Energy for India

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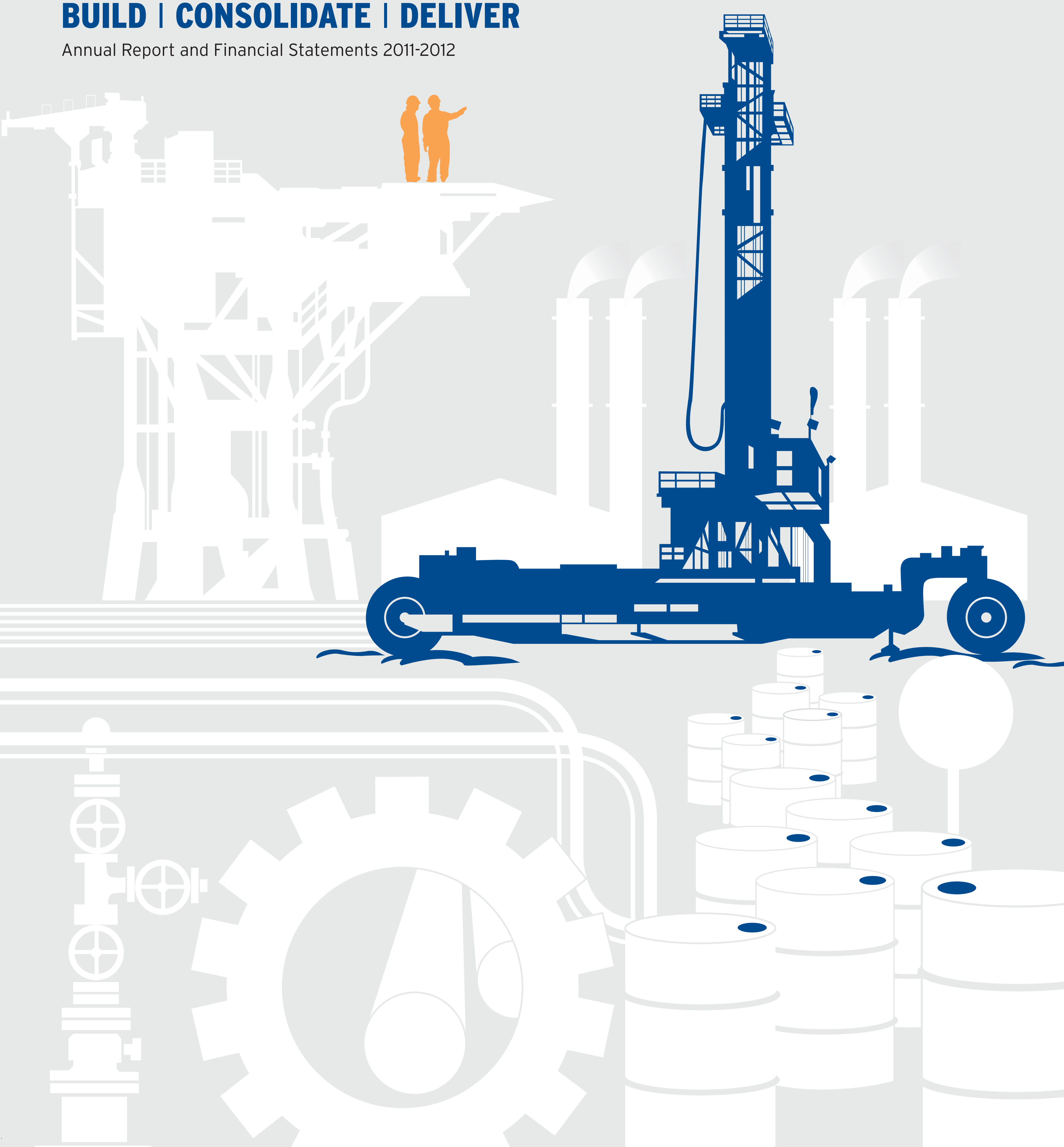
Annual Report and Financial Statements 2011-2012



FY2012

Q1

Average daily gross operated production at 171,801 boe

RJ-ON-90/1
Saraswati field commenced production at the end of May 2011

More than 11 million barrels (mm bbls) of crude oil safely delivered through the pipeline

Gross cumulative Rajasthan development capital expenditure stood at US$ 3,115 million

KG-ONN-2003/1
The JV entered Phase-II of the exploration period

Ravva
Infill drilling campaign completed; infill programme met the objective of slowing down production decline

