CAIRN INDIA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CAIRN INDIA HOLDINGS LIMITED

Directors:

Sanjay Kumar Pandit
Iain John Quenault
Paul Joseph Glennon
Dindayal Jalan

Auditors:

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

Secretary:

GlenQ Secretaries Limited
22-24 Seale Street, St Helier,
Jersey JE2 3QG

Registered Office:

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

Registered No:

94164

CAIRN INDIA HOLDINGS LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2022.

Principal Activities and Business Review

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

In the year 2017-18, the Company invested $ 157.8 Mn in AvanStrate Inc. a manufacturing unit of glass substrate for TFT colour LCD based in Japan. Significant changes in the market and economic environment in which ASI operates has led to decrease in demand and profitability in the glass substrate business. Accordingly, the company had assessed the fair value of all its assets and liabilities which led to equity investment impairment of $ 8.4 Mn during the year ended March 31,2022 (Impairment reversal of $ 16.2 Mn during the year ended March 31, 2021). Also, the Company has recorded reduction in fair value of loans of $ 75.1 Mn (Previous Year $ 42.2 Mn).

During the year ended 31 March 2022, the Company made a profit of $ 278.7 Mn (year ended 31 March 2021: $ 129.5 Mn). During the year the Company has paid dividend of $ 390 Mn (Previous Year - 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 Limited.

Future Developments

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

Financial Instruments

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

Going Concern

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

Owing to uncertainty arising from COVID-19, there was significant reduction in oil prices leading to reduced profits in the previous year. However, now oil price has recovered to pre-Covid-19 levels. The Company monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position.

The company has a strong financial position. It has a loan facility of $ 500 Mn for its subsidiary CEHL and it has also provided inter-company loans (including loan of $ 934 Mn to TSHL current outstanding $ 449 Mn). The going concern assessment was done at a consolidated level (i.e. including its wholly owned subsidiary CEHL which has a participating share of 35% in Rajasthan Oil & Gas block).

Management has considered the Company's ability to continue as a going concern in the period up to 30 September 2023 ("the going concern period") and carried out detailed assessment. For this assessment, below production levels and price forecast were considered.

Particulars	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24
Brent Price	86	86	86	78	78
Production level (Kboepd)	131	136	140	140	141
Gas Price ($/mscf)	10.8	10.8	10.8	9.8	9.8

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

Additionally, as per facility agreement for the loan received, Company has also prepared projections on covenant compliance as on Sep 22, Mar 23 & Sept 23 and the Company will be compliant to the covenant requirements as per facility agreement.

Conclusion

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

Directors

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

Sanjay Kumar Pandit (with effect from 8 November 2018)
Iain John Quenault (with effect from 2 March 2021)
Paul Joseph Glennon (with effect from 2 March 2021)
Dindayal Jalan (with effect from 30 November 2021)

By Order of the Board

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

20-Jun-22

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 in accordance with international accounting standards in conformity with the requirements of the Companies Act, 2006 and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the group and company financial position and financial performance;
- State whether international accounting standards in conformity with the requirements of the Companies Act, 2006, 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 it is appropriate to presume that the company will not 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.

Opinion

We have audited the financial statements of Cairn India Holdings Limited (the 'Company') for the year ended 31 March 2022, which comprise the Income Statement, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and EU adopted International Financial Reporting Standards ("EU adopted IFRS") and, as applied in accordance with the requirements of the Companies (Jersey) Law 1991.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with EU adopted International Financial Reporting Standards (IRFSs); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

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

Emphasis of matter

We draw attention to note 7a of the accompanying IFRS financial statements which describes the uncertainty arising out of the demands that have been raised on a subsidiary of the company, with respect to government's share of profit oil by the Director General of Hydrocarbons and one of the pre-conditions for the extension of the Production Sharing Contract (PSC) for the Rajasthan oil block is the settlement of these demands. The Government has granted permission to continue operations in the block till 14 August 2022 or signing of the PSC addendum, whichever is earlier. The subsidiary company, based on external legal advice, believes it is in compliance with the necessary conditions to secure an extension of this PSC and that the demands are untenable and hence no provision is required in respect of these demands. Were the Director General of Hydrocarbons' demands be allowed by the arbitration panel or competent courts, that would have a significant financial impact on the Company financial statements. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing journal entries, with a focus on large or unusual transactions, evaluating the business rationale of these transactions.

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

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

Use of our report

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

Rakesh Shaunak FCA (senior Statutory Auditor)

for and on behalf of MHA MacIntyre Hudson
Statutory Auditor

London, United Kingdom

Date: 20 June 2022

Cairn India Holdings Limited
Income Statement
For the year ended 31 March 2022

	Notes	Year ended March 2022 $	Year ended March 2021 $
Administrative expenses	2	(4,943,092)	(2,686,597)
Operating loss		**(4,943,092)**	**(2,686,597)**
Other gains and losses	5b	(19,279,919)	(15,713,650)
Investment Income	4	427,451,617	249,993,137
Finance costs	5a	(67,943,198)	(22,157,303)
Impairment losses	5c	(55,742,575)	(79,064,259)
Profit before taxation & special items		**279,542,833**	**130,371,328**
Taxation	6	(852,482)	(877,726)
Profit for the year		**278,690,351**	**129,493,602**

The accompanying notes form an integral part of these financial statements

Cairn India Holdings Limited
Statement of Comprehensive Income
For the year ended 31 March 2022

	Notes	Year ended March 2022 $	Year ended March 2021 $
Profit for the year		**278,690,351**	**129,493,602**
Total comprehensive income for the year		**278,690,351**	**129,493,602**

