

**CAIRN ENERGY INDIA PTY LIMITED
A.C.N. 002 066 784**

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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References to "the Company" or "Cairn" are reference to Cairn Energy India Pty Limited.

Cairn Energy India Pty Limited Directors' Report

The Board of Directors of Cairn Energy India Pty Limited submit their report for the year ended 31 December 2017.

Directors

The names of the directors in office during the financial year and at the date of this report are:

Mr. Sunil Bohra
Ms. Swapna Keskar
Ms. Janine Rolfe (resigned on 15th May, 2017)

Registered office

The registered office of Cairn Energy India Pty Limited is located at Level 12, 680 George Street, Sydney NSW 2000, Australia.

Employees

The entity employed nil employees as at 31 December 2017 (2016: Nil).

Nature of operations and principal activities

The Company did not have any operations during the year 2017. As informed earlier, during the year 2012, as per the Scheme of Arrangement, the Company had transferred all the assets and liabilities relating to its Indian undertaking to its parent Cairn India Limited (since merged with Vedanta Limited).

Dividends

No dividends have been paid or declared for the year ended 31 December 2017 (2016: Nil).

Results and review of operations

The Company does not have any operations to generate revenue. The operating profit after income tax expense of the Company is nil (Operating loss after tax for 2016: Nil).

Events subsequent to balance sheet date

There have been no events subsequent to balance sheet date.

Indemnification of directors and officers

Subject to the Constitution of the Company and the Corporations Act 2001, the Company may indemnify its directors, managers and officers against all liabilities incurred by them in successfully defending proceedings in the conduct of their duties.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as a part of the terms of its audit engagement agreement against claims by third parties arising

from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since financial year.

Auditor's independence

The directors have received a declaration of independence from the auditors.

Signed in accordance with a resolution of directors.

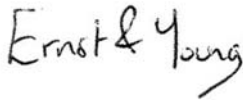

Sunil Bohra

India,
16 April 2018

Auditor's Independence Declaration to the Directors of Cairn Energy India Pty Limited

As lead auditor for the audit of Cairn Energy India Pty Limited for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Richard Bembridge
Partner

Melbourne
16 April 2018

Cairn Energy India Pty Limited
Income Statement
For the Year Ended 31 December 2017

	Notes	2017 US \$	2016 US \$
Sales revenue		-	-
Finance income		-	-
		<hr/>	<hr/>
		-	-
Cost of sales		<hr/>	<hr/>
		-	-
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Loss before tax and finance costs		-	-
Finance costs		-	-
		<hr/>	<hr/>
Loss before income tax		-	-
Income tax expense		-	-
		<hr/>	<hr/>
Loss after income tax for the year		-	-
		<hr/>	<hr/>
Loss attributable to members of the parent		-	-
		<hr/>	<hr/>

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

Cairn Energy India Pty Limited
Statement of Other Comprehensive Income
For the Year Ended 31 December 2017

	2017	2016
	US \$	US \$
Loss for the year	-	-
Other comprehensive loss	-	-
Total comprehensive loss for the year	-	-
Attributable to members of the parent	-	-

Cairn Energy India Pty Limited
Statement of Financial Position
As at 31 December 2017

	Notes	2017 US \$	2016 US \$
CURRENT ASSETS			
Cash and cash equivalents		-	-
Total current assets		-	-
NON-CURRENT ASSETS			
Total non-current assets		-	-
TOTAL ASSETS		-	-
CURRENT LIABILITIES			
Total current liabilities		-	-
NON-CURRENT LIABILITIES			
Total non-current liabilities		-	-
TOTAL LIABILITIES		-	-
NET ASSETS		-	-
EQUITY			
Contributed equity	2	-	-
TOTAL EQUITY		-	-

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

Cairn Energy India Pty Limited
Statement of Cash Flows
For the Year Ended 31 December 2017

	Notes	2017 US \$	2016 US \$
Cash flows used in operating activities		-	-
Net cash flows used in operating activities		-	-
Cash flows from investing activities		-	-
Net cash flows from investing activities		-	-
Cash flows from/(used in) financing activities		-	-
Net cash flows from/(used in) financing activities		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

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

Cairn Energy India Pty Limited
Statement of Changes in Equity
For the Year Ended 31 December 2017

	Share Capital US \$	Retained Earnings US \$	Total US \$
At 1 January 2016	-	-	-
Profit/Loss for the year	-	-	-
At 1 January 2017	-	-	-
Profit/Loss for the year	-	-	-
At 31 December 2017	-	-	-

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

Cairn Energy India Pty Limited
Notes to the Financial Statements
For the Year Ended 31 December 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This special purpose financial report has been prepared for distribution to the members of Cairn Energy India Pty Limited to fulfil the directors' financial reporting requirements under the Corporations Act 2001 and Australian Accounting Standards. The Financial Report is prepared in US dollars. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors appropriate to meet the needs of members.

