Registered number: SC255308

CAIRN ENERGY GUJARAT BLOCK 1 LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Cairn Energy Gujarat Block 1 Limited

Directors:

Hitesh Vaid
Vikash Jain

Auditors:

MHA MacIntyre Hudson
6th Floor
2 London Wall Place
London
EC2Y 5AU

Company Secretaries

Resigned w.e.f. February 15, 2021
Accomplish Secretaries Limited
3rd Floor, 11-12 St, James's Square
London
SW1Y 4LB

Appointed w.e.f. February 15, 2021
Amicorp (UK) Secretaries Limited
(Company Number: 04194501),
3rd Floor, 5 Lloyds Avenue,
London, EC3N 3AE

Registered Office:

272 Bath Street,
Glasgow G2 4JR,
Scotland

Registered No:

SC255308

Cairn Energy Gujarat Block 1 Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2021. The Company has taken advantage of the small companies' exemption from preparing a Strategic Report.

Principal Activities and Business Review

The Company's principal activity is the exploration for and development and production of oil and gas.

The Company did not have any operation during the year ended 31 March 2021. During the year, the Company earned a pre-tax profit of $1,982(Year ended 31 March 2020: profit of $6,838). No dividend has been paid or declared in respect of the year ended 31 March 2021 and 31 March 2020.

The Company did not trade during the year ended 31 March 2021. A similar outlook is expected for 2021-22.

Risk Factors

Exchange Rates
As majority of company's financial instruments are denominated in US dollar currency, change in the US dollar currency will not have a material impact on the profit/(loss) account

Financial Instruments

For details of the Company's financial risk management objectives and policies see note 11 of the Notes to the Accounts.

Going Concern

The directors have considered the factors relevant to support a statement on going concern. Company has received letter of support from its parent company Cairn India Holdings Limited to provide funds whenever required for the next 12 months from the approval of the financial statements. Based on the support letter Directors 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;

Pankaj Kalra (resigned on 22nd April 2019)
Sharad Kothari (w.e.f.22nd April 2019 & resigned on 25th June 2020)
Hitesh Vaid (w.e.f. 25th June 2020)
Pooja Yadava (w.e.f.25th June 2020 and resigned w.e.f. 12th January 2021)
Vikash Jain (w.e.f. 15th January 2021)

Charitable and Political Donations

The Company did not make any political or charitable contributions in UK during the year ended 31 March 2021 (Year ended 31 March 2020: $nil).

Creditors Payment Policy

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

Cairn Energy Gujarat Block 1 Limited

Disclosure of Information to Auditors

The directors of the Company who held office at 31 March 2020 confirm, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and that the Company's auditors are aware of this information.

By Order of the Board

Hitesh Vaid

ASF Center, Tower A,
362-363, Jwala Mill Road, Phase IV,
Udyog Vihar, Sector 18, Gurugram,
Haryana 122016

Date:28th July 2021

Cairn Energy Gujarat Block 1 Limited

Directors' Responsibility Statement

The directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom law and those international accounting standards in conformity with Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Vedanta Limited's website.

Opinion

We have audited the financial statements of Cairn Energy Gujarat Block 1 Limited (the 'Company') for the year ended 31 March 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management and entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with law and regulations;

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rational of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

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

Rakesh Shaunak FCA

Senior Statutory Auditor
for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditor

2 London Wall Place

London
EC2Y 5AU
Date: 30 July 2021

Cairn Energy Gujarat Block 1 Limited

Income Statement
For the year ended 31 March 2021

	Notes	Year ended March 2021 $	Year ended March 2020 $
Administrative expenses		-	-
Operating loss		-	-
Finance income	3	1,982	7,118
Finance costs	4	-	(280)
Profit before taxation		**1,982**	**6,838**
Taxation	5	**(375)**	**(1,284)**
Profit for the year		**1,607**	**5,554**

Cairn Energy Gujarat Block 1 Limited

Statement of Comprehensive Income
For the year ended 31 March 2021

	Year ended March 2020 $	Year ended March 2019 $
Profit for the year	1,607	5,554
Total comprehensive income for the year	1,607	5,554