Cumulative crude sales in excess of 50 mm bbls to Indian refiners

Q2

Average daily gross operated production at 169,944 boe

Cairn India shareholders approve the acceptance of conditions imposed by the Government of India (GoI) for the Cairn PLC and Vedanta transaction

RJ-ON-90/1
Completed two years of production from the Mangala field

Mangala Development Pipeline Project declared runners-up in "Project of the Year" award organised by Project Management International

Sri Lanka
CLPL-Dorado-91H/1z well was the first ever exploration well drilled in Sri Lanka in 30 years and also the first with a hydrocarbon discovery

Discovery and establishment of a working hydrocarbon system in the Mannar Basin; success in the first well of the three well programme

Q3

The Vedanta Group now holds 59% of the issued share capital of the company

RJ-ON-90/1
Aishwariya field development underway; EPC contractors engaged

KG-ONN-2003/1
Drilling of an exploration well ongoing to appraise the Nagayalanka discovery

Sri Lanka
Completed Phase I exploration in the frontier Mannar Basin. Three well drilling campaign resulted in two successive discoveries, Cairn Lanka notifies the Government of Sri Lanka of its intention to enter Phase 2 of the exploration period in the block

Others
The company was adjudged the fastest growing energy company in Asia and the fourth fastest growing in the world at the Platts Top 250 Energy Company Awards 2011 at the International Energy Week, Singapore

Rajasthan Operations bagged 12 awards in the "Silver Jubilee Mines Safety Week" function at Bikaner, Rajasthan under the aegis of the Directorate General of Mines Safety (DGMS)

Q4

RJ-ON-90/1
Bhagyam field commenced production on 19 January, 2012

Marginal Oil field Raageshwari commenced production on 8 March, 2012

Rajasthan potential resource for the block is now estimated at 7.3 bn boe gross in-place from 6.5 bn boe gross in-place

Following positive results from the EOR polymer pilot and a decision to submit a Field Development Plan (FDP), 70 mm bbls booked as gross proved and probable reserves

Sales arrangements renewed with buyers for volumes in excess of 175,000 bopd

Others
The Cairn India Dividend Policy was approved by the Board of Directors. The aim is to maintain dividend payout ratio at around 20% of annual consolidated net profit

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Annual Report 2012

Cairn India is one of the largest independent oil and gas exploration and production companies in India. Cairn and its JV partners' account for more than a fifth of India's domestic crude oil production. It has been operating in India for more than fifteen years. Cairn India's producing assets are in Rajasthan, Cambay and Ravva. It has a total of 10 blocks in its portfolio in three strategically focused areas.

From left to right, seated: Mr. Navin Agarwal, Mr. Aman Mehta, Mr. Naresh Chandra

From left to right, standing: Mr Rahul Dhir, Mr. Tarun Jain, Dr. Omkar Goswami, Ms. Priya Agarwal, Mr. Edward Story

Board of Directors

MR. NAVIN AGARWAL
Chairman and Non-Executive Director

Mr. Navin Agarwal, 51, is a Bachelor in Commerce from Sydenham College in Mumbai, India. He is the Deputy Executive Chairman of Vedanta Resources plc and was appointed to its Board in November 2004. Mr. Agarwal has played a key role in strategic planning for Vedanta, and drives the execution of organic growth and acquisitions. He also oversees capital raising initiatives, global investor relations and talent development at the management level, and has over 25 years of experience. He chairs the Vedanta's group Executive Committee. In this role, he provides strategic direction and guides the sharing and implementation of best management practices across the group.

MR. RAHUL DHIR
Managing Director and CEO

Mr. Rahul Dhir, 46, joined Cairn India as an Additional Director and was appointed as the Managing Director and CEO on 22 August, 2006. Mr. Dhir has over 25 years of experience in the Oil and Gas sector covering technology, finance and business leadership. Mr. Dhir started his career as an oil and gas reservoir engineer before moving into investment banking. He has worked at SBC Warburg, Morgan Stanley and Merrill Lynch. Before joining Cairn India, he was the Managing Director and Co-Head of Energy and Power Investment Banking at Merrill Lynch.

Mr. Dhir holds a degree in Bachelor of Technology from the Indian Institute of Technology, Delhi; MSc. from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania.

MR. NARESH CHANDRA
Non-Executive and Independent Director

Mr. Naresh Chandra, 77, is a post graduate (MSc. in Mathematics) from Allahabad University and a retired IAS officer. Previously, Mr. Chandra was Chairman of the Indian Government Committee on Corporate Governance, India's Ambassador to the USA, Senior Advisor to the Prime Minister, Governor of Rajasthan, Cabinet Secretary to the Government of India, and Chief Secretary to the Government of Rajasthan. A reputed administrator and diplomat, Mr. Chandra serves as an independent director on the boards of a number of companies.

