CAIRN INDIA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

CAIRN INDIA HOLDINGS LIMITED

Directors:

Jane Margaret Pearce
Robert Lucas
Arvind Giri

Auditors:

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

Secretary:

Vistra Secretaries Limited
4th Floor, 22-24 New Street,
St. Paul's Gate
St. Helier
Jersey
JE1 4TR

Registered Office:

4th Floor, 22-24 New Street,
St. Paul's Gate
St. Helier
Jersey
JE1 4TR

Registered No:

94164

CAIRN INDIA HOLDINGS LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2016.

Principal Activities and Business Review

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

During the year ended 31 March 2016, the Company made a profit of $276.5m (year ended 31 March 2015: $392.7m). The Company paid dividend of $nil during the year ended 31 March 2016 (year ended 31 March 2015: nil).

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 Plc.

Future Developments

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

Financial Instruments

For details of the Company's financial risk management: objectives and policies see note 15 of the Notes to the Accounts.

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:

Arvind Giri (appointed w.e.f 21 April 2015)
Jane Margaret Pearce (appointed w.e.f. 10 July 2015)
Chris Burton (resigned w.e.f. 10 July 2015)
Robert Lucas

Auditors

Ernst & Young LLP are appointed as auditors to the company and have indicated their willingness to continue in office.

By Order of the Board

Robert Lucas

Director
4th Floor, 22-24 New Street,
St. Paul's Gate
St. Helier
Jersey
JE1 4TR

20 April 2016

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAIRN INDIA HOLDINGS LIMITED

We have audited the financial statements of Cairn India Holdings Limited for the year ended 31 March 2016 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 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, 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 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 3, 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 and express our opinion on 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 read all the financial and non-financial information in the Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper 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
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

James Nisbet
for and on behalf of Ernst & Young LLP
Glasgow

20 April 2016

CAIRN INDIA HOLDINGS LIMITED

Income Statement

For the year ended 31 March 2016

	Notes	Year ended March 2016 $	Year ended March 2015 $
Administrative expenses	2(a)	(3,825,903)	(74,909)
Operating loss	2	(3,825,903)	(74,909)
Finance income	4	306,735,755	392,837,833
Finance costs	5	(26,427,352)	(68,129)
Profit before taxation		276,482,500	392,694,795
Taxation	6	-	-
Profit for the year		276,482,500	392,694,795

CAIRN INDIA HOLDINGS LIMITED
Statement of Comprehensive Income
For the year ended 31 March 2016

	Year ended March 2016 $	Year ended March 2015 $
Profit for the year	**276,482,500**	392,694,795
Total comprehensive income for the year	**276,482,500**	392,694,795

CAIRN INDIA HOLDINGS LIMITED
Balance Sheet
As at 31 March 2016

	Notes	31 March 2016 $	31 March 2015 $
Non-current assets			
Investments	7	**481,328,473**	481,328,473
		481,328,473	481,328,473
Current assets			
Trade and other receivables	8	**1,268,974,463**	1,304,069,239
Bank Deposits	9	**438,579,573**	152,598,106
Liquid investments		**505,552,099**	506,918,034
Cash and cash equivalents	10	**27,239,529**	218,214
		2,240,345,664	1,963,803,593
Total assets		**2,721,674,137**	2,445,132,066
Current liabilities			
Trade and other payables	11	**188,680**	23,574
Total liabilities		**188,680**	23,574
Net assets		**2,721,485,457**	2,445,108,492
Equity			
Called-up share capital	12	**755,567,901**	755,567,901
Share premium	13 a)	**458,227,729**	458,227,729
Other equity	13 b)	**(5,568,885)**	(5,463,350)
Retained earnings		**1,513,258,712**	1,236,776,212
Total equity		**2,721,485,457**	2,445,108,492

The financial statements were approved by the Board of Directors on 20 April 2016, and were signed on its behalf by