Cairn Energy Gujarat Block 1 Limited

Balance Sheet
As at 31 March 2021

	Notes	31 March 2021 $	31 March 2020 $
Current assets			
Cash & cash equivalent	6	**10,729**	723
Bank deposits	6	**264,535**	272,558
Total assets		**275,264**	273,281
Current liabilities			
Trade and other payables	8	**(1,251)**	(1,246)
Income tax liabilities	5	**(1,657)**	(1,284)
Total liabilities		**(2,907)**	(2,530)
Net assets		**272,357**	270,751
Equity			
Called-up share capital	7	**234,561**	234,561
Other equity		**458,634**	458,634
Retained earnings		**(420,463)**	(422,444)
Total equity attributable to the equity holders		**272,357**	270,751

The financial statements were approved by the Board of Directors and were signed on its behalf by

Hitesh Vaid
28th July 2021

Cairn Energy Gujarat Block 1 Limited

Statement of Cash Flows
For the year ended 31 March 2021

	Note	Year ended March 2021 $	Year ended March 2020 $
Cash flows from operating activities			
Profit before taxation		**1,982**	6,838
Finance income	3	**(1,982)**	(7,118)
Finance costs	4	**-**	280
Operating cash flows before movements in working capital		**-**	-
Increase/(decrease) in payables		**1,251**	1,246
Cash generated from operations		**1,251**	1,246
Income taxes paid		**(1,251)**	(1,246)
Net cash from/(used in) operating activities		**-**	-
Cash flows from investing activities			
Deposits made during the year		**(264,244)**	(539,542)
Redemption made during the year		**271,542**	533,221
Interest received		**2,708**	7,699
Net cash from/(used in) investing activities		**10,006**	1,378
Cash flows from financing activities			
Bank fees	4	**-**	(280)
Net cash used in financing activities		**-**	(280)
Net increase/(decrease) in cash and cash equivalents		**10,006**	1,098
Cash and cash equivalents at the beginning of the year		**723**	(375)
Cash and cash equivalents at the end of the year	6	**10,729**	723

Cairn Energy Gujarat Block 1 Limited

Statement of Changes in Equity

For the year ended 31 March 2021

Particulars	Share Capital (Note 9) $	Other Equity* $	Retained Earnings # $	Total $
At 1st April 2019	234,561	458,634	(427,998)	265,197
Profit for the year			5,554	5,555
Total comprehensive income for the year				
At 31 March 2020	**234,561**	**458,634**	**(422,444)**	**270,752**
At 1st April 2020	234,561	458,634	(422,444)	270,752
Profit for the year			1,607	1,607
Total comprehensive income for the year				
At 31 March 2021	**234,561**	**458,634**	**(420,837)**	**272,357**

* Other equity represents waiver of intergroup balances and these are non-distributable.
# Retained earning represents accumulated losses and are distributable.

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

1 Accounting Policies

a) Basis of preparation

The financial statements of the Company for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 26 July 2021. The Company is a private company incorporated and domiciled in Scotland. The registered office is located at Amicorp (UK) Secretaries Limited 272 Bath Street, Glasgow G2 4JR, Scotland.

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

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 11 and 12 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 its exposures to credit risk and liquidity risk.

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.

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle and
- held primarily for the purpose of trading and
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle and
- it is held primarily for the purpose of trading and
- it is due to be settled within twelve months after the reporting period or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities are classified as non-current.

b) Accounting standards

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of Companies Act 2006 as they apply to the year ended 31 March 2021.

The Company has adopted all new or amended and revised accounting standards and interpretations ('IFRSs') as per UK adopted IFRS effective for the year ended 31 March 2021 Based on an analysis by the Company, the application of the new IFRSs has not had a material impact on the financial statements in the current reporting period and we do not anticipate any significant impact on future periods from the adoption of these new IFRSs .

Cairn Energy Gujarat Block 1 Limited

Notes to the Accounts (continued)

For the year ended 31 March 2021

1 Accounting Policies (continued)

b) Accounting standards (continued)

Standards issued but not yet effective

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

c) Presentation currency

The functional and presentation currency of the Company is US Dollars ("$"). The Company's policy on foreign currencies is detailed in note 1(e). All amounts have been rounded to the nearest dollar, unless otherwise indicated.

d) Finance income

Interest income

Interest income is recognised using the effective interest rate method, accounted for as finance income in the Income statement.

e) 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)

Rates of exchange to $1 were as follows:

	31 March 2021	**Average Year ended March 2021**	31 March 2020	Average Year ended March 2020
Sterling	0.726	0.761	0.808	0.786
Indian Rupee	73.297	74.1056	74.811	70.860

f) 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

A) Initial recognition and measurement

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.