- (i) During 2012, as per the Scheme of Arrangement, the Company transferred all the assets and liabilities constituting business to its parent Cairn India Limited ("CIL") (since merged with Vedanta Limited). Consequently, the Directors have determined that the going concern basis of preparation is no longer appropriate. Management intends to liquidate the Company in the future. The financial report has been prepared on a liquidation basis of accounting.
- (ii) The financial report is a special purpose financial report. The Company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their financial information needs. Accordingly, this special purpose financial report has been prepared to satisfy the information needs of the members.

The financial report has been prepared in accordance with recognition and measurement requirements of all applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, including AASB 101: Presentation of Financial Statements. The disclosure requirements of all applicable Australian Accounting Standards have not been complied with, except for the following standards:

- AASB 101: Presentation of Financial Statements;
- AASB 107: Cash Flow Statements;
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors; and
- AASB 1048: Interpretation and Application of Standards

A summary of the significant accounting policies of the Company are disclosed in notes 1(a) to 1(r) below.

- (iii) The Company has adopted all new or amended and revised accounting standards and interpretations issued by the AASB effective from 1 January 2017 including:
- Application of Australian Accounting Standards AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
 - Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
 - Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2014–2016 Cycle
 - Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

Based on an analysis by the Company, the application of the new or amended and revised standards has not had a material impact on the financial statements in 2017 and we do not anticipate any significant material impact on future periods from the adoption of these below mentioned new standards.

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

In addition to the above, the AASB has issued a number of new or amended and revised accounting standards and interpretations but not yet come into effect. The Company does not anticipate any significant material impact on the financial statements from the adoption of these standards.

Further new standards and interpretations, which are not yet effective, have been issued by the AASB. However none of these changes are expected to materially impact the Company's financial position and performance

Cairn Energy India Pty Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Discontinued operations

As per the Scheme of Arrangement, the Company transferred all the assets and liabilities relating to its Indian undertakings to its parent Cairn India Limited ("CIL") (since merged with Vedanta Limited). Pursuant to such transfer, the management proposes to liquidate the Company in due course of time.

(b) Liquidation basis

The financial statements for 31 December 2017 have been prepared on a liquidation basis and as such the assets and liabilities have been recorded at fair value. In the comparative period also, the financial statements were prepared on a liquidation basis.

Directors believe that entity 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 (if any).

(c) Functional and presentation currency

The functional and presentational currency of Cairn Energy India Pty Limited is US Dollars ("\$").

(d) Joint Arrangements

Up to the Scheme of Arrangement, Cairn participated in several unincorporated joint operations which involve the joint control of assets used in the Company's oil and gas exploration and producing activities. Post 18 October 2012, the Company has transferred its interest in various blocks to CIL.

(e) Equity

Equity instruments issued by Cairn are recorded at the proceeds received, net of direct issue costs.

Cairn Energy India Pty Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2017

2. CONTRIBUTED EQUITY	2017 US \$	2016 US \$
Issued and paid up capital		
1 January (2017 and 2016: 291,776,501 shares)	-	-
At 31 December (2017 and 2016: 291,776,501 shares)	<u>-</u>	<u>-</u>

Terms and conditions of contributed capital:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

3. AUDITORS' REMUNERATION	2017 US \$	2016 US \$
The auditor of the Company is Ernst & Young.		
Amounts received, or due and receivable, by Ernst & Young for:		
- auditing the financial statements	<u>3,862</u>	<u>3,618</u>
	<u>3,862</u>	<u>3,618</u>

In the current year, auditor's remuneration is paid by Cairn India Holdings Limited on behalf of the Company.

In the previous year, auditor's remuneration was paid by Cairn Energy Australia Pty Limited (formerly holding company) on behalf of the Company.

4. EXPENDITURE COMMITMENTS

The Company has no commitments outstanding as at 31 December 2017.

5. CONTINGENT LIABILITIES

As per the Scheme of Arrangement, all the contingent liabilities with respect to the Indian undertakings have been transferred to Cairn India Limited (since merged with Vedanta Limited)

6. PARENT ENTITIES

The Company is a wholly-owned subsidiary of Cairn India Holdings Limited. The parent entity of the company was previously Cairn Energy Australia Pty Limited which has been liquidated during the year under review.

Volcan Investments Limited ("Volcan") is the ultimate controlling entity and through a chain of subsidiaries controls Cairn India Holdings Limited.

**Cairn Energy India Pty Limited
Directors' Declaration
For the Year Ended 31 December 2017**

In accordance with a resolution of the directors of Cairn Energy India Pty Limited, I state that:

In the opinion of the directors:

- (a) The company is not reporting entity as defined in the Australian Accounting Standards
- (b) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards to the extent described in Note 1 to the financial statements and complying with Corporations Regulations 2001; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Sunil Bohra

India,
16 April 2018

Independent Auditor's Report to the Members of Cairn Energy India Pty Limited

Opinion

We have audited the financial report of Cairn Energy India Pty Limited (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the declaration of the directors of Cairn Energy India Pty Limited (the Directors).

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As a result, the financial report has been prepared on a liquidation basis. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information is the Directors' Report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

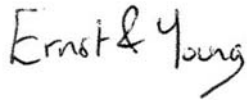
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Richard Bembridge
Partner
Melbourne
16 April 2018