Robert Hunt

Director
20 April 2016

Director – Vistra Secretaries Limited, Company Secretary

CAIRN INDIA HOLDINGS LIMITED

Statement of Cash Flows

For the year ended 31 March 2016

	Note	Year ended March 2016 $	Year ended March 2015 $
Cash flows from operating activities			
Profit before taxation		**276,482,500**	392,694,795
Finance income		**(306,735,755)**	(392,837,833)
Finance costs		**26,427,352**	68,129
Bank charges paid		**(28,560)**	(67,710)
Trade and other payables movement		**17,033**	(6,359)
Trade and other receivables movement		**367**	(632)
Foreign exchange differences		**(1,799)**	(1,203)
Provision of loan given to fellow subsidiary		**600,000**	-
Net cash used in operating activities		**(3,238,862)**	(150,813)
Cash flows from investing activities			
Liquid Investments sale/(made)		**1,365,935**	(26,467,292)
Dividend received from related party		**230,430,000**	333,010,000
Interest received		**43,550,709**	65,361,516
Bank Deposits		**(285,981,467)**	880,825,982
Loan advanced to subsidiaries		**(600,000)**	-
Receipt from/(Payments to) related parties		**41,495,000**	(1,253,150,000)
Net cash from/(used in) investing activities		**30,260,177**	(419,794)
Cash flows from financing activities			
Dividend paid		-	-
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		**27,021,315**	(570,607)
Opening cash and cash equivalents at beginning of year		**218,214**	788,821
Closing cash and cash equivalents	10	**27,239,529**	218,214

CAIRN INDIA HOLDINGS LIMITED
Statement of Changes in Equity
For the year ended 31 March 2016

	Share Capital $	Share Premium $	Other Equity $	Retained Earnings $	Total $
At 1 April 2014	755,567,901	458,227,729	(5,463,350)	844,081,417	**2,052,413,697**
Profit for the year	-	-	-	392,694,795	392,694,795
At 1 April 2015	755,567,901	458,227,729	(5,463,350)	1,236,776,212	**2,445,108,492**
Waiver of intergroup balances			(105,535)		**(105,535)**
Profit for the year		-	-	276,482,500	**276,482,500**
At 31 March 2016	**755,567,901**	**458,227,729**	**(5,568,885)***	**1,513,258,712**	**2,721,485,457**

* Other equity represents waiver of intergroup balances and these are non-distributable.

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 4th Floor, 22-24 New Street, St. Paul's Gate, St. Helier, Jersey JE1 4TR.

The Company prepares its accounts 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.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the 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 15 and 16 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 10 of IAS 27 Consolidated and Separate Financial Statements from preparing consolidated financial statements.

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 2016. 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 2016. 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 2015:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions effective 1 July 2014
- Annual Improvements to IFRSs 2010-2012 Cycle effective I July 2014
- Annual Improvements to IFRSs 2011-2013 Cycle effective I July 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
- Amendments to IAS 16 and IAS 38- Clarifications of Acceptable Methods of Depreciation and Amortization for annual periods beginning on or after 01 January 2016
- Amendments to IFRS 11-Accounting for Acquisition of interest in Joint Operations for annual periods beginning on or after 01 January 2016
- Annual Improvements to IFRSs 2012-2014 Cycle for annual periods beginning on or after 01 January 2016
- Amendments to IAS 27-Equity Method in Separate Financial Statements for annual periods beginning on or after 01 January 2016
- Amendments to IFRS 10 and IAS 28-Sale or contribution of assets between an investor and its Associate or Joint venture for annual periods beginning on or after 01 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28-Investment Entities: Applying the Consolidation Exception for annual periods beginning on or after 01 January 2016
- Amendments to IAS 1-Disclosure Initiative for annual periods beginning on or after 01 January 2016

1 Accounting Policies (continued)

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(h).

d) Finance income

Interest income is recognised using the effective interest rate method on an accruals basis and is recognised within "Finance income" in the Income Statement.

Dividend income

The dividend on investment is recognised in profit or loss when the Company's right to receive payment is established.

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 subsidiaries.

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, and a pre-tax discount rate 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 resented on the face of the Balance Sheet.

1 Accounting Policies (continued)

f) Financial instruments (continued)

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

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.

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 Ventures 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.

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 Ventures, 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.

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) for further details.