MR. EDWARD T STORY
Non-Executive and Independent Director

Mr. Edward T Story, 68, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas and holds a Masters degree in Business Administration from the University of Texas with an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia. He is the Chairman of the North America Mongolia Business Council. Mr. Story has more than 40 years experience in the international oil and gas industry and is the founder, President and Chief Executive Officer of the London Stock Exchange listed SOCO International PLC.

MR. AMAN MEHTA
Non-Executive and Independent Director

Mr. Aman Mehta, 65, is an economics graduate from Delhi University. He has over 35 years of experience in various positions with the HSBC Group. Mr. Mehta occupies himself primarily with corporate governance, with Board and Advisory roles in a range of Companies and Institutions in India as well as overseas. Formerly, he has been a Supervisory Board member of ING Group NV and a Director of Raffles Holdings, Singapore. He is also a member of the governing board of the Indian School of Business, Hyderabad and a member of the International Advisory Board of Prudential of America. He has had a long association with INSEAD where he was a member of their Indian Advisory Council.

DR. OMKAR GOSWAMI
Non-Executive and Independent Director

Dr. Omkar Goswami, 55, holds a Master of Economics Degree from the Delhi School of Economics. He is a D. Phil in Economics from Oxford University. He has taught in several academic institutions in India and abroad; edited one of India's best known business magazines; was the Chief Economist of the Confederation of Indian Industry; and is the Executive Chairman of CERG Advisory Private Limited, a consulting and advisory firm. Dr. Goswami serves as an independent director on the board of a number of companies and has authored various books and research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms.

MS. PRIYA AGARWAL
Non-Executive Director

Ms. Priya Agarwal, 22, has done B.Sc. Psychology with Business Management from the University of Warwick in the UK. She has experience in Public Relations with Ogilvy & Mather and in Human Resources with KornFerry International, Vedanta Resources and HDFC Bank.

MR. TARUN JAIN
Non-Executive Director

Mr. Tarun Jain, 52, is a graduate from the Institute of Cost and Works Accountants of India and a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

He is the Director of Finance of Sterlite Industries (India) Limited. Mr. Jain has over 27 years of experience in corporate finance, accounts, audit, taxation, secretarial and legal matters. He is responsible for Sterlite's strategic financial matters, including corporate finance, corporate strategy, business development and M&As.

Chairman's Letter

Dear Shareholder,

This is my first year as Chairman. I am delighted to have taken over the Chairmanship of your Company and would like to thank my predecessor, Sir Bill Gammell, for his exceptional stewardship of the Company. Cairn India is a great company with a very well established track record. The performance of Cairn India is testament to the strength of our people. Their unrelenting commitment is admirable. Following the completion of the Vedanta Group's purchase of the majority share in Cairn India Limited, your Company is well poised for its next phase of growth.

We are witnessing continuous global economic uncertainty. Global economy, though recovering, has been put under threat by the Eurozone's financial turbulence. These prevailing uncertainties have subdued the oil markets with the resultant impact on prices and volatility. We are living in a very interdependent world. Developing economies like India are especially vulnerable to volatility in oil prices – our import dependence is increasing. With expected growth in demand for oil, it would be critical for the nation to secure energy supplies.

Your Company's world class assets in Rajasthan have played a significant role in securing nation's energy supplies, to the nation's exchequer, and to the development and income generation in the states of Rajasthan and Gujarat. During the year, we reduced oil imports by US$ 6 billion.

FY2012 was an exciting year for your Company. Cairn India reached an important milestone: crude oil production from the Rajasthan block touched 175,000 barrels of oil per day (bopd). Similarly, your Company also commenced production from the Bhagyam, Raageshwari and Saraswati fields in Rajasthan.

Your Company's international foray met with successes. The discoveries in Sri Lanka were the first in 30 years. We have now entered our second phase of exploration.

Your Company's Board of Directors has approved its dividend policy. We aim a dividend payout ratio of around 20 per cent of the annual consolidated net profits to our shareholders.

We operate in an industry, where our commitment to the health and safety of our people and sustainability of the environment and communities in which we work, are very critical. I am committed to meet our world-class standards in safety and operational excellence, and I am quite confident that everyone in Cairn India joins me in that commitment.

The support of the Government of India, the state governments, our joint venture partner ONGC, local communities and key contractors has been a key enabler. I personally thank all for their help. On your behalf, I also wish to thank all employees of your Company for their focus and commitment on finding and producing energy safely, reliably and efficiently.