1 Accounting Policies (continued)

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

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

B) 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
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.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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 financial assets measured at amortised cost is described below:
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.

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.
The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

ii) Financial liabilities

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

1 Accounting Policies (continued)

f) **Financial instruments – initial recognition and subsequent measurement (continued)**

The Company's financial liabilities consists of trade and other payables.
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost (Trade 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) 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.

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

h) **Liquid Investments and bank deposits**
Liquid investments represent short-term investments that do not meet the definition of cash and cash equivalents for one or more of the following reasons:

i) They have a maturity profile greater than 90 days;
ii) They may be subject to a greater risk of changes in value than cash;
iii) They are held for investment purposes.

These include short term marketable securities and other bank deposits.

Short term marketable securities are categorised as held for trading and are initially recognised at fair value with any gains or losses arising on remeasurement recognised in the income statement.

Other bank deposits are subsequently measured at amortised cost using the effective interest method.
The value of trading investments incorporates any dividend and interest earned on the held for trading investments.

i) **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. Deferred tax assets and deferred tax liabilities are measured using rates and laws enacted or substantively enacted at the reporting date that are expected to apply when the associated temporary differences reverse. 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

1 Accounting Policies (continued)

i) Taxation (continued)

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

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.

j) Equity Instruments

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

k) Key estimations and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

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

2 Operating Profit

a) Auditors' remuneration

Fees amounting to $6,578 (year ended March 2020: $5,925) are payable to the Company's auditors for the audit of the Company's annual accounts and are payable by another group company.

The Company has a system in place for the award of non-audit work to the auditors which, in certain circumstances, requires Audit Committee approval.

Cairn Energy Gujarat Block 1 Limited

Notes to the Accounts
For the year ended 31 March 2021

3 Finance Income

	Year ended March 2021 $	Year ended March 2020 $
Interest income on bank deposits	1,982	7,118
	1,982	7,118

4 Finance Costs

	Year ended March 2021 $	Year ended March 2020 $
Bank Charges	-	269
Exchange (Loss)/Gain	-	4
Bank interest	-	7
	-	280

5 Taxation

Factors affecting tax charge for period
A reconciliation of income tax expense applicable to profit/(loss) before tax at the applicable tax rate to tax expense at the Company's effective tax rate is as follows:

	Year ended March 2021 $	Year ended March 2020 $
Profit before taxation	1,982	6,838
Corporation tax at the standard UK rate of 19%	376	1,299
Effects of:		
Utilization of group taxation relief	(1)	(15)
Total tax charge	375	1284

The UK Government has announced in Budget 2020 that the Corporate tax rate for the years starting 1st April 2020 and 2021 would remain at 19% which was substantively enacted into UK law on 17th March 2020.

6 Net Funds

	Year ended March 2021 $	Year ended March 2020 $
Bank deposits	264,535	272,558
Total	264,535	272,558

Cairn Energy Gujarat Block 1 Limited

Notes to the Accounts (continued)

For the year ended 31 March 2021

6. Net Funds (continued)

Cash at bank earns interest at floating rates based on bank deposit rates. For the purpose of cash flow statement, cash and cash equivalents include bank overdraft.

	Year ended March 2021 $	Year ended March 2020 $
Cash and Cash Equivalents	10,729	723
Bank overdraft	-	
Total	10,729	723

7 Share Capital

	31 March 2021 £1 Ordinary Number	31 March 2020 £1 Ordinary Number
Authorised ordinary shares	5,100,000	5,100,000

	31 March 2021 £1 Ordinary Number	31 March 2021 £1 Ordinary $	31 March 2020 £1 Ordinary Number	31 March 2020 £1 Ordinary $
Allotted, issued and fully paid ordinary shares	141,667	234,561	141,667	234,561

Rights and obligations attaching to the shares

The Company's Share Capital is divided into Ordinary Shares as defined under the Companies Act 2006.
The rights and obligations attaching to these Ordinary Shares are in accordance with the Articles of Association and applicable provisions of tl Companies Act 2006 (including any amendments thereof).

