited.

Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The respective Boards continually re-assess the Group's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

At the year end the Company does not have any significant concentrations of bad debt risk, other than that disclosed in note 8.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2015.

The Company's capital and net debt were made up as follows:

	31 March 2015 \$	31 March 2014 \$
Trade and other payables	138,439	1,579,500
Less cash and cash equivalents and bank deposits	-	(114,801)
Net fund	138,439	1,464,699
Equity	(101,826)	(1,291,310)
Capital and net debt	36,613	173,389
Gearing ratio	378.11%	844.75%

15 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:

Cairn Energy Holdings Limited

Notes to the Accounts (continued)

For the year ended 31 March 2014

15 Financial Instruments (continued)

Capital management (continued)

Financial assets	Carrying amount		Fair value	
	31 March 2015 \$	31 March 2014 \$	31 March 2015 \$	31 March 2014 \$
Cash and cash equivalents	-	114,801	-	114,801
Other debtors	-	32,151	-	32,151
	-	146,952	-	146,952

All of the above financial assets are current and unimpaired with the exception of amounts owed by Group companies. An analysis of the ageing of amounts owed by group companies is provided in note 8.

Financial liabilities	Carrying amount		Fair value	
	31 March 2015 \$	31 March 2014 \$	31 March 2015 \$	31 March 2014 \$
Amounts owed to group companies	-	1,470,000	-	1,470,000
Other payables	138,439	109,500	138,439	109,500
	138,439	1,579,500	138,439	1,579,500

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2015 and 31 March 2014, the Company had no financial instruments in level 1, 2 or 3.

16 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Cairn India Holdings Limited which in turn is a subsidiary of Cairn India Limited. Vedanta Resources Plc is the intermediary holding company. Vulcan Investments Limited ("Vulcan") is the ultimate controlling entity and controls Vedanta Resources Plc.

The results of the Company are consolidated into intermediate parent company, viz. Vedanta Resources Plc. The registered office of Vedanta Resources Plc, is 2nd Floor, Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ.

Copies of Vedanta Resources Plc's financial statements are available on its website.