I remain confident that we will continue to meet India's energy challenges and deliver enduring value for our shareholders. With the talent and commitment of the people of Cairn India, we are strong, resilient, and well-positioned for the future.

Looking forward to FY2013, we remain committed to operate our business efficiently. Your Company is now in a strong position to work towards basin production potential of 300,000 bopd, subject to further investments and approvals from our Joint Venture partner, the Oil and Natural Gas Corporation (ONGC) and the Government of India. Despite the current economic uncertainties, the outlook for oil price remains good and we are preserving our investment trajectory.

We are proud to produce energy for India.
Jai Hind!

Navin Agarwal
Chairman

Date: 20 April, 2012

Managing Director & CEO's Letter

Dear Shareholder,

FY2012 was truly a terrific year for your Company, as the business delivered on all fronts – operations, projects, explorations and financial numbers – while in the midst of considerable on-going uncertainty. This speaks volumes about the robustness of the organisation and its commitment.

The chapter on Management Discussion and Analysis gives the details of your Company's operations during the year. In this letter, allow me to highlight some that have brought me great satisfaction as this Company's Managing Director and CEO. We have seen safe operations across all your Company's assets – with a rigorous focus on health, safety and environment (HSE), asset integrity and operating effectiveness. I am proud to inform you that all the assets had over 98 per cent plant uptime with high standards. The latter was evident in the high operational uptime and low operating costs – resulting in a high EBIDTA.

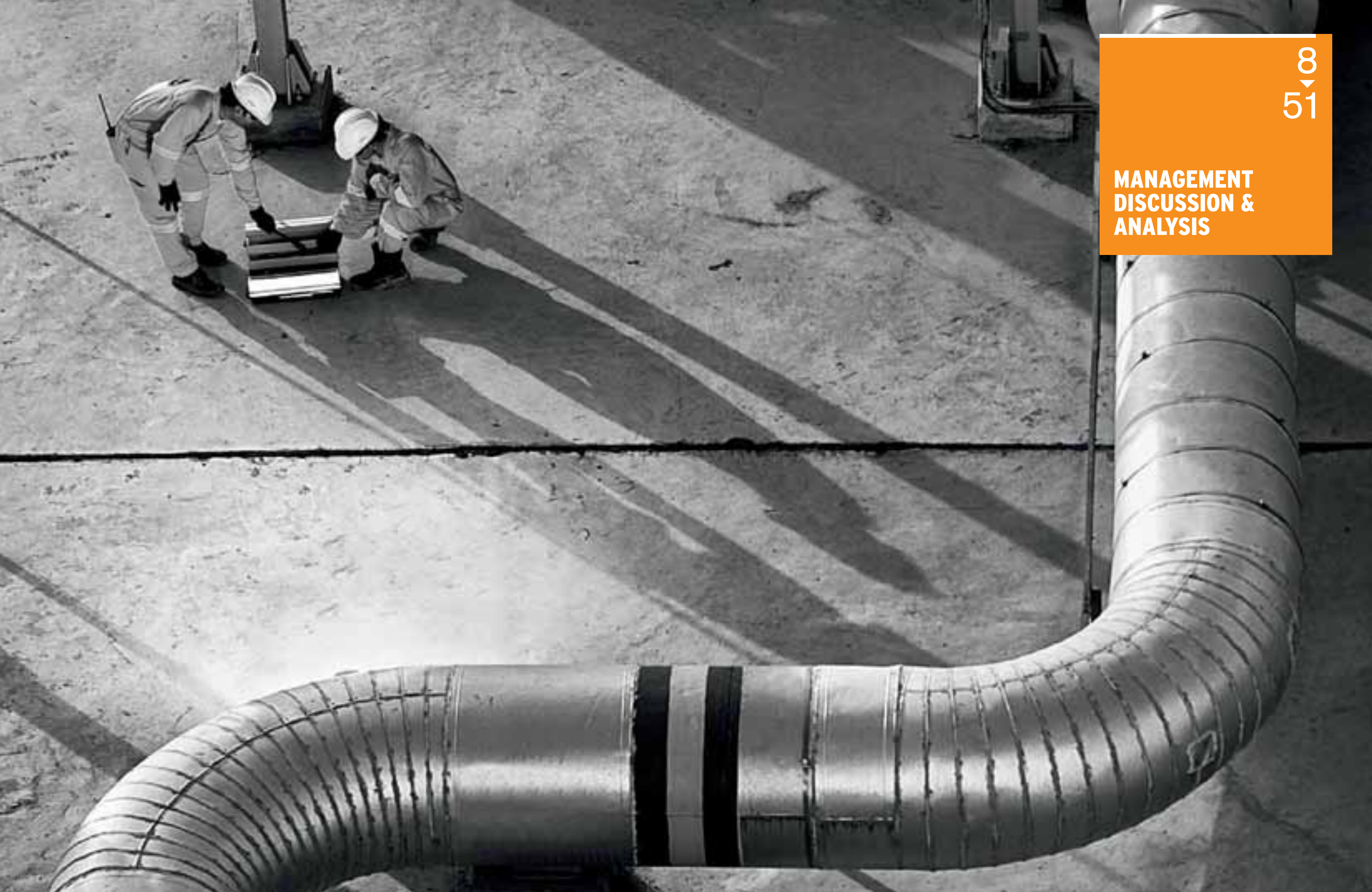
- Despite numerous challenges, the Bhagyam development was completed and the production started in January 2012. Integrated production facilities were scaled up to support production in line with a unified block offtake capability.
- The polymer phase of EOR enhanced oil recovery (EOR) pilot at Mangala has been successful; and your Board of Directors has approved the field development plan (FDP) for a full field implementation of polymer injection in Mangala. As a consequence, we have been able to convert 70 mm bbls from contingent to 2P reserves. This will be one of the largest polymer flood projects in the world – and illustrates how Cairn India is using innovative technologies to enhance recovery and create value for all stakeholders.
- In Rajasthan, extensive technical studies have highlighted over 3.1 billion barrels of oil equivalent (bn boe) in exploration potential. This, along with the 4.2 bn boe of discovered oil in-place supports our vision of producing 300,000 barrels of oil per day (bopd) out of Rajasthan.
- On the exploration front, we have had two sets of discoveries: (i) the frontier exploration programme in the Mannar Basin in Sri Lanka opened real possibilities in an entirely new geography, and (ii) our success in Nagyalanka has established hydrocarbons in the onshore part of the KG basin.
- The business has real sustainable potential – as evidenced by our ability to replace 175 per cent of our production.
- We are uniquely placed to contribute to India. In FY2012, the assets operated by Cairn India contributed US$ 2.4 billion to the exchequer. And oil production from these assets helped reduce oil imports by over US$ 6 billion.
- Average daily gross production increased by 16% – from 149,103 barrels of oil equivalent per day (boepd) in FY2011 to 172,887 boepd in FY2012.
- We have also done well financially. Revenues grew by 15.4% to Rs.118,607 million in FY2012. EBIDTA rose by 10.7% to Rs.92,544 million. PBT increased by 22% to Rs.84,235 million. And PAT rose by 25% to Rs.79,378 million.