The accompanying notes form an integral part of these financial statements

Cairn India Holdings Limited
Balance Sheet
As at 31 March 2022

	Notes	31 March 2022	31 March 2021
		$	$
Non-current assets			
Investments	7	534,744,478	590,487,052
Trade and other receivables - Non Current	8	649,845,708	891,804,508
Total non-current assets		**1,184,590,186**	**1,482,291,560**
Current assets			
Trade and other receivables	8	408,531,271	396,551,955
Short term investments	10	11,968,627	7,594,392
Cash and cash equivalents	11	12,058	8,502
Total current assets		**420,511,956**	**404,154,848**
Total assets		**1,605,102,142**	**1,886,446,409**
Non-current liabilities			
Borrowings	12	149,626,276	343,612,760
Trade and other payables - Non Current	9	24,550,704	21,347,806
Total non-current liabilities		**174,176,980**	**364,960,567**
Current liabilities			
Trade and other payables	14	4,218,548	6,027,268
Current maturities of long term borrowings	12	62,334,850	39,777,163
Total Current liabilities		**66,553,398**	**45,804,431**
Total liabilities		**240,730,378**	**410,764,998**
Net assets		**1,364,371,764**	**1,475,681,411**
Equity			
Called-up share capital	15	755,567,901	755,567,901
Share premium	16a	458,227,729	458,227,729
Other equity	16b	(5,494,180)	(5,494,180)
Retained earnings		156,070,313	267,379,961
Total equity		**1,364,371,763**	**1,475,681,411**

The financial statements were approved and authorised for issue by the Board of Directors on 20th June, 2022, and were signed on its behalf by

Director
20th June 2022

The accompanying notes form an integral part of these financial statements

Cairn India Holdings Limited
Cash flow Statement for the year ended 31 March 2022

	Notes	**Year ended March 2022 $**	**Year ended March 2021 $**
Profit before tax		279,542,833	130,371,328
Adjustments:			
Unrealized foreign exchange (gain)/loss (net)		13,239,995	1,707,969
Impairment reversal/(loss)	5c	55,742,575	(16,231,472)
Loss on sale of investment in subsidiary	5b	-	95,295,731
Finance expense	5a	67,943,198	22,157,303
Change in fair value of financial assets (net of realised/unrealised gain)	5b	5,575,132	(19,860,062)
Finance income	4	(100,357,231)	(109,052,287)
Volcan receivables written off	5b	-	13,929,517
ECL on Intercompany loans	5b	-	240,402
Dividend income	4	(327,094,386)	(121,080,788)
Operating profit before working capital changes		**(5,407,884)**	**(2,522,359)**
Movements in working capital :			
Increase/ (Decrease) in trade payables		(1,528,802)	2,359,856
(Increase)/ Decrease in trade receivables		(2,174,022)	(134,548)
Cash generated from operations		**(9,110,709)**	**(297,051)**
Interest paid		(36,828,262)	(22,233,334)
Dividend paid		(390,000,000)	-
Dividend Received		327,094,386	121,000,000
Interest Received		149,106,284	16,916,432
Net cash flows from operating activities (A)		**40,261,699**	**115,386,047**
Cash flows from investing activities			
Proceeds from short term investments			36,498,636
Purchase of short term investments		(4,374,236)	
Loan (given to)/ repaid by related party	17	137,399,597	(974,817,781)
Proceeds from redemption/ maturity of deposits having original maturity of more than 3 months	10	-	748,433,649
Receipts from/(made) investment in subsidiary		-	167,368,689
Net cash (used in) investing activities (B)		**133,025,361**	**(22,516,807)**
Cash flows from financing activities			
Repayment of long term borrowings	12	(173,745,145)	(112,979,798)
Net cash (used in) financing activities (C)		**(173,745,145)**	**(112,979,798)**
Net increase in cash and cash equivalents (A + B + C)		**(458,085)**	**(20,110,558)**
Effect of exchange differences on cash & cash equivalents held in foreign currency		461,641	(84)
Cash and cash equivalents at the beginning of the year		8,502	20,119,144
Cash and cash equivalents at the end of the year		**12,058**	**8,502**

The accompanying notes form an integral part of these financial statements

CAIRN INDIA HOLDINGS LIMITED
Statement of Changes in Equity
For the year ended 31 March 2022

Particulars	Share Capital $ (Note 15)	Share Premium $ (Note 16 a)	Other Equity* $ (Note 16 b)	Retained Earnings $	Total $
At 31 March 2020	**755,567,901**	**458,227,729**	**(5,494,180)**	**199,969,253**	**1,408,270,703**
Profit for the year				129,493,602	129,493,602
Fair Valuation charge on ICL				(61,827,894)	(61,827,894)
ECL Provision on ICL				(255,000)	(255,000)
At 31 March 2021	**755,567,901**	**458,227,729**	**(5,494,180)**	**267,379,961**	**1,475,681,411**
Dividend Paid				(390,000,000)	(390,000,000)
Profit for the period				278,690,352	278,690,352
At 31 March 2022	**755,567,901**	**458,227,729**	**(5,494,180)**	**156,070,313**	**1,364,371,763**

* Other equity includes waiver of intergroup balances.

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

1 Accounting Policies

a) Basis of preparation

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

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

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

The financial statements have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Union as they apply to the year ended 31 March 2022.

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

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

Going Concern

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

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

The company has a strong financial position. It has a loan facility of $ 500 Mn for its subsidiary CEHL (Current outstanding $ 211.96 Mn) and it has also provided inter-company loans (including loan of $ 934 Mn to TSHL current outstanding $ 449 Mn). The going concern assessment was done at a consolidated level (i.e. including its wholly owned subsidiary CEHL which has a participating share of 35% in Rajasthan Oil & Gas block).