CAIRN INDIA HOLDINGS LIMITED

Notes to the Accounts

For the year ended 31 March 2016

2 Operating Loss

a) Operating loss is stated after charging:

	Year ended March 2016 $	Year ended March 2015 $
Provision made for loan given to fellow subsidiary	**600,000**	-
Administrative expenses	**3,225,903**	74,909
	3,825,903	74,909

b) Continuing operations

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

c) Employee benefit expenses

Administrative expenses include $144,814 on account of employee benefit expenses.

3 Auditors' remuneration

Fees amounting to $8,400 (year ended 31 March 2015: $8,656) are payable to the Company's auditors for the audit of the Company's accounts. 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 Finance Income

	Year ended March 2016 $	Year ended March 2015 $
Interest Income	**76,305,432**	57,914,135
Change in fair value of investments asset held for trading (net of realised loss)	-	1,913,406
Dividend income	**230,430,323**	333,010,292
	306,735,755	392,837,833

5 Finance Costs

	Year ended March 2016 $	Year ended March 2015 $
Bank charges	**28,560**	67,710
Foreign exchange loss	**44,107**	419
Change in fair value of investments asset held for trading (net of realised loss)	**26,354,685**	-
	26,427,352	68,129

6 Taxation on Profit

Profits arising in the Company for the year ended 31 March 2016 of assessment will be subject to Jersey tax at the standard corporate income rate of 0% (2015: 0%).

CAIRN INDIA HOLDINGS LIMITED
Notes to the Accounts
For the year ended 31 March 2016

7 Investments in Subsidiaries

	31 March 2016 $	31 March 2015 $
Cost and net book value:		
At 1April		
Investments	**481,328,473**	481,328,473
Impairment of investment (exceptional item)	-	-
	-	-
	481,328,473	481,328,473

In the current year and previous year the Company made nil investment in its subsidiaries.

In the opinion of the Directors, the value of shares in the Company's subsidiary undertakings (Cairn Energy Hydrocarbons Limited) 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 an ordinary shares	Nature of Business
Cairn Energy Holdings Limited	Scotland	100%	Exploration & production
Cairn Energy Discovery Limited	Scotland	100%	Exploration & production
Cairn Exploration (No. 2) Limited	Scotland	100%	Exploration & production
Cairn Energy Hydrocarbons Limited	Scotland	100%	Exploration & production
Cairn Energy Gujarat Block 1 Limited	Scotland	100%	Exploration & production
Cairn Exploration (No. 7) Limited	Scotland	100%	Exploration & production
Cairn Energy Australia Pty Limited	Australia	100%	Holding company
Indirect holdings			
Cairn Energy India Pty Limited	Australia	100%	Exploration & production
Cairn South Africa Proprietary 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

During the year 2015-16, following subsidiary have been liquidated/deregistered as a result of which the holding is reduced to nil.

Direct holdings	
Cairn Exploration (No. 6) Limited	Scotland

During the year 2014-15, following subsidiaries have been liquidated/deregistered as a result of which the holding is reduced to nil.

Indirect holdings	
Cairn Energy Netherlands Holdings B.V.	The Netherlands
Cairn Energy India West B.V.	The Netherlands
Cairn Energy Cambay B.V.	The Netherlands
Cairn Energy Gujarat B.V.	The Netherlands
CEH Australia Ltd.	British Virgin Islands

7 Investments in Subsidiaries (continued)

The Company holds interest in RJ-ON-90/1 oil and gas field, through a step down subsidiary. The Production Sharing Contract ('PSC') for the said field provides for an extension of the contract by a maximum period of ten years, in case there is a continued production of commercial natural gas from the said field. Since the management expects to continue with the production and sale of natural gas for a period of ten years even after the completion of the initial contract period, they believe that market participants would consider cash flows from the said asset for the said additional period of ten years as well without any modification in the term of PSC as per the legal opinions available with the Company. Accordingly, management has recomputed the recoverable value of its investment in the Company after considering the future discounted cash flows from RJ -ON-90/1 block. Basis the above valuation, the Company believes that there is no impairment in the carrying value of the investments.