I would say that Cairn India has delivered. To the nation. And to its shareholders.

There is more to deliver. With the much needed correct alignment between your Company on the one hand, and its Rajasthan JV partner, ONGC, and the Ministry of Petroleum and Natural Gas, I am confident that more will happen in the years to come. Just as I am confident that the new majority shareholder, the Vedanta Group, will do all that is necessary to accelerate growth, seek new assets, develop greater exploration potential, and create an even more robust foundation for an enterprise that the country can, and should, be proud of.

Rahul Dhir
Managing Director and CEO

Date: 20 April, 2012



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MANAGEMENT DISCUSSION & ANALYSIS

FY2012 saw many achievements in Cairn India Limited ('Cairn India', 'CIL' or 'the Company'). Some of these were:

Completion of Vedanta's purchase of the majority share in Cairn India. With effect from 8 December, 2011, the Vedanta Group became the promoter of the Company.

Approval of Dividend Policy. The CIL Board approved a Dividend Policy that aims to maintain a Dividend payout ratio of around 20% of annual consolidated net profits to its shareholders.

Successful scaling up of production from our Rajasthan fields. After consistently producing at its previously approved rate of 125,000 barrels of oil per day (bopd) for over one and a half years, production from the Mangala field has been ramped up to 150,000 bopd following GoI approval. The Bhagyam field commenced production in January 2012. Including output from two other neighbouring fields, Raageshwari and Saraswati, Cairn India's production from Rajasthan has reached 175,000 bopd.

Sales agreements for larger off-take. Given the increased production from Rajasthan, crude oil sales agreements have been renewed with buyers for volumes in excess of 175,000 bopd for FY2013.

Higher output from all operations in India. The average daily gross operated production in FY2012 from Rajasthan, Ravva and Cambay was 172,887 barrels of oil equivalent per day (boