CAIRN INDIA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

CAIRN INDIA HOLDINGS LIMITED

Directors:

Arvind Giri (resigned on 30th May, 2018)
Sanjay Kumar Pandit (with effect from 8th November, 2018)
Clive Wright (with effect from 25th January, 2019 and resigned on 17th May, 2019)
Jane Pearce (resigned on 1st January, 2019)
Marc Walter Harris (with effect from 1st March, 2019)
Gavin Carruthers (resigned on 1st March, 2019)
Gayle Swanson (with effect from 17th May 2019)

Auditors:

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Secretary:

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

Registered Office:

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

Registered No:

94164

CAIRN INDIA HOLDINGS LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2019.

Principal Activities and Business Review

The Company's principal activity is that of an investment company. In December 2018, as part of its cash management activities, Cairn India Holdings Limited (CIHL), entered into a tripartite agreement with Volcan Limited (Volcan) and one of its subsidiaries. Under the agreement, CIHL purchased an economic interest in a structured investment for the equity shares of Anglo American Plc (AA Plc), a company listed on the London Stock Exchange, from Volcan for a total consideration of US$ 541 million (GBP 428 million) (of which US$ 254 million (GBP 200 million) has been paid up to March 31 2019). The ownership of the underlying shares, and the associated voting interests, remained with Volcan and the investment would mature in two tranches in April 2020 and October 2020.
Thereafter, the investment performed positively and the Company liquidated these investments in July 2019 for a total gain, from the date of its purchase, of GBP 80 million. Based on valuation as at March 31, 2019, an unrealized gain of GBP 99 million has been accounted for in the financial statements of the Company.

In the previous year, the Company invested USD 157.8 mn in AvanStrate Inc. a manufacturing unit of glass substrate for TFT colour LCD based in Japan.

During the year ended 31 March 2019, the Company made a profit of $286.3m (year ended 31 March 2018: $498.4m). The Company did not pay any dividend during the year ended 31 March 2019 and 31 March 2018.

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 (Formerly Vedanta Resources Plc).

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

Directors

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

Arvind Giri (resigned on 30th May, 2018)
Sanjay Kumar Pandit (with effect from 8th November, 2018)
Clive Wright (with effect from 25th January, 2019 and resigned on 17th May, 2019)
Jane Pearce (resigned on 1st January, 2019)
Marc Walter Harris (with effect from 1st March, 2019)
Gavin Carruthers (resigned on 1st March, 2019)
Gayle Swanson (with effect from 17th May, 2019)

CAIRN INDIA HOLDINGS LIMITED

Directors' Report (continued)

Auditors

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

By Order of the Board

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

7th October 2019

CAIRN INDIA HOLDINGS LIMITED

Statement of directors' responsibilities in relation to the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of Cairn India Holdings Limited (the "company") for the year ended 31 March 2019 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Richard Addison (Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10th October 2019

Notes:

1. The maintenance and integrity of the Vedanta Limited web site, company's inter-mediate holding company, is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CAIRN INDIA HOLDINGS LIMITED

Income Statement

For the year ended 31 March 2019

	Notes	Year ended March 2019 $	Year ended March 2018 $
Administrative expenses	2(a)	**(3,186,597)**	(2,217,113)
Operating loss	2	**(3,186,597)**	(2,217,113)
Investment revenue	4	**322,009,214**	514,193,862
Finance costs	5a	**(24,593,623)**	(24,769,508)
Other gains and losses	5b	**(7,139,637)**	11,389,269
Profit before taxation		**287,089,357**	498,596,510
Taxation	6	**(802,417)**	(222,801)
Profit for the year		**286,286,940**	498,373,709

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 2019

	Year ended March 2019 $	Year ended March 2018 $
Profit for the year	**286,286,940**	498,373,709
Total comprehensive income for the year	**286,286,940**	498,373,709

The accompanying notes form an integral part of these financial statements

CAIRN INDIA HOLDINGS LIMITED

Balance Sheet

As at 31 March 2019

	Notes	31 March 2019 $	31 March 2018 $
Non-current assets			
Investments in subsidiaries	7a	**682,349,851**	682,591,643
Financial asset investments	7b	**689,831,032**	-
Bank deposits	10 a)	**-**	15,909,132
Other receivables	8	**260,693,170**	151,225,929
Financial instruments (derivatives)	9	**5,592,980**	32,797,510
Current assets			
Other receivables	8	**5,514,500**	895,772
Short-term investments	10 b)	**410,372,275**	789,318,979
Financial instruments (derivatives)	9	**3,603,433**	-
Cash and cash equivalents	11	**159,722,003**	2,630
Total assets		**2,217,679,244**	1,672,741,595
Non-current liabilities			
Long term borrowings	12	**-**	374,732,627
Other payables	14	**143,624,361**	-
Financial instruments (derivatives)	9	**19,278,968**	14,925,161
Current liabilities			
Borrowings	12	**379,302,212**	51,595,168
Other payables	14	**161,952,757**	3,789,634
Total liabilities		**704,158,298**	445,042,590
Net assets		**1,513,520,946**	1,227,699,005
Equity			
Called-up share capital	15	**755,567,901**	755,567,901
Share premium	16 a)	**458,227,729**	458,227,729
Other equity	16 b)	**(5,494,180)**	(5,494,180)
Retained earnings		**305,219,496**	19,397,555
Total equity		**1,513,520,946**	1,227,699,005

The financial statements were approved by the Board of Directors on 7th October 2019, and were signed on its behalf by

Director

7th October 2019

The accompanying notes form an integral part of these financial statements

CAIRN INDIA HOLDINGS LIMITED

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	Year ended March 2019 $	Year ended March 2018 $
Profit before taxation		**287,089,357**	498,596,510
Adjustments:			
Interest income	4	**(27,217,435)**	(32,388,496)
Fair value gain on financial asset investments (structured investment)	4	**(148,900,587)**	-
Interest costs		**24,577,372**	24,769,508
Change in fair value of financial assets (net of realised/unrealised gain)	4	**22,623,980**	8,660,869
Unrealized foreign exchange loss/(gain) (net)	5,4	**7,156,177**	(11,389,269)
Bank charges paid		**(93,579)**	(241,437)
Dividend income	4	**(168,515,173)**	(490,466,235)
Operating loss before working capital changes		**(3,279,888)**	(2,458,550)
(Increase)/Decrease in other receivables		**(1,433,214)**	14,183
Increase in other payables		**1,885,745**	2,074,182
Cash used in operations		**(2,827,357)**	(370,185)
Interest paid		**(21,567,470)**	(16,803,845)
Dividend received	4	**168,515,173**	490,466,235
Interest received		**34,453,414**	40,736,166
Net cash used in operating activities (A)		**178,573,760**	514,028,371
Cash flows from investing activities			
Loans given to related parties	17	**(85,670,000)**	(1,062,636,059)
Acquisition of financial asset of subsidiary	17	**-**	(150,555,025)
Acquisition of subsidiary		**-**	(7,827,211)
Purchase of financial asset investments (structured investment)	17	**(253,781,750)**	-
Investment made in subsidiaries	17	**(100,000)**	(193,435,958)
Proceeds from redemption of Short - term investment		**1,285,228,216**	1,113,022,676
Purchase of Short - term investment		**(906,796,500)**	(632,709,627)
Realised loss on currency forward		**(22,179,962)**	-
Net cash from/(used in) investing activities (B)		**16,700,004**	(934,141,204)
Cash flows generated from financing activities			
Proceeds from long-term borrowings		**-**	641,235,000
Repayment of long-term borrowings		**(47,025,583)**	(220,000,000)
Corporate guarantee commission paid	5	**(1,196,767)**	(1,126,496)
Net cash (used in)/generated from financing activities (C)		**(48,222,350)**	420,108,504
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**147,051,414**	(4,329)
Effect of exchange differences on cash & cash equivalents		**12,667,959**	-
Cash and cash equivalents at beginning of year		**2,630**	6,959
Cash and cash equivalents at the end of the year	11	**159,722,003**	2,630

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 2019

	Share Capital $ (Note 15)	Share Premium $ (Note 16 a)	Other Equity* $ (Note 16 b)	Retained Earnings $	Total $
At 1 April 2017	755,567,901	458,227,729	(5,494,180)	576,473,846	1,784,775,296
Profit for the year	-	-	-	498,373,709	498,373,709
Impairment of loan (Note 17)	-	-	-	(1,055,450,000)	(1,055,450,000)
At 31 March 2018	**755,567,901**	**458,227,729**	**(5,494,180)**	**19,397,555**	**1,227,699,005**
Profit for the year	-	-	-	286,286,940	**286,286,940**
Impairment of loan (Note 17)	-	-	-	(465,000)	**(465,000)**
At 31 March 2019	**755,567,901**	**458,227,729**	**(5,494,180)**	**305,219,495**	**1,513,520,945**

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

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 consolidated 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 2019. 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'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.

Certain comparative figures appearing in these financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

b) Application of new and revised standards

The Company has adopted with effect from 01 April 2018, the following new standards and amendments:

IFRS 9 – Financial Instruments
IFRS 9 has reduced the complexity of the current rules on financial instruments as mandated in IAS 39. It has fewer classification and measurement categories as compared to IAS 39. It eliminates the rule-based requirement of segregating embedded derivatives from financial assets and tainting rules pertaining to held to maturity investments. For financial assets which are debt instruments, IFRS 9 establishes a principle-based approach for classification based on cash flow characteristics of the asset and the business model in which an asset is held. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by- share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income on such equity investment would ever be reclassified to profit or loss. It requires the entity, which chooses to designate a liability as at fair value through profit or loss, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements.

For transition, the Company has elected to apply the limited exemptions in IFRS 9 relating to the classification, measurement and impairment requirements for financial assets and accordingly has not restated comparative periods.

The areas impacted on adopting IFRS 9 on the Company are detailed below:

CAIRN INDIA HOLDINGS LIMITED

Notes to the financial statements (continued)

For the year ended 31 March 2019

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

IFRS 9 – Financial Instruments (continued)

Classification and measurement
The measurement and accounting treatment of the Company's financial assets is materially unchanged.

Impairment
Based on the Company's assessment, under expected credit loss model, the impairment of financial assets held at amortised cost does not have a material impact on the Company's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

Hedge accounting
The Company has adopted the IFRS 9 hedge accounting requirements. The adoption of the new standard has no effect on the amounts recognised in relation to the existing hedging arrangements.

Previous period Accounting Policy: Financial Instruments

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.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at fair value through profit or loss
• Loans and receivables
• Held-to-maturity investments
• AFS financial assets

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Company has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or investment revenue (positive net changes in fair value) in the statement of profit or loss.

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

IFRS 9 – Financial Instruments (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 investment revenue in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.
This category generally applies to trade and other receivables.

AFS financial assets
AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

IFRS 9 – Financial Instruments (continued)

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a company of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as investment revenue in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial assets
For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.
In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

IFRS 9 – Financial Instruments (continued)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.
The interest income is recorded as part of investment revenue. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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 loans and borrowings and payables, 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.

Subsequent measurement
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. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss 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 statement of profit or loss.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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 statement of profit or loss.

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

IFRS 9 – Financial Instruments (continued)

iii) 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, to realise the assets and settle the liabilities simultaneously.

iv) Financial instruments fair valued through profit and loss

Held for trading financial assets
Financial assets are classified as held for trading if they have been acquired principally for the purpose of selling in the near term. The change in fair value of trading investments incorporates any dividend and interest earned on the held for trading investments and is accounted for in the income statement.

Derivative financial instruments
In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward contracts, option contracts, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates. The resultant gains or losses are recognised in the income statement unless these are designated as effective hedging instruments.

Other Amendments
The adoption of IFRS 15 "Revenue from contracts with customers", IAS 23 "Borrowing Cost" and other minor changes to IFRS's applicable for the year ended 31 March 2019 do not have a significant impact on the Company's financial statements.