8 Trade and Other Receivables

	31 March 2016 $	31 March 2015 $
Amounts owed by group companies (refer note 14)	**1,252,976,583**	1,294,669,451
Others debtors	**15,997,880**	9,399,788
	1,268,974,463	1,304,069,239

	Total $	Current $	< 30 days $	30-60 days $	60-90 days $	90-120 days $	>120 days $
2015-16							
Neither past due nor impaired	1,268,974,463	1,268,974,463	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
At 31 March 2016	**1,268,974,463**	**1,268,974,463**	-	-	-	-	-
2014-15							
Neither past due nor impaired	1,304,069,239	1,304,069,239	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-
At 31 March 2015	**1,304,069,239**	**1,304,069,239**	-	-	-	-	-

Amount owed by group companies pertains to the loan given to group companies which is payable on demand. There is no allowance for doubtful debts in the Company.

9 Bank Deposits

	31 March 2016 $	31 March 2015 $
At 1April	**152,598,106**	1,033,424,088
Cash flow:		
Bank deposits	**285,981,467**	(880,825,982)
	438,579,573	152,598,106

10 Cash and Cash Equivalents

	31 March 2016 $	31 March 2015 $
At 1April	**218,214**	788,821
Cash flow:		
Cash at bank	**192**	(3,247)
Short-term deposits	**27,021,123**	(567,360)
	27,239,529	218,214

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

11 Trade and Other Payables

	31 March 2016 $	31 March 2015 $
Other accruals	**188,680**	23,574
	188,680	23,574

12 Share Capital

	31 March 2016 Number	31 March 2015 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
	1,200,600,000	1,200,600,000

	31 March 2016 Number	31 March 2016 $	31 March 2015 Number	31 March 2015 $
Ordinary shares of £1 each				
At 31 March	**420,810,062**	**755,567,901**	420,810,062	755,567,901

13 a) Share Premium and Reserves

	31 March 2016 $	31 March 2015 $
At 31 March	**458,227,729**	458,227,729

b) Other Equity

	31 March 2016 $	31 March 2015 $
At 1 April opening balance	**(5,463,350)**	(5,463,350)
Waiver of intergroup balances	**(105,535)**	-
At 31 March 2016 closing balance	**(5,568,885)**	(5,463,350)

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

14 Related Party Transactions

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:

	31 March 2016 $	31 March 2015 $
Transactions during the year		
Dividend received (1)	**230,430,000**	333,010,000
Interest income on bonds (2)	**6,665,668**	5,046,677
Loan given(3)	**600,000**	1,253,150,000
Interest income on loan(3)	**42,929,496**	32,770,376
Loan received back(3)	**41,495,000**	-
Reimbursement of consultancy expenses (4)	**2,000,000**	-
Assignment of intergroup balances(5)	**105,535**	
Waiver of intergroup balances(5)	**105,535**	
Balances owed by group companies/related parties		
Cairn Energy Hydrocarbon Limited	74	-
Cairn Lanka Private Limited(3)	-	41,495,000
Vedanta Resources Plc(2)	**64,957,692**	85,389,487
THL Zinc Ltd(3)	**1,252,976,583**	1,253,174,451
	1,317,934,275	1,380,058,938

(1) The Company received dividends of $230.4m (year ended 31 March 2015: $333.0m) from Cairn Energy Hydrocarbons Limited.

(2) The Company purchased the debt bonds of Vedanta Resources Plc from secondary market. The Company earned interest income of $6.7m (year ended 31 March 2015:$5.0m) on bonds. The balance outstanding at the balance sheet date is at carrying value and includes accrued interest of $2.0m (31 March 2015: $1.9m).

14 Related Party Transactions (continued)

(3) During the year, a loan of $0.6m was given to Group company, Cairn Lanka Private Limited (year ended 31 March 2015: $3.1m). Interest rate of 2% plus 6 months USD LIBOR p.a. is applicable on the amount of the loan. The Company earned interest income of $0.07m on the loan (year ended 31 March 2015: $0.9m).

During the year, loan amounting to $41.2m advanced to Group Company, Cairn Lanka Private Limited has been received.

During the previous year, a loan of $1,250m was also given to fellow subsidiary THL Zinc Ltd. Interest income on the loan of $1,250m amounted to $42.9m (year ended 31 March 2015: $31.8m). Balance outstanding from THL Zinc Ltd includes accrued interest of $2.9m (31 March 2015: $3.1m). The loan of $1,250m carried an interest rate of 3%+LIBOR p.a. and is repayable after two years from the date of disbursement and is backed by a corporate guarantee from Vedanta Resources Plc.