8 Trade and other payables

	Year ended March 2021 $	Year ended March 2020 $
Amounts owed to group companies	1,251	1,246
Total	1,251	1,246

9 Capital Commitments

There are no capital commitments as at the year ended 31 March 2021 (31 March 2010: nil).

Cairn Energy Gujarat Block 1 Limited

Notes to the Accounts (continued)
For the year ended 31 March 2021

10 Related Party Transactions

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

	Year ended March 2021 $	Year ended March 2020 $
Transactions during the period		
Tax paid on behalf of the company	1,251	1,246

Name of Related party	Relationship
Cairn Energy Hydrocarbons Limited	Group Company

Outstanding balances		
Balances amounts owed to Cairn Energy Hydrocarbons Limited	1,251	-

Remuneration of key management personnel

Being in the non-executive position, none of the directors active during the years were not entitled for any remuneration from the Company. No remuneration has been paid to any of the directors by the Company.

11 Financial Risk Management: Objectives and Policies

Cairn India Holdings Limited, Company's immediate Parent, manages the financial risk of the Company along with of other subsidiaries within its control.

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

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

The Company may, from time to time opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. Derivative financial instruments have not been used throughout the year ended 31 March 2020. It is, and has been throughout the period under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

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

Liquidity risk

The Company does not have any operations and is dependent on its Holding Company / Group companies for meeting its short / medium term expenditure requirements. The Company has a policy of putting its surplus cash in a combination of money market liquidity funds, fixed term deposits, mutual funds and marketable bonds with a number of international and Indian banks, financial institutions and corporates to ensure sufficient liquidity to enable the Company to meet its short/medium-term expenditure requirements

11 Financial Risk Management: Objectives and Policies (continued)

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

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

(in $)

At 31st March 2021	< 1 year	1-3 years	3-5 years	>5 years	Total
Trade and other Payables	1,251	-	-	-	1,251
Total	**1,251**	-	-	-	**1,251**
At 31st March 2020	**< 1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade and other Payables	1,246	-	-	-	1,246
Total	1,246	-	-	-	1,246

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

Short/medium-term borrowing arrangements are available at floating rates. The treasury functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. At this time, however, there are no such instruments (31 March 2020: $nil).

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

(in $)

	31 March 2021			31 March 2020		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial Assets	-	264,244	11,020	-	271,542	1,739

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

(in $)

	31 March 2021			31 March 2020		
	Floating rate	**Fixed rate**	**Non-interest bearing**	**Floating rate**	**Fixed rate**	**Non-interest bearing**
Financial liabilities	-	-	1,251	-	-	1,246

11 Financial Risk Management: Objectives and Policies (continued)

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

In order to minimise the Company's exposure to foreign currency fluctuations, currency assets are matched with currency liabilities by borrowing or entering into foreign exchange contracts in the applicable currency if deemed appropriate. The loan facilities are multi-currency and allow drawings denominated in US dollars, Sterling, Euro or such other currency as may be agreed between the lenders and the Company from time to time.

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

The carrying amount of the Company's financial assets and liabilities in different currencies are as follows:

	31 March 2021 Financial Assets	31 March 2021 Financial Liabilities	31 March 2020 Financial Assets	(in $) 31 March 2020 Financial Liabilities
USD	275,264	-	273,281	
GBP	-	1,251	-	1,246
Total	275,264	1,251	273,281	1,246

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. As majority of company's financial instruments are denominated in US dollar currency; change in the US dollar currency will not have a material impact on the profit/(loss) account

Credit risk
Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the Board approved policies of the 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 in note 7.

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

Capital Management

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

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return

Capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during the year ended 31 March 2021.
The company has $ nil borrowings as at 31 March 2021.

Cairn Energy Gujarat Block 1 Limited

Notes to the Accounts (continued)

For the year ended 31 March 2021

12. Financial instruments

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2021 and 31 March 2020, the Company had no financial instruments in level 1, 2 or 3.

13 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Cairn India Holdings Limited. Vedanta Resources Limited is the intermediary holding company. The ultimate controlling party of the Group is Volcan (Volcan Investments Limited and its wholly owned subsidiary Volcan Investments Cyprus Limited), which is beneficially owned by the Anil Agarwal Discretionary Trust.

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 are available on its website.