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IAS and IFRS effective as of 1 April 2018:

- Amendment to IAS 23: Borrowing Cost: The amendment is effective from 01 January 2019, with earlier application permitted. The Company has applied the amendment prospectively from the current reporting year i.e. for the borrowing costs incurred on or after 01 April 2018. The same does not have any impact on these financial statements.
- Adoption of IFRIC 22 : Foreign Currency Transactions and Advance Consideration

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

1 Accounting Policies (continued)

b) Application of new and revised standards (continued)

- IFRIC 23 - Uncertainty over Income Tax Treatments effective for annual periods beginning on or after 01 January 2019, subject to EU endorsement.
- IFRS 16, Leases, replaces the existing standard on accounting for leases, IAS 17, with effect from 1 April 2019
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures effective for annual periods beginning on or after 01 January 2019, subject to EU endorsement.
- Annual improvements to IFRS standards 2015-2017 cycle effective for annual periods beginning on or after 01 January 2019, subject to EU endorsement.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement effective for annual periods beginning on or after 01 January 2019, subject to EU endorsement.
- Amendments to References to the Conceptual Framework in IFRS Standards effective for annual periods beginning on or after 01 January 2020, subject to EU endorsement.
- Amendment to IFRS 3 Business Combinations effective for annual periods beginning on or after 01 January 2020, subject to EU endorsement.
- Amendments to IAS 1 and IAS 8: Definition of Material effective for annual periods beginning on or after 01 January 2020, subject to EU endorsement.
- IFRS 17 Insurance contracts effective for annual periods beginning on or after 01 January 2021, subject to EU endorsement

c) Presentation currency

The functional and presentation currency of Cairn India Holdings Limited is US Dollars ("$"). The Company's policy on foreign currencies is detailed in note 1(m).

d) Investment revenue

Investment revenue constitutes the following items:

Interest income
Interest income is recognised using the effective interest rate method on an accrual basis and is recognised as, investment income in the income statement.

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 gain/ (loss) in relation to financial assets is accounted for as investment income in the income statement.

1 Accounting Policies (continued)

e) Financial instruments – initial recognition and subsequent measurement

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

(a) Financial Assets – Initial recognition

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

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost
A 'debt instrument' is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instruments at fair value through other comprehensive income (FVOCI)
A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:
- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the income statement. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to the income statement. Interest earned whilst holding fair value through other comprehensive income debt instrument is reported as interest income using the EIR method.

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.

1 Accounting Policies (continued)

e) Financial instruments – initial recognition and subsequent measurement (continued)

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.

1 Accounting Policies (continued)

(a) 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.

(b) 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.

(c) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.
If the hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in IFRS 9 to the entire hybrid contract.

1 Accounting Policies (continued)

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement, unless designated as effective hedging instruments.

(d) 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.

(e) 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) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the income statement when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1 Accounting Policies (continued)

(a) Fair value hedges (continued)

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.
Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the the income statement.
Amounts recognised in OCI are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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.

1 Accounting Policies (continued)

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.

All other assets are classified as non-current

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) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j) 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.

k) 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).

1 Accounting Policies (continued)

l) 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 joint 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 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

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.

1 Accounting Policies (continued)

m) Exceptional items

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

n) Key estimations and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and, liabilities, and the accompanying disclosures and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. The Company considers the following areas as the key sources estimation uncertainty:

(i) Impairment testing

To ascertain the fair value of the 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, conversion/ 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 and 7b for further details.

2 Operating Loss

a) Operating loss is stated after charging:

	Year ended March 2019	Year ended March 2018
	$	$
Administrative expenses	**3,186,597**	2,217,113
	3,186,597	2,217,113

b) Continuing operations

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

c) Administrative expenses

Administrative expenses include $ 51,148 (year ended March 2018: $ 195,075) on account of directors remuneration.

3 Auditors' Remuneration

Fees amounting to $10,464 (year ended 31 March 2018: $8,156) are payable to the Company's auditors for the audit of the Company's accounts. The Company has a system in place for the award of non-audit work to the auditors which, in certain circumstances, requires Audit Committee approval of its parent company.

4 Investment Revenue

	Year ended March 2019 $	Year ended March 2018 $
Interest income- financial assets held for trading/FVTPL	**17,329,907**	22,106,231
Interest income- financial assets at amortised cost	**9,887,527**	10,282,265
Fair value gain on financial asset investments (structured investment) at FVTPL (Refer note 17)	**148,900,587**	-
Dividend income	**168,515,173**	490,466,235
Change in fair value of financial assets (net)*	**(22,623,980)**	(8,660,869)
	322,009,214	514,193,862

*Includes loss of $18.6m (March 2018: $nil) on forward currency contracts, loss of $ 25.5m (March 2018: $nil) on conversion option and loss of $ 5.1m (March 2018: $nil) on put option. (Refer note 7a and 7b)

5a Finance Costs

	Year ended March 2019 $	Year ended March 2018 $
Interest on borrowings	**18,555,908**	18,253,781
Bank and other charges	**168,742**	241,437
Amortisation of borrowing costs	**4,672,206**	5,147,794
Corporate guarantee commission	**1,196,767**	1,126,496
	24,593,623	24,769,508

5b Other gains and losses

	Year ended March 2019 $	Year ended March 2018 $
Foreign exchange (loss)/gain (net)	**(7,139,637)**	11,389,269
	(7,139,637)	11,389,269

6 Taxation on Profit

Profits arising in the Company for the year ended 31 March 2019 of assessment will be subject to Jersey tax at the standard corporate income tax rate of 0% (2018: 0%).

a) Analysis of tax charge during the year

	Year ended March 2019 $	Year ended March 2018 $
Current tax	**802,417**	222,801
Total current tax	**802,417**	222,801
Deferred tax	**-**	-
Total deferred tax	**-**	-
Total tax charge	**802,417**	222,801

6 Taxation on Profit

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 2019 $	Year ended March 2018 $
Profit before taxation	**287,089,357**	498,596,510
Corporation tax at the standard Jersey rate of 0% (Apr'17-Mar'18- 0%)	-	-
Effects of:		
Withholding tax deducted on interest income from foreign jurisdictions	**802,417**	222,801
Total tax charge	**802,417**	222,801
Effective tax rate	**0.28%**	0.04%

7a Investments in Subsidiaries

	31 March 2019 $	31 March 2018 $
Cost and net book value:		
Opening investment		
Cairn Energy Hydrocarbons Limited	**674,764,432**	481,328,473
AvanStrate Inc.	**7,827,211**	-
Investments made during the year		
Cairn Energy Hydrocarbons Limited (Refer note 17)	**100,000**	193,435,959
AvanStrate Inc. (including $ 7,818,383 costs attributable to acquisition of shares in AvanStrate Inc.)	-	7,827,211
Reversal of cost of investment*		
AvanStrate Inc.	**(341,792)**	-
	682,349,851	682,591,643

* Relates to actualisation of cost capitalised at the time of acquisition during the previous year.

7a Investments in Subsidiaries (continued)

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

- 30,590 shares @ GBP 1.00 amounting to $40,000 on 19th July 2018
- 45,710 shares @ GBP 1.00 amounting to $60,000 on 14th September 2018

During the previous year, the Company made an investment in 148,510,248 equity shares of Cairn Energy Hydrocarbons Limited amounting to $193,435,959.

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

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

As per the shareholding agreement (SHA) entered with the other majority shareholder holding 46.6% in ASI, Company has a call option, conversion 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 at a price higher of $0.757 per share and the fair market value of the share. Accordingly, Company has recorded a derivative liability of $19.3m (March 2018: $14.9m) 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 shall be entitled to convert the loan extended by it to ASI into the equity shares of ASI. The option is 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%.

Accordingly, Company has recognised an asset of $5.6m (March 2018: $32.8m) representing the fair value of conversion option. The Company does not intend to exercise the said option till March 31, 2020 and has hence disclosed the same as non-current.

As a part of the overall transaction, the Company had also acquired a financial asset 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 2018-19, a fair valuation exercise of total investments in ASI has been carried out by CIHL, based on which the above amounts 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

7a Investments in Subsidiaries (continued)

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

Company	Country of incorporation	Proportion of voting rights an ordinary shares	Nature of Business
Cairn Energy Discovery Limited	Scotland	100%	Exploration & production
Cairn Exploration (No. 2) Limited	Scotland	100%	Exploration & production
Cairn Energy Hydrocarbons Limited	Scotland	100%	Exploration & production
Cairn Energy Gujarat Block 1 Limited	Scotland	100%	Exploration & production
Cairn Energy India Pty Limited	Australia	100%	Exploration & production
AvanStrate Inc.	Japan	51.63%	LCD Glass substrate
Indirect Holding			
Cairn South Africa (Pty) Limited	South Africa	100%	Exploration & production
Cairn Mauritius Holding Limited	Mauritius	100%	Holding company
Cairn Mauritius Pvt Limited	Mauritius	100%	Holding company
Cairn Lanka Pvt Limited	Sri Lanka	100%	Exploration & production
AvanStrate Korea Inc.	Korea	51.63%	LCD Glass substrate
AvanStrate Taiwan Inc.	Taiwan	51.63%	LCD Glass substrate

The Company holds interest in RJ-ON-90/1 oil and gas field, through its subsidiary Cairn Energy Hydrocarbons Limited. The Production Sharing Contract ('PSC') for the said field provides for an extension of the contract at the same terms by a maximum period of ten years, in case there is a continued production of commercial natural gas from the said field. On 26 October 2018, the Government of India (GoI), acting through the Directorate General of Hydrocarbons (DGH) has granted its approval for a ten-year extension of the Production Sharing Contract (PSC) for the Rajasthan Block (RJ), with effect from 15th May 2020 subject to certain conditions. The GoI has granted the extension under the Pre-NELP Extension Policy, the applicability whereof to PSC for RJ is sub-judice and pending before the Hon'ble Delhi High Court.

The Company is confident of fulfilling or disposing the conditions now attached to the PSC extension. The Company does not expect any material liabilities arising from the fulfilment or disposal of such conditions and hence the carrying value of investment in Cairn Energy Hydrocarbons Limited is not required to be adjusted. Further, considering high profitability of Cairn Energy Hydrocarbon business and future outlook of crude oil prices, no impairment is required to be recorded in these financial statements.

7b Financial asset investment

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

	31 March 2019 $	31 March 2018 $
As at April 2018	-	-
Purchase of structured investment (Refer note 17)	540,964,776	-
Movement in fair value	129,413,392	-
Exchange difference	19,452,864	-
As at March 2019	**689,831,032**	-

Financial asset investment represents economic interest in quoted equity shares that present the Company with an opportunity for returns through gains in value. These securities are held at fair value. These are classified as non-current as on 31 March 2019.

8 Other Receivables

	31 March 2019 $	31 March 2018 $
Non-Current Assets		
Amount owed by group companies*	260,693,170	151,225,929
Current Assets		-
Amount owed by group companies*	4,073,305	869,711
Others	29,547	26,061
Financial (A)	264,796,022	152,121,701
Current Assets		
Prepayments	1,411,648	-
Non-Financial (B)	1,411,648	-
Total (A) + (B)	266,207,670	152,121,701

Neither past due nor impaired	264,796,022	152,121,701
Past due but not impaired		
Less than 1 month	-	-
Between 1-3 months	-	-
Between 3-12 months	-	-
Greater than 12 months	-	-
Total	264,796,022	152,121,701

*Amount owed by group companies includes the loan given (inclusive of accrued interest) to THL Zinc Holding BV amounting to $86.2m (March 2018: $nil), Avanstrate Inc. amounting to $136.8m (March 2018: $ 43m), Avanstrate Korea amounting to $42.3m (March 2018: $ 109.1m) and Cairn Lanka Private Limited amounting to $0.1m (Also refer note 17).

9 Financial instruments (derivatives)

	31 March 2019 $	31 March 2018 $
Non-Current Financial Asset		
Fair value of Conversion option (at FVTPL) (Refer note 7)	**5,592,980**	32,797,510
Current Financial Assets		
Fair value of currency forward contract (at FVTPL)	**3,603,433**	-
Total	**9,196,413**	32,797,510
Non-Current Financial Liabilities		
Fair value of Put option liability (at FVTPL) (Refer Note 7)	**19,278,968**	14,925,161
Total	**19,278,968**	14,925,161

10 a) Bank deposits

	31 March 2019 $	31 March 2018 $
Non-Current Deposits		
Bank deposits*	-	15,909,132
Total	-	15,909,132

* represents "Debt Service Reserve Account" (DSRA) deposit made in accordance with external borrowings facility.

10 b) Short-term Investments

	31 March 2019 $	31 March 2018 $
Bank deposits*	**18,404,955**	398,461,293
Investment in bonds	**111,653,634**	390,410,652
Investment in mutual funds	**279,439,362**	447,034
Escrow account	**874,324**	-
Total	**410,372,275**	789,318,979

*Bank deposit includes amounts kept under "Debt Service Reserve Account" (DSRA) amounting to $18.4m (March 2018: $15.9m) created under the terms of the borrowing facility taken during previous year. Balance in DSRA account can only be utilised for servicing the loan. On account of service of notice dated 29th March 2019 to bank for prepayment of loan (subsequently repaid on 4th April 2019), DSRA deposit has been reclassified from non-current to current deposit. In previous year, DSRA deposit of $15.9 m was classified under non-current deposits (Refer note 10a).

Bank deposits are made for varying periods depending on the cash requirements of the company and interest is earned at respective fixed deposit rates.

11 Cash and Cash Equivalents

	31 March 2019 $	31 March 2018 $
Cash at bank	18,876	2,630
Bank deposits	159,703,127	-
	159,722,003	2,630

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

Towards the year-end, the amount released from redemption of Short - term investments was invested in fixed deposits having original maturity of less than 3 months.

12 Borrowings

	31 March 2019 $	31 March 2018 $
Long term borrowings:		
Secured term loan from banks	379,302,212	426,327,795
Less: Current maturities of long term borrowings	(379,302,212)	(51,595,168)
Total Non-current borrowings	-	374,732,627
Total current borrowings	379,302,212	51,595,168

a) The Company had taken the loan for the purpose of capital and operating expenditure incurred through its subsidiary Cairn Energy Hydrocarbons Limited ("CEHyC") in Rajasthan oil and gas block and also to fund the intercompany loan to its fellow subsidiary, Twin Star Mauritius Holding Limited ("TSML").

b) The said loan is secured through a corporate guarantee from Vedanta Limited (the Holding company) and charge on CEHyC's all banks accounts, cash, investments, receivables and current assets (excluding any shares issued to CEHyC 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. Long term borrowings have been classified as current on account of service of notice on 29th March 2019 to bank for prepayment of loan (subsequently repaid on 4th April 2019).

CAIRN INDIA HOLDINGS LIMITED

Notes to the financial statements (continued)
For the year ended 31 March 2019

13 Net Debt Movement [1]

$

	Cash and cash equivalents	Short-term Investments*	Financial asset investment net of related liabilities	Total cash and Short - term investments	Debt carrying value due within one year	Debt carrying value due after one year	Total Net Debt
At 1 April 2017	**6,959**	**1,303,642,214**	**-**	**1,303,649,173**	**-**	**-**	**1,303,649,173**
Cash flow	(4,329)	(480,313,049)	-	(480,317,378)	(51,595,168)	(369,639,832)	(849,957,210)
Other non-cash changes [2]	-	(18,101,054)	-	(18,101,054)	-	(5,092,795)	(74,789,017)
At 1 April 2018	**2,630**	**805,228,111**	**-**	**805,230,741**	**(51,595,168)**	**(374,732,627)**	**378,902,946**
Cash flow	147,051,416	(390,416,732)	253,781,750	10,416,433	-	42,353,377	52,769,810
Other non-cash changes [2]	12,667,957	(4,439,104)	136,770,309	144,999,163	(327,707,044)	332,379,250	149,671,369
At 31 March 2019	**159,722,003**	**410,372,275**	**390,552,059**	**960,646,338**	**(379,302,212)**	**-**	**581,344,125**

*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 2019 $	31 March 2018 $
Non-current		
Other payables (at amortised cost)*	**143,624,361**	-
Current		
Other payables (at amortised cost)*	**161,952,757**	3,789,634
Total	**305,577,118**	3,789,634

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.

* Includes deferred consideration payable as at 31 March 2019 amounting to $299,244,642 ($143,624,361 classified as non-current and $155,620,263 as current) in relation to purchase of structured investment. It has been classified as current and non-current as per the contractual arrangements. (Refer note 17)

15 Share Capital

	31 March 2019 Number	31 March 2018 Number
Authorised shares		
Ordinary shares of £1 each	**1,200,000,000**	1,200,000,000
Redeemable preference shares of £1,000 each	**600,000**	600,000
	1,200,600,000	1,200,600,000

	31 March 2019 Number of shares	31 March 2019 $	31 March 2018 Number of shares	31 March 2018 $
Paid up amount				
At 31 March	**420,810,062**	**755,567,901**	**420,810,062**	**755,567,901**

16 a) Share Premium and Reserves

	31 March 2019 $	31 March 2018 $
At 31 March	458,227,729	458,227,729

b) Other Equity

	31 March 2019 $	31 March 2018 $
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 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 Mauritius Holding Limited	Fellow Subsidiary
Bloom Fountain	Fellow Subsidiary
Akarsh Hebbar	KMP of AvanStrate Inc.