(4) The Company reimbursed consultancy expenses of $2.0m to its intermediate parent company Vedanta Resources Plc. during the year (year ended 31 March 2015: nil).

(5) During the year, the Company received net liabilities amounting to $105,535 from its subsidiary company, Cairn Energy Holdings Limited due to liquidation of the latter company. The same was subsequently waived off.

Remuneration of key management personnel
Being in Non-executive position Arvind Giri is not entitled to any remuneration from the Company. Further, the other directors of the company Chris Burton (till 10th July 2015), Jane Margaret Pearce(w.e.f 10th July 2015) and Robert Lucas received a total remuneration of $14,623 for the year ended 31 March 2016 (year ended 31 March 2015: $15,241).

15 Financial Risk Management: Objectives and Policies

Liquidity risk
Cairn India Group entered into uncommitted secured working capital facility for aggregating $25m to fund its short term capital requirements. Uncommitted facility as of 31 March 2016 was $25m (31 March 2015: $75m). As at 31 March 2016, there were no outstanding amounts under these facilities. In addition, as at 31 March 2016, the Cairn India Group had $89.0m of trade finance facilities (31 March 2015: $105.9m) in place to cover the issue of bank guarantees / letters of credit. Fixed rates of bank commission and charges apply to these. A sum of $28.5m was utilised as at 31 March 2016 (31 March 2015: $18.9m).

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

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 deposits at fixed/floating rates. It is Cairn'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 functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. At this time, however, no such instruments have been used by the Company during 2015-16.

15 Financial Risk Management: Objectives and Policies (continued)

Interest rate risk table

The following table demonstrates the sensitivity of the Company's profit before tax to a change in interest rates (through the impact on floating rate borrowings and deposits).

	Increase/decrease in basis points	Effect on profit before tax
2015-16	50	$10,562,649
2014-15	50	$9,026,289

The amounts calculated are based on actual drawings and deposits in the periods for 50 basis point movement in the total rate of interest on each loan or deposit.

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. Generally the exposure has been limited given that receipts and payments have mostly been in US dollars and the functional currency of most companies in the Group is US dollars.

As a result of the Rajasthan developments, there has been an increased exposure between the Indian Rupee and US Dollar in the current period. This has now been significantly mitigated with the USD facilities which allow matching of drawings and payments.

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 Group'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.

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 Group does not have any significant concentrations of bad debt risk other than that disclosed.

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 2016.

15 Financial Risk Management: Objectives and Policies (continued)

Capital management (continued)

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

	31 March 2016 $	31 March 2015 $
Trade and other payables	**188,680**	23,574
Less: cash and cash equivalents	**27,239,529**	(218,214)
Net funds	**(27,050,849)**	(194,640)
Equity	**2,721,485,457**	2,445,108,492
Capital and net debt	**2,694,434,608**	2,444,913,852
Gearing ratio	**0%**	0%

16 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	**Carrying amount**		**Fair value**	
	31 March 2016 $	31 March 2015 $	**31 March 2016 $**	31 March 2015 $
Cash and cash equivalents	**27,239,529**	218,214	**27,239,529**	218,214
Bank Deposits	**438,579,573**	152,598,106	**438,579,573**	152,598,106
Liquid investments	**505,552,099**	506,918,034	**505,552,099**	506,918,034
Trade and other receivables	**1,268,974,463**	1,304,069,239	**1,268,974,463**	1,304,069,239
	2,240,345,664	1,963,803,593	**2,240,345,664**	1,963,803,593

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

The Company has $nil financial liabilities as at 31 March 2016 (31 March 2015: $nil).

Fair value hierarchy
The Group 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.

16 Financial Instruments (continued)

Fair Value Hierarchy

Particulars	**As at 31 March 2016**			**As at 31 March 2015**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
At fair value through profit or loss						
-Held for trading	505,552,099	-	-	506,918,034	-	-
Total	**505,552,099**	-	-	**506,918,034**	-	-
Financial liabilities						
Total	-	-	-	-	-	-

17 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Cairn India Limited which in turn is a subsidiary of Vedanta Resources Plc. Volcan Investments Limited ("Volcan") 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.