Management has considered the Company's ability to continue as a going concern in the period up to 30 September 2023 ("the going concern period") and carried out detailed assessment.

Conclusion

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

b) Accounting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by IASB and as adopted by the European Union as they apply to the year ended 31 March 2022. 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 2022. Based on an analysis by the Company, the application of the new IFRSs has not had a material impact on the financial statements in the current reporting period and we do not anticipate any significant impact on future periods from the adoption of these new IFRSs.

Standards issued but not yet effective

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

c) Presentation currency

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

d) Investment Income

Investment revenue constitutes the following items:

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

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

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

e) Financial instruments – initial recognition and subsequent measurement

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

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

Equity instruments

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

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

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

(b) Financial Asset - Derecognition

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

(c) Impairment of financial assets

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

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

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

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

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

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

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

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

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

(d) Financial liabilities – Initial recognition & Subsequent measurement

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

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

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

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

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

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

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

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

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

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

(g) Offsetting of financial instruments

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

f) Investments in subsidiaries

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

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

Investment in CEHC

During the year, the company has invested Nil amount in Cairn Energy Hydrocarbons Limited (CEHL) (March 2021: Investment of $ 26.9 Mn)

During the year, the company has recorded an impairment in CEHC investment of $ 47.3 Mn on the basis of CEHC net worth. (March 2021: Nil Impairment)

Investment in ASI

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

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

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

An impairment on equity investment of $ 8.4 Mn in Avanstrate Inc. has been taken in the books (March 2021: Impairment reversal of $ 16.2 Mn). Also, based on the fair valuation exercise the Company has recorded reduction in fair value of loans of $ 75.1 Mn (March 2021: $ 42.2 Mn

g) Current and non-current classification

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

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

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

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

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

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

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

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

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

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

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

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

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

l) Key estimations and assumptions

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

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

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

(i) Impairment testing

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

(ii) Fair value measurement

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

2 Operating loss is stated after charging:

Particulars	**Year ended March 2022**	**Year ended March 2021**
	$	**$**
Administrative expenses	4,943,092	2,686,597
Total	**4,943,092**	**2,686,597**

Administrative expenses

Administrative expenses include $10,272 (year ended March 2021: $ 19,214) on account of directors remuneration.

3 Auditors' Remuneration

Fees amounting to $5,000 (year ended 31 March 2021: $34,508) are payable to the Company's auditors for the audit of the Company's accounts for the year 2021-22. The Company has a system in place for the award of non-audit work to the auditors which, in certain circumstances, requires Audit Committee approval of its parent company

4 Investment Revenue

Particulars	**Year ended March 2022**	**Year ended March 2021**
	$	**$**
Interest Income – Financial assets measured at FVTPL	-	4,553,918
Interest income- financial assets at amortised cost	801	104,498,368
Financing - Interest Income - Others	1,700	-
Financing - Interest Income On Bank Deposits	63,082	-
Financing - Interest Income - Loan to a related party	100,291,648	-
Dividend income	327,094,386	121,080,788
Change in fair value of investments asset held for trading* (net of realised loss)	-	19,860,063
Total	**427,451,617**	**249,993,137**

*Nil Loss/ Gain in Current year (March 2021: Loss of $ 0.97 Mn) on conversion option and Nil Loss/ Gain in Current year (March 2021: Gain of $ 11.2 Mn) on put option.

5a Finance Costs

Particulars	**Year ended March 2022**	**Year ended March 2021**
	$	**$**
Interest on borrowings	13,020,480	16,154,387
Bank and other charges	28,434	43,430
Amortisation of borrowing costs	2,316,347	2,874,977
Other Interest cost	52,509,897	3,084,510
Financing - Other Borrowing Cost	68,040	-
Total	**67,943,198**	**22,157,303**

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5b Other gains and losses

Particulars	**Year ended March 2022** $	**Year ended March 2021** $
Foreign exchange loss/ (gain) net	13,704,787	1,543,731
Expected credit loss provision on Inter Company Loans	-	240,402
Changes in Fair Value of Financial Assets/ Liabilities	5,575,132	-
Receivable written off	-	13,929,517
Total	**19,279,919**	**15,713,650**

5c Impairment Losses

Particulars	**Year ended March 2022** $	**Year ended March 2021** $
Impairment of investments (gain)/loss	55,742,575	79,064,259
Total	**55,742,575**	**79,064,259**

The company has recorded an impairment in relation to its equity investment in ASI of $ 8.4 Mn and impairment of $ 47.3 Mn in CEHC on the basis of net worth

6 Taxation on Profit

Profits arising in the Company for the year ended 31 March 2022 of assessment will be subject to Jersey tax at the standard corporate

Analysis of tax charge during the year

Particulars	**Year ended March 2022** $	**Year ended March 2021** $
Current tax	852,482	877,726
Total current tax	852,482	877,726
Deferred tax	-	-
Total deferred tax	-	-
Total tax charge	852,482	877,726

Factors affecting tax charge for year

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

	Year ended March 2022	**Year ended March 2021**
Profit before taxation	279,542,833	130,371,328
Corporation tax at the standard Jersey rate of 0% (Apr'20-Mar'21- 0%)	-	-
Effects of:		
Withholding tax deducted on interest income from foreign jurisdictions	852,482	877,726
Total tax charge	852,482	877,726
Effective tax rate	0.30%	0.67%

7 Investments in Subsidiaries

Particulars	**Year ended March 2022 $**	**Year ended March 2021 $**
Cost and net book value:		
Opening investment		
Cairn Energy Hydrocarbons Limited	**574,255,580**	**836,920,000**
AvanStrate Inc.	**16,231,472**	-
Investments made during the year		
Cairn Energy Hydrocarbons Limited	-	26,924,121
(Impairment)/ Impairment reversal of investment		
Cairn Energy Hydrocarbons Limited	(47,338,312)	
AvanStrate Inc.	(8,404,261)	16,231,472
Capital Reduction/Sale of Investment		
Cairn Energy Hydrocarbons Limited	-	(289,588,541)
Total	**534,744,478**	**590,487,052**

a) During the year, the Company made NIL investments in Cairn Energy Hydrocarbons Limited & ASI (March 2021: Investment in CEHC of $ 26.9 Mn)

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

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

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

The non-controlling shareholders of ASI have been given an option to offload their shareholding to the Company. The option is exercisable after 5 years from the date of acquisition (i.e. 28 December 2017) at a price higher of $ 0.757 per share and the fair market value of the share. Therefore, the Company has recorded a derivative liability of $ 24.6 Mn (March 2021: $ 21.4 Mn) as fair value change through profit & loss. (Refer note 9)

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

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

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

As a part of the overall transaction, the Company had also acquired a financial asset ($ 141.1 Mn) in the nature of loan receivable which at initial recognition has been recorded at fair value being the transaction value of acquisition of ASI after allocating values to put option, call option and conversion option from the total consideration paid. At the end of financial year 2021-22, a fair valuation exercise of total investments in ASI has been carried out by CIHL, based on which the above amounts ($ 120.9 Mn i.e. closing balance as at 31 March 2022) were recorded in the financial statements . The valuation has been carried out by an external expert.

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

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

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

During the year 2021-22, the following subsidiaries were under liquidation/deregistered as a result of which these holdings were reduced to nil:

Cairn South Africa (Pty) Limited	South Africa	Deregistered effective from April 6, 2021
Cairn Mauritius Holding Limited	Mauritius	Under liquidation
Cairn Mauritius Pvt Limited	Mauritius	Under liquidation
Cairn Energy Gujarat Block 1 Limited	Scotland	Under liquidation

The Company operates an oil and gas production facility in Rajasthan under a Production Sharing Contract ("PSC"). The management is of the opinion that the Company is eligible for automatic extension of the PSC for Rajasthan ("RJ") block on same terms w.e.f. 15 May 2020, while Government of India ("GoI") in October 2018, accorded its approval for extension of the PSC, under the Pre-NELP Extension policy as per notification dated April 7, 2017 ("Pre-NELP Policy"), for RJ block by a period of 10 years, w.e.f. 15 May 2020. As per the said policy and extension letter, the Company is required to comply with certain conditions and pay an additional 10% profit oil to GoI. The Company had challenged the applicability of Pre NELP Policy to the RJ block. The Division Bench of the Delhi High Court in March 2021 set aside the single judge order of May 2018 which allowed automatic extension of PSC.

Nevertheless, Government of India, in their submissions to the Delhi High Court, has not objected to Vedanta obtaining a 10-year extension of Rajasthan PSC. The legal dispute only relates to additional 10% profit petroleum rather than Vedanta's right to obtain 10-year extension. In the interim, without prejudice to the Company's rights, the Company has commenced paying the additional 10% profit petroleum claimed from 15 May 2020 to the Government. The Company has also filed an SLP in Supreme Court against above Delhi HC order and date for SLP listing is awaited.

In parallel, the Company is in discussion with the Ministry of Petroleum and Natural Gas ("MoPNG") on execution of the PSC addendum. On the other issue related to DGH audit exceptions, discussions are ongoing to agree on the position that this issue will be dealt with as per ongoing arbitration with GOI as per PSC mechanism.

One of the conditions for extension of PSC relates to notification of certain audit exceptions raised for FY 2016-17 as per PSC provisions and provides for payment of amounts, if such audit exceptions result into any creation of liability. The Company had also clarified that the same should be de-linked as a condition for the extension which had been granted vide letter dated 26 October 2018.

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

Further in April 2022, DGH has notified audit exceptions for the period upto 14th May 2020 and included an additional amount of $ 259 Mn for above mentioned matters. They have removed the demand of $ 202 Mn previously raised in May 2018 in respect of disallowance of costs incurred in excess of the initially approved Field Development Plan ("FDP") of the pipeline project as the same was approved was subsequently approved in September 2021

The Company believes that it has sufficient as well as reasonable basis pursuant to the PSC provisions and related approvals, supported by legal advice, for having claimed such costs and for allocating common costs between different DAs. In the Company's opinion, these computations of the aforesaid demand / audit exceptions are not appropriate, and the accounting adjustments sought for issues pertaining to Year 2007 and onwards are based on assumptions that are not in consonance with the approvals already in place. The Company's view is also supported by independent legal opinion and the Company has been following the process set out in PSC to resolve these aforesaid matters. The Company has also invoked the PSC process for resolution of disputed exceptions and has issued notice for arbitration and the tribunal stands constituted. Further, on 23 September 2020, the GoI had filed an application for interim relief before Delhi High Court seeking payment of all disputed dues. The matter was heard on 25 September 2020 wherein the Bench has not passed any ex parte orders. The matter is now listed for hearing on 29th August 2022.

Also, on Vedanta's application under section 17 of the Arbitration and Conciliation Act, 1996, the tribunal in December 2020 ordered that GoI should not take any action to enforce any of the amounts at issue in this arbitration against the Claimants during the arbitral period. The GoI has challenged the said order before the Delhi High Court under the said Act. This matter is also scheduled for hearing on 25th May 2022. We have also filed application under Sec 151 of CPC read with Section 9 of the Arbitration Act 1996 requesting Court to direct GoI to extend the PSC for 10 years without insisting upon a payment of disputed dues under audit exceptions which have been already referred to arbitration. On 12th April 2022, basis the application, Court has issued notice under this application. GOI was required to file its reply by May 3, 2021. The same has been filed on May 13, 2022. We filed our Rejoinder to the GoI's Reply on 20th May 2022. The matter is listed for hearing on 11th July 2022.