17 Related Party Transactions (continued)

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:

	Note	31 March 2019 $	31 March 2018 $
Transactions during the year			
Dividend received	1	**168,000,000**	490,436,218
Interest income on bonds	2	**3,902,750**	4,330,658
Loan given to AvanStrate Inc.	7	-	7,186,059
Acquisition of financial asset of subsidiary	7	-	150,555,025
Interest income on loan	3,7	**7,587,530**	1,077,327
Loans given to related parties	3	**85,670,000**	1,055,450,000
Impairment of loan	3	**465,000**	1,055,450,000
Capital investment	4	**100,000**	193,444,786
Corporate guarantee (released)/received		**(59,452,456)**	495,650,000
Guarantee commission paid	5	**1,156,767**	1,126,496
Redemption of debt bonds in the market	2	**28,500,000**	17,348,219
Support services taken from Vedanta Limited		**15,600**	15,600
Expense reimbursement to Vedanta Resources Limited		-	840,000
Management Consultancy services -Akarsh Hebbar	9	**845,830**	-
Management Consultancy services -Sterlite Technologies Limited	10	**1,910,959**	-
Volcan Investments Limited – Purchase of structured investment	6	**540,964,776**	-
Balances owed by /(to) group companies/related parties			
Cairn Energy Hydrocarbons Limited		**74,289**	74,289
THL Zinc Holding BV (including interest accrued)	3	**86,238,992**	-
AvanStrate Inc. (Face value)	7	**201,405,699**	203,119,153
AvanStrate, Korea (Face value)	7	**112,395,146**	117,653,347
Vedanta Resources Limited.	8	**(840,000)**	(840,000)
Cairn Lanka Private Limited		**105,000**	-
Management Consultancy services -Akarsh Hebbar	9	**(29,167)**	-
Management Consultancy services -Sterlite Technologies Limited	10	**(1,910,959)**	-
Volcan Investments Limited – Deferred consideration payable	6	**(299,244,642)**	-
Volcan Investments Limited – Fair value of structured investment at year end	6	**689,831,032**	-
AvanStrate Inc. – interest accrued	3	**3,589,366**	1,077,327
Fair Value of Bonds			
Vedanta Resources Limited	2	**32,191,250**	63,301,800
Corporate Guarantee outstanding			
Vedanta Limited	5	**436,197,544**	495,650,000

17 Related Party Transactions (continued)

(1) The Company received dividends of $168.0m (year ended 31 March 2018: $490.4m) from Cairn Energy Hydrocarbons Limited, its subsidiary.

(2) Company had purchased the debt bonds of Vedanta Resources Limited, its parent company from secondary market. The Company earned interest income of $3.9m (year ended 31 March 2018:$4.3m) on bonds. The balance outstanding at the balance sheet date is at carrying value of $ 32.2m (year ended 31 March 2018: $63.3m) which includes accrued interest of $ 0.8m (31 March 2018: $1.3m). During the year bonds worth $28.5m were matured (31 March 2018: $17.3m).

(3) The Company advanced a loan of $0.5m (31 March 2018: $1,055.5m) to its fellow subsidiaries Twin Star Mauritius Holdings Limited and Bloom Fountain in different tranches which were impaired during the year. This impairment has been recorded directly in the statement of changes in equity. No interest was accrued on the same.

During the current year the Company advanced a loan to its fellow subsidiary THL Zinc Holding BV amounting to $85.1m. On the said loan, interest income and accrued interest amounting to $3.7m and $1.1m was recorded in the books.

During the current year the company received Interest income of $3.9m (March 2018: $1.1m) on loan given to AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan ("AST") and AvanStrate, Korea ("ASK"), amounting to $175.6m (March 2018: $151.2m). Interest accrued thereon amounts to $3.6m (March 2018: $1.1m).

During the current year the Company also advanced a loan to Cairn Lanka Private Limited amounting to $0.1m (March 2018: $nil).

(4) The Company has made an investment of $0.1m (March 2018: $193.4m) in the equity of Cairn Energy Hydrocarbons Limited during the year ended 31st March 2019.

(5) The Company during the previous year received a corporate guarantee from its holding company, Vedanta Limited for an amount of $748.7m towards the loan facility undertaken representing 115% of the loan facility availed. The balance outstanding is $436.2m. The Company has paid a corporate guarantee commission amounting to $1.2m (March 2018: $1.1m) to Vedanta Limited during the year.

(6) In December 2018, as part of its cash management activities, Cairn India Holdings Limited (CIHL), entered into a tripartite agreement with Volcan Limited (Volcan) and one of its subsidiaries. Under the agreement, CIHL purchased an economic interest in a structured investment for the equity shares of Anglo American Plc (AA Plc), a company listed on the London Stock Exchange, from Volcan for a total consideration of US$ 541 million (GBP 428 million) (of which US$ 254 million (GBP 200 million) has been paid up to March 31 2019), determined based on an independent third-party valuation. The ownership of the underlying shares, and the associated voting interests, remained with Volcan and the investment would mature in two tranches in April 2020 and October 2020. As part of the agreement, CIHL also received a put option (embedded derivative) from the aforementioned subsidiary, the value of which was not material at initial recognition. In February 2019, certain terms of the aforesaid agreement were modified, and it was converted into a biparty agreement between CIHL and Volcan. The revision in the terms did not have any material effect on the fair value of the instrument on that date.
As per the revised agreement, if the share price of AA Plc remain above the Put exercise price, CIHL would be entitled to an amount determined based on the share price of AA Plc multiplied by 14.6 million and 10.1 million shares respectively on the aforementioned two maturity dates. Alternatively, CIHL also has an option to realise the instrument for US$ 358 million (GBP 274 million) and US$ 247 million (GBP 189 million) on the respective maturity dates

(7) During the previous year, the Company has paid an amount of $150.6m to acquire control in AvanStrate Inc., Japan and its two subsidiaries AvanStrate, Taiwan ("AST") and AvanStrate, Korea ("ASK"). As a part of the integrated transaction, the Company has entered into put, call, conversion option (refer note 7 for further details) and acquired financial instruments having a face value of $201.4m (March 2018: $203.1m) and $112.4m (March 2018: $117.7m) 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.

Subsequent to year end, the terms of interest payments have been amended vide agreement dated 30th April'2019. As per the modified terms, the interest payments which were earlier due in April'2019 and October'2019 have been extended to April'2020.

17 Related Party Transactions (continued)

(8) The Company reimbursed consultancy expenses of $0.8m to its intermediate parent company Vedanta Resources Limited in the previous year. The said expenses have been capitalised along with the investment made in ASI. Refer note 7

(9) The Company has paid fees for consultancy services to KMP of AvanStrate Inc. amounting to $0.8m and have an amount outstanding of $0.03m.

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

Remuneration of key management personnel
Arvind Giri received remuneration of $0.04m (31 March 2018: $0.2m) from the Company during the year.
Professional fees paid to the consultants for their directorship services to the Company amounted to $0.01m (year ended 31 March 2018: $0.01m)

18 Financial Risk Management: Objectives and Policies

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

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

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. During the year, the Company has entered into forward contract. 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 2019, the Group has taken a loan facility of $379.3m (31 March 2018: 431.0m). The Group also has uncommitted secured working capital facility worth $25.0m (31 March 2018: $25.0m). As at 31 March 2019, there were no outstanding amounts under these facilities. In addition, as at 31 March 2019, the Group had $ nil of trade finance facilities (31 March 2018: $nil) in place to cover the issue of bank guarantees / letter of credit. Fixed rates of bank commission and charges apply to these facilities. As of 31 March 2019 there were no outstanding amounts under the facility (31 March 2018: $ nil).

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

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

18 Financial Risk Management: Objectives and Policies (continued)

Liquidity risk (continued)

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:

At 31st March 2019	< 1 year	1-3 years	3-5 years	>5 years	Total
Liability for structured investment	155,620,281	143,624,361	-	-	**299,244,642**
Other Payables	6,332,476	19,278,968	-	-	**25,611,444**
Borrowings*	379,302,212	-	-	-	**379,302,212**
At 31st March 2018	**< 1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Other Payables	3,789,634	-	14,925,161	-	**18,714,795**
Borrowings*	66,224,769	243,607,332	166,921,859	-	**476,753,960**

* includes contractual interest payment of $nil (March 2018: $45.8m) based on interest rate prevailing at the end of the reporting period

At 31 March 2019, the Company has access to the following funding facilities:

At 31st March 2019	Total facility	Drawn	Undrawn
Fund/Non-fund based	652,892,661	652,892,661	-
Total	**652,892,661**	**652,892,661**	-
At 31st March 2018	**Total facility**	**Drawn**	**Undrawn**
Fund/Non-fund based	431,000,000	431,000,000	-
Total	**431,000,000**	**431,000,000**	-

Interest rate risk

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

The Cairn India Holdings Group has short term borrowing of $379.3m towards Oil and Gas business.. The borrowing is linked to floating rates. Further short/medium-term borrowing arrangements are available at floating rates. The treasury functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. However, no such instruments have been used by the Company during the current and previous year. The Company also has a loan receivable from AvanStrate Inc. along with AvanStrate Korea and THL Zinc Holding BV amounting to $175.6m and $85.1m respectively

18 Financial Risk Management: Objectives and Policies (continued)

Interest rate risk (continued)

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

	31 March 2019			31 March 2018		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Assets	279,439,362	290,636,041	963,842,342	152,542,674	804,781,077	32,826,201

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

	31 March 2019			31 March 2018		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial liabilities	382,487,953	-	321,670,345	426,327,795	-	18,714,795

Considering the net debt position with respect to floating rate instruments as at 31 March 2019 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% change in interest rate of floating rate borrowings on profit/(loss) and represents management's assessment of the possible change in interest rates.

	31 March 2019	31 March 2018
Change in interest rates	**Effect on profit**	**Effect on profit**
0.5%	(515,243)	(1,368,926)
1.0%	(1,030,486)	(2,737,851)
2.0%	(2,060,972)	(5,475,702)

18 Financial Risk Management: Objectives and Policies (continued)

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 March 2019		31 March 2018	
	Financial Assets	**Financial Liabilities**	Financial Assets	Financial Liabilities
USD	**659,189,690**	**385,634,687**	805,251,225	429,123,733
JPY	**184,015,460**	**19,278,968**	184,893,150	14,925,161
GBP	**690,705,356**	**299,244,643**	-	-
Others	**7,239**	**-**	5,577	993,696
Total	**1,533,917,745**	**704,158,298**	990,149,952	445,042,590

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 March 2019	
	Closing exchange rate ($)	**Effect of 10% strengthening of US dollar on net earning**
JPY	110.64	16,548,814
GBP	1.31	39,146,071

18 Financial Risk Management: Objectives and Policies (continued)

Foreign currency risk (continued)

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

	31 March 2018	
	Closing exchange rate (JPY/$)	**Effect of 10% strengthening of US dollar on net earning**
JPY	105.69	16,996,799

The sensitivities are based on financial assets and liabilities held at 31 March 2019 and 31 march 2018 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 Cairn India Holdings Group. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The respective Boards continually re-assess the Group's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

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

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

Equity price risk

As at 31 March 2019, the Company held economic interest in a structured investment for the equity shares of Anglo American Plc (AA Plc), a company listed on the London Stock Exchange, having fair value of US$ 690 million (31 March 2018: Nil). The instrument is exposed to equity price movements of AA Plc, subject to a put option embedded therein (Refer note 17).
Set out below is the impact of 10% increase/ decrease in equity prices on pre-tax profit/ (loss) for the year and pre-tax equity as a result of changes in value of the investment:

Financial asset investment	**Total exposure fair value**	**Effect on pre-tax profit/(loss) of a 10% increase in the equity price**	**Effect on pre-tax profit/(loss) of a 10% decrease in the equity price**
Structured investment	689,831,032	60,000,000	(28,000,000)

The above sensitivities are based on change in price of the underlying equity shares of AA plc and provide the estimated impact of the change on profit and equity assuming that all other variables remain constant.

18 Financial Risk Management: Objectives and Policies (continued)

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 2019.
The Company's capital and net debt were made up as follows:

	31 March 2019	31 March 2018
	$	$
Cash and cash equivalents	**159,722,003**	2,630
Short-term investments and bank deposits	**410,372,275**	805,228,111
Less: Current maturities of long term borrowings	**(379,302,212)**	(51,595,168)
Less: Long term borrowings	**-**	(374,732,627)
Net funds	**190,792,066**	378,902,946
Equity	**1,513,520,947**	1,227,699,005
Total capital	**1,704,313,014**	1,606,601,951
Gearing	**11.2%**	23.6%

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

As at March 2019	**Fair value through profit or loss**	**Amortised cost**	**Total carrying value**	**Total fair value**
	$	**$**	**$**	**$**
Cash and cash equivalents		159,722,003	159,722,003	159,722,003
Short-term investments and bank deposits	391,092,996	19,279,279	410,372,275	410,372,275
Other receivables (including non-current)	133,682,383	131,113,639	264,796,022	264,796,022
Financial asset investment*	689,831,032	-	689,831,032	689,831,032
Financial instruments (derivatives)	9,196,413	-	9,196,413	9,196,413
	1,223,802,824	**310,114,921**	**1,533,917,745**	**1,533,917,745**

*represents structured investment (refer note 17)
All of the above financial assets are unimpaired. An analysis of the ageing of amounts owed is provided in note 8

19 Financial Instruments (continued)

Financial liabilities As at March 2019	Fair value through profit or loss $	Amortised cost $	Total carrying value $	Total fair value $
Other payables *	-	305,577,118	305,577,118	305,577,118
Financial instruments (derivatives)	19,278,968		19,278,968	19,278,968
Short term borrowings		379,302,212	379,302,212	379,302,212
Long term borrowings	-	-	-	-
	19,278,968	**684,879,330**	**704,158,298**	**704,158,298**

* Includes $299m pertaining to structured investment (Refer note 17)

Financial assets

	Carrying amount 31 March 2018 $	Fair value 31 March 2018 $
Cash and cash equivalents	**2,630**	**2,630**
Short-term investments and bank deposits	**805,228,111**	**805,228,111**
Other receivables (including non-current)	**152,121,701**	**152,121,701**
Financial instruments (derivatives)	**32,797,510**	**32,797,510**
	990,149,952	**990,149,952**

Financial liabilities

	Carrying amount 31 March 2018 $	Fair value 31 March 2018 $
Other payables	**3,789,634**	**3,789,634**
Financial instruments (derivatives)	**14,925,161**	**14,925,161**
Current maturities of long term borrowings	**51,595,168**	**51,595,168**
Long term borrowings	**374,732,627**	**374,732,627**
	445,042,590	**445,042,590**

Investments in equity of subsidiaries, associates and joint ventures which are carried at cost are not covered under IFRS 7 and hence not been included above.

19 Financial Instruments (continued)

Fair value hierarchy
IFRS 7 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).

Particulars	As at 31 March 2019		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
Short-term investments	311,630,612	79,462,384	-
Financial asset investments (structured investment) held at fair value	-	689,831,032	-
Other receivables (including non-current)			133,682,383
Financial instruments (derivatives)	-	3,603,433	5,592,980
Total	311,630,612	772,896,849	139,275,363

Particulars	As at 31 March 2019		
	Level 1	Level 2	Level 3
Financial Liabilities			
At amortised cost			
Borrowings	-	379,302,212	-
Liability for structured investment	-	299,244,643	-
At fair value through profit or loss			
Financial instruments (derivatives)	-	-	19,278,968
Total	-	678,546,855	19,278,968

Particulars	As at 31 March 2018		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
Held for trading	447,035	390,410,652	-
Financial instruments (derivatives)	-	-	32,797,510
Total	447,035	390,410,652	32,797,510

19 Financial Instruments (continued)

Fair value hierarchy (continued)

Particulars	**As at 31 March 2018**		
	Level 1	**Level 2**	**Level 3**
Financial Liabilities			
At amortised cost			
Borrowings	-	**426,327,795**	-
At fair value through profit or loss			
Financial instruments (derivatives)	-	-	**14,925,161**
Total	-	**426,327,795**	**14,925,161**

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.
- 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: Listed bonds are fair valued based on the prevailing market price. 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 Group 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 2019 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.

19 Financial Instruments (continued)

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 2019, recorded within financial instruments (derivative) is as follows:

	As at 31 March 2019		As at 31 March 2018	
	Liabilities	Asset	Liabilities	Asset
Current				
Non Qualifying hedges				
- Forward foreign currency contracts	-	3,603,433	-	-
Total	**-**	**3,603,433**	**-**	**-**
Non-current				
Non Qualifying hedges				
- Other				
Put option	19,278,968	-	14,925,161	-
Conversion option	-	5,592,980	-	32,797,510
Total	**19,278,968**	**5,592,980**	**14,925,161**	**32,797,510**
Grand total	**19,278,968**	**9,196,413**	**14,925,161**	**32,797,510**

20 Ultimate Parent Company

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

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

21 Segment reporting

The Company has no segment to report as per IFRS 8 "Operating Segments"

23 Other disclosures

Bank guarantee issued against liabilities for structured investment worth US$ 277 million. Liability of US$ 299 million pertaining to above mentioned structured investment has been shown under Trade and other payables (Refer note 14).

24 Subsequent events

- Subsequently to year end, the Company received dividend of $254.6m from Cairn Energy Hydrocarbons Limited and has paid dividend of $ 300m to Vedanta Limited.

- In July 2019, Company has liquidated structured investment representing economic interest in Anglo American PLC shares which are held by its ultimate parent, Volcan Investments Limited for a total gain, from the date of its purchase, of USD 97.6m (GBP 80 million).

- Company's Board on 2nd September 2019 has approved the buyback of shares from Vedanta Limited for value of upto USD 1,100 million subject to receiving a special resolution from Vedanta Ltd accepting the buyback offer. As on date, the required approvals are awaited, and no transaction has taken place.

- Company has repaid term loan amounting to $379.3m and has availed borrowing facility of USD 500m out of which USD 175m has been disbursed by lender to the Company as on date.