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

Simultaneously, the Company is also pursuing with the GoI for executing the RJ PSC addendum at the earliest. In view of extenuating circumstances surrounding COVID-19 and pending signing of the PSC addendum for extension after complying with all stipulated conditions, the GoI has been granting interim permission to the Company to continue Petroleum operations in the RJ block. The latest permission is valid upto 14 August 2022 or signing of the PSC addendum, whichever is earlier.

Cairn India Holdings Limited
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8 Other Receivables

Particulars	31 March 2022 $	31 March 2021 $
Non-Current Assets		
Amount owed by group companies*	666,688,601	902,012,574
Less: Expected credit loss	(16,842,893)	(10,208,066)
Non-Current Assets	**649,845,708**	**891,804,508**
Current Assets		
Amount owed by group companies*	408,438,367	396,474,355
Others debtors	60,677	57,601
Current Asset	**408,499,044**	**396,531,956**
Financial (A)	1,058,344,752	1,288,336,464
Current Assets		
Prepayments	32,227	20,000
Non-Financial (B)	**32,227**	**20,000**
Total (A) + (B) **	**1,058,376,979**	**1,288,356,464**
Neither past due nor impaired	1,054,321,560	1,267,375,169
Past due but not impaired		
Less than 1 month	-	-
Between 1-3 months	-	9,268,250
Between 3-12 months	259,172	11,581,151
Greater than 12 months	3,796,246	131,894
Total	**1,058,376,979**	**1,288,356,464**

*Amount owed by group companies includes the loan given (inclusive of accrued interest) to THL Zinc Holding BV amounting to $ 195.2 Mn (March 2021: $ 206.4 Mn), Fujairah Gold amounting to $ 121.3 Mn (March 2021: $ 85.7 Mn), Avanstrate Inc. amounting to $ 123.7 Mn (March 2021: $ 130.4 Mn), Avanstrate Korea amounting to $ 11.9 Mn (March 2021: $ 14.6 Mn), Twin Star Holdings Limited $ 435.8 Mn (March 2021:$ 842 Mn) and Vedanta Holding Jersey Ltd $ 187.2 Mn (March 2021 : Nil)

** Refer note 19 for bifurcation of financial asset into FVTPL & Amortized cost

9 Financial instruments (derivatives)

Particulars	31 March 2022 $	31 March 2021 $
Non-Current Financial Liabilities		
Fair value of Put option liability (at FVTPL) (Refer Note 19)	24,550,704	21,347,806
Total	**24,550,704**	**21,347,806**

10 Short-term Investments

Particulars	31 March 2022 $	31 March 2021 $
Bank deposits	9,011,180	-
Investment in mutual funds	2,957,447	7,594,392
Total	**11,968,627**	**7,594,392**

11 Cash and Cash Equivalents

Particulars	31 March 2022 $	31 March 2021 $
Cash at bank	12,058	8,502
Total	**12,058**	**8,502**

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

12 Borrowings

Particulars	31 March 2022 $	31 March 2021 $
Total Non-current borrowings	**149,626,276**	**343,612,760**
Total current borrowings	**62,334,850**	**39,777,163**

a) During the year, Company has repaid term loan amounting to $ 173.7 Mn including premature payment of $ 140 Mn. The Company had taken the loan for the purpose of capital and operating expenditure incurred through its subsidiary Cairn Energy Hydrocarbons Limited ("CEHC") in Rajasthan oil and gas block.

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

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

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

13 Net Debt Movement $

Particulars	Cash and cash equivalents	Liquid Investments*	Financial asset investment net of related liabilities and derivatives	Total cash and liquid investments	Debt carrying value due within one year	Debt carrying value due after one year	Total Net Debt
- At 1 April 2019	**159,722,004**	**410,372,275**	**390,552,059**	**960,646,338**	**(379,302,212)**	-	**581,344,125**
- Cash flow	(139,552,975)	361,405,338	(334,595,668)	(112,743,305)	364,344,056	(479,531,334)	(227,930,583)
- Other non-cash changes [2]	(49,884)	5,971,924	(55,956,391)	(50,034,351)	-	994,745	(49,039,606)
- At 31 March 2020	**20,119,144**	**777,749,537**	-	**797,868,682**	**(14,958,156)**	**-478,536,589**	**304,373,936**
- Cash flow	(20,110,558)	784,932,285	-	764,821,727	-24,819,007	134,923,829	874,926,548
- Other non-cash changes [2]	(84)	(1,555,087,430)	-	(1,555,087,515)			(1,555,087,515)
- At 31 March 2021	**8,502**	**7,594,392**	-	**7,602,894**	**(39,777,163)**	**(343,612,760)**	**(375,787,031)**
- Cash flow	(458,085)	-	-	(458,085)	-22,557,687	193,986,485	170,970,712
- Other non-cash changes [2]	461,641	4,374,235	-	4,835,876			4,835,876
- At 31 March 2022	**12,058**	**11,968,627**	-	**11,980,685**	**(62,334,850)**	**(149,626,275)**	**(199,980,443)**

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

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

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

14 Other Payables

	31 March 2022 $	31 March 2021 $
Current		
Other payables (at amortised cost)	4,218,548	6,027,268
Total	**4,218,548**	**6,027,268**

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

15 Share Capital

	31 March 2022 Number	31 March 2021 Number
Authorised shares		
Ordinary shares of £ 1 each	1,200,000,000	1,200,000,000
Redeemable preference shares of £ 1,000 each	600,000	600,000
Total	**1,200,600,000**	**1,200,600,000**

Rights and obligations attaching to the shares

The rights and obligations attaching to the ordinary and redeemable preference shares are set out in the Articles.
Each ordinary share carries the right to one vote at general meetings of the Company and is entitled to dividends.
The holders of the redeemable preference shares do not have the right to receive notice of any general meeting of the company nor the right to attend, speak or vote any such general meeting. The redeemable preference shares don't confer on their holders the right to receive any dividend. On winding up or redemption, at the time of such return of capital, holders of redeemable preference shares shall get priority over any other class of shares. Also, redeemable preference shares are convertible into ordinary shares only at the option of the Company.

Paid up share capital

Paid up amount	31 March 2022 Number	31 March 2022 $	31 March 2021 Number	31 March 2021 $
At 31 March	420,810,062	755,567,901	420,810,062	755,567,901

16a) Share Premium
Share Premium and Reserves

	31 March 2022 $	31 March 2021 $
At 31 March	458,227,729	458,227,729

b) **Other Equity**

Particulars	31 March 2022 $	31 March 2021 $
Opening balance	(5,494,180)	(5,494,180)
Transfer of balances from group companies	-	-
Closing balance	**(5,494,180)**	**(5,494,180)**

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

17 Related Party Transactions

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

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

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

Transactions during the year	31 March 2022 $	31 March 2021 $
Dividend received	327,094,386	121,000,000
Dividend paid	390,000,000	
Interest income on bonds	-	1,151,896
Loan given to AvanStrate Inc.	49,500,000	16,536,323
Interest income on loan	150,298,092	93,033,836
Guarantee Commission Income	-	10,966,250
Loans given to related parties (Net of repayment)	90,440,000	949,100,000
Capital investment	-	26,924,121
Guarantee commission paid	68,040	-
Redemption of debt bonds in the market	-	28,667,896
Expense reimbursement to Vedanta Resources Limited	-	199,372
Management Consultancy services -Akarsh Hebbar	808,448	532,291
Management Consultancy services -Sterlite Technologies Limited	1,135,000	1,720,000
Management Consultancy Services Taken From VRL	51,811	-
Twinstar Technologies Limited- Reimbursement of expenses	1,719,446	-
Volcan Investments Limited – Write-off	-	13,929,517

Balances owed by /(to) group companies/related parties		
Cairn Energy Hydrocarbons Limited	74,289	74,289
THL Zinc Holding BV (including interest accrued)	195,186,205	206,389,097
Fujairah Gold (including interest accrued)	121,287,087	85,711,141
AvanStrate Inc. (Face value)	255,628,436	230,812,734
AvanStrate, Korea (Face value)	102,072,150	112,334,329
Vedanta Resources Limited.	-	(1,012,146)
Management Consultancy services -Akarsh Hebbar	(29,167)	(21,875)
Management Consultancy services -Sterlite Technologies Limited	(175,000)	(2,150,000)
AvanStrate Inc. – interest accrued	14,327,679	11,561,151
Twinstar Holdings Limited (Face Value Loan)	449,000,000	834,000,000
Vedanta Limited- Guarantee Commission payable	68,040	-
VHJL- (Including Interest Accrued)	187,183,147	-
Twinstar Holdings Limited - interest and guarantee commission accrued	18,301,869	77,324,714

1 The Company received dividends of $ 326.8 Mn (year ended 31 March 2021: $ 121 Mn) from Cairn Energy Hydrocarbons Limited, its subsidiary. Also received dividend of $ 0.3 Mn (year ended 31 March 2021: Nil) from its subsidiary Cairn Energy Gujarat Block 1 Limited. During the year CEHC has reduced its paid-up share capital and share premium reserves by $ 201.3 Mn and transferred it to retained earnings thus creating distributable reserves.

2 The Company has made Nil investment (March 2021: $ 26.9 \Mn) in the equity of Cairn Energy Hydrocarbons Limited during the year ended 31st March 2022.

3 Company had purchased the debt bonds of Vedanta Resources Limited, its parent company from secondary market. The Company has earned Nil interest income (year ended 31 March 2021:$1.2 Mn) on bonds. During the previous year, the company had sold bonds in secondary market and had accounted net capital loss of $ 4.5 Mn. The balance outstanding at 31st March 2022 is Nil

4 During the current year the Company advanced a loan to its fellow subsidiaries Fujairah Gold ($ 123.2 Mn), THL Zinc Holding BV ($ 191.2 Mn) and Vedanta Holding Jersey Ltd ($ 178 Mn). On the said loans, interest income and accrued interest amounting to $ 97.8 Mn and $ 46.5 Mn respectively were recorded in the books.

5 In June 2020, the Company entered into an unsecured loan agreement with Twin Star Holding Limited (TSHL) (subsidiary of Vedanta Resources Limited) for $ 475 Mn at an interest rate of 7% per annum repayable after one year from the date of the agreement. Additionally, the Company has provided a guarantee to Standard Chartered Bank (SCB), one of the lenders of TSHL. To secure the guarantee, CIHL had made a bank deposit of $ 425 Mn with SCB and the same is hypothecated with SCB. The Company had charged 1% of guarantee commission in lieu of the above guarantee from TSHL amounting to $ 10.9 Mn (balance outstanding of which as on March 2022 is Nil). In October 2020, the original agreements were amended wherein the overall facility was increased to $ 934 Mn and repayment terms were changed from 1 year to due in four tranches starting from June 2021 to December 2023. An additional loan of $ 525 Mn was disbursed to TSHL and $ 100 Mn has been since repaid by TSHL. The additional loan was partly made by pre-maturing the deposit of $ 425 Mn pledged with SCB after which the guarantee was extinguished. The overall facility amount was then restricted to $ 834 Mn at interest rate of 9.6% per annum (Balance outstanding as on 31st Mar'22 : $ 449 Mn) . The original agreement has been amended to include an enabling provision to transfer $ 307 Mn of the loan to THL Zinc. This has not been exercised by TSHL as of date of the financial statements.

6 1st Tranche of loan with TSHL was paid as per agreement and 2nd Tranche of $ 178 Mn is due to be repayable on 30th June 2022. Twinstar is desirous of assigning its liabilities and obligation under Tranche 2 of loan agreement to VHJL and CIHL as the lender under the ICD agreement in accordance with certain revised commercial terms. In May 2021, The company has entered into an loan agreement with Vedanta Holding Jersey Limited (VHJL), Twin Star Holding Limited (TSH) and Vedanta Resourse Limited (VRL) where TSHL has transferred Tranche 2 of its loan agreement to VHJL amounting to $ 178 Mn at an interest rate of 10.1% per annum payable in June 2022. In lieu of VHJL now being the borrower under the ICD agreement, VRL shall now be the Guarantor for the ICD Agreement on behalf of VHJL and shall guarantee all liability and obligation undertaken by VHJL.

7 During the year 2017-18, the Company has paid an amount of $ 150.6 Mn to acquire control in AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan (“AST”) and AvanStrate, Korea (“ASK”). As a part of the integrated transaction, the Company has entered into put, call, conversion option (refer note 7 for further details) and acquired financial instruments having a face value of $ 255.6 Mn (March 2021: $ 230.8 Mn) and $ 102.7 Mn (March 2021: $ 112 Mn) from AvanStrate Inc., Japan and AvanStrate, Korea respectively. The said instruments are in different tranches and carry interest rates ranging from six months JPY TIBOR + 1% to 2.5%. The first interest payment was due in April 2018 and thereafter every six months. The loans are repayable in half yearly instalments starting April 2021 till October 2027.

The terms of interest payments have been amended during the year. As per the modified terms, the interest payments which were earlier due in 2018-19 and 2019-20 were initially extended to April 2020 and after the year end, they have been further extended to October 2020 and then further extended to April 2021. After 2021, the terms for principal payments has been extended to April 2024 and interest payment has been extended to April'25.

During the current year the company received Interest income of $ 52.5 Mn (March 2021: $ 1.4 Mn) on loan given to AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan (“AST”) and AvanStrate, Korea (“ASK”). Interest accrued thereon amounts to $ 14.3 Mn (March 2021: $ 11.6 Mn).

During the year, the Company advanced a loan amounting to $ 49.5 Mn. The Company has recorded reduction in fair value of loans of $ 75.1 Mn on the basis of third-party valuation report from Duff & Phelps. (Refer note 1(f) above).

8 The Company reimbursed consultancy expenses of $ 0.05m to its intermediate parent company Vedanta Resources Limited during the year.

9 During the year, the Company has incurred fees for consultancy services to KMP of AvanStrate Inc. amounting to $ 0.8 Mn (March 2021: $ 0.5 Mn) and have an amount outstanding of $ 0.03 Mn.

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

Remuneration of key management personnel

Professional fees paid to the consultants for their directorship services to the Company amounted to $ 0.01 Mn (year ended 31 March 2021: $ 0.01 Mn)

18 Financial Risk Management: Objectives and Policies

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

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

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

Liquidity risk

The Cairn India Holdings Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short terms investments provide liquidity both in the short term as well as in the long term. As of 31 March 2022, the Group has taken a loan facility of $ 260 Mn ($ 140 Mn prepaid during the year) (31 March 2021: $ 400 Mn, $ 100 Mn prepaid during the previous

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

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

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

As at 31st March 22	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Financial Liabilities					
Non-Derivative- Other Payables	4,218,548	-	-	-	**4,218,548**
Derivative -Put Option	24,550,704	-	-	-	**24,550,704**
Borrowings*	70,929,893	155,676,449	-	-	**226,606,342**

As at 31st March 21	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Non-Derivative- Other Payables	6,027,268	-	-	-	**6,027,268**
Derivative -Put Option	21,347,806	-	-	-	**21,347,806**
Borrowings*	53,299,893	275,239,957	87,786,833	-	**416,326,682**

* includes contractual interest payment of $ 14.7 Mn (March 2021: $ 32.9 Mn) based on interest rate prevailing at the end of the reporting period

At 31 March 2022, the Company has access to the following funding facilities:

At 31st March 2022	**Total facility**	**Drawn**	**Undrawn**	**O/S balance**
Fund/Non-fund based	500,000,000	500,000,000	-	211,961,126
Total	**500,000,000**	**500,000,000**	**-**	**211,961,126**
At 31st March 2021				
Fund/Non-fund based	500,000,000	500,000,000	-	383,389,924
Total	**500,000,000**	**500,000,000**	**-**	**383,389,924**

Interest rate risk

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

The Company has borrowing of $ 500 Mn towards Oil and Gas business. The borrowing is linked to floating rates. Further short/medium-term borrowing arrangements are available at floating rates. The treasury functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. However, no such instruments have been used by the Company during the current and previous year. The Company also has a loan receivable (including accrued interest) from AvanStrate Inc. along with AvanStrate Korea ($ 372 Mn), THL Zinc Holding BV ($ 195.2 Mn), Fujairah Gold ($ 121.3 Mn), Twin Start Holding limited ($ 467.3 Mn and Vedanta holding Jersey Ltd ($ 187.9 Mn)

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

	31-Mar-22			31-Mar-21		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Assets	430,693,927	595,493,444	44,170,292	1,187,852,859	8,502	108,097,997

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

	31-Mar-22			31-Mar-21		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial liabilities	211,986,785	-	28,743,594	383,427,846	-	27,337,151

Considering the net debt position with respect to floating rate instruments as at 31 March 2022 and the investment in bank deposits, foreign currency bonds and foreign mutual funds, any increase in interest rates would result in a net loss and any decrease in interest rates would result in a net profit. The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date.

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

	31-Mar-22	**31-Mar-21**
Change in interest rates	**Increase in profit / (loss)**	**Effect on profit / (loss)**
0.50%	1,093,536	4,022,125
1%	2,187,071	8,044,250
2%	4,374,143	16,088,500

Foreign currency risk

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

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

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

	31-Mar-22		**31-Mar-21**	
	Financial Assets	**Financial Liabilities**	**Financial Assets**	**Financial Liabilities**
USD	934,712,457	216,179,674	1,150,944,658	389,417,192
JPY	135,612,980	24,550,705	144,994,701	21,347,806
Others	32,227		19,999	
Total	**1,070,357,663**	**240,730,379**	**1,295,959,358**	**410,764,998**

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

	31-Mar-22	
	Closing exchange rate $	**+ve Effect of 10% strengthening of US dollar on net earning**
JPY	121.83	11,106,227

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

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

The sensitivities are based on financial assets and liabilities held at 31 March 2022 and 31 March 2021 where balances are not denominated in the company's functional currency. The sensitivities do not take into account the company's sales and costs and the results of sensitivities could change due to other factors such as change in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

Credit risk

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

During the year, Company has booked an expected credit loss of $ 16.8 Mn on inter-company loans.

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

Capital management

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

Net debt are non-current and current as reduced by cash and cash equivalents, bank deposits/balance and current investments. Equity comprises of all components.
No changes were made in the objectives, policies or processes during the year ended 31 March 2022
The Company's capital and net debt were made up as follows:

	31 March 2022	**31 March 2021**
	$	**$**
Cash and cash equivalents	12,058	8,502
Short-term investments and bank deposits	11,968,627	7,594,392
Less: Current maturities of long-term borrowings	(62,334,850)	(39,777,163)
Less: Long term borrowings	(149,626,276)	(343,612,760)
Net funds	**(199,980,442)**	**(375,787,030)**
Equity	1,364,371,763	1,475,681,411
Total capital	**1,164,391,321**	**1,099,894,380**
Gearing	-17%	-34%

19 Financial Instruments

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

Financial assets

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2022	**$**	**$**	**$**	**$**
Cash and cash equivalents	-	12,058	12,058	12,058
Short-term investments and bank deposits	11,968,627	-	11,968,627	11,968,627
Other receivables (including non-current)	90,818,726	967,558,252	1,058,376,978	1,058,376,978
	102,787,353	**967,570,310**	**1,070,357,663**	**1,070,357,663**

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

Financial liabilities

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2022	**$**	**$**	**$**	**$**
Other payables	-	4,218,548	4,218,548	4,218,548
Financial instruments (derivatives)	24,550,704	-	24,550,704	24,550,704
Short term borrowings	-	62,334,851	62,334,851	62,334,851
Long term borrowings	-	149,626,277	149,626,277	149,626,277
	24,550,704	**216,179,676**	**240,730,380**	**240,730,380**

Financial assets

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

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

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

Fair value hierarchy

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

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

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

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

	As at 31 March 2022		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial assets			
At fair value through profit or loss			
Short-term investments	11,968,627	-	-
Other receivables (including non-current)	-	-	90,818,726
	11,968,627	-	**90,818,726**

	As at 31 March 2022		
Particulars	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities			
At amortised cost			
Borrowings	-	**211,961,127**	-
At fair value through profit or loss			
Financial instruments (derivatives)	-	-	**24,550,704**
Total	**-**	**211,961,127**	**24,550,704**

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

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

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

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

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

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

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

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

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

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

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

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

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

The estimated fair value amounts as at 31 March 2022 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

Non-qualifying/economic hedge

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments consist of currency forward, conversion and put options. Fair value changes on such derivative instruments are recognised in the income statement.

The fair value of the Company's open derivative positions as at 31 March 2022, recorded within financial instruments (derivative) is as follows:

	31-Mar-22	**31-Mar-21**
	Liabilities	**Liabilities**
Non-current Liabilities		
Non Qualifying hedges		
Put option	24,550,704	21,347,806
Total	**24,550,704**	**21,347,806**

20 Ultimate Parent Company

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

The results of the Company are consolidated into intermediate parent company, viz. Vedanta Resources Limited. The registered office of Vedanta Resources Limited, is 8th Floor, 20 Farringdon Street, London, EC4A 4AB. Copies of Vedanta Resources Limited's financial statements will be available on its website.

21 Subsequent events

1. On 11th May'22, new loan has been granted to Western Cluster Ltd amounting to $ 10 Mn at the rate of 5.26% p.a. Out of this $ 5.3 Mn has been disbursed till date.

2. On 14th June'22, CIHL Board has approved Equity infusion in CEHL of up to USD 120 Mn

3. Subsequent to year end, CIHL has received repayment of loan from THL Zinc & VHJL along with interest amounting to USD 323 Mn

4. CIHL Board has approved additional inter co. loan to ASI on 14th June'22 of up to USD 29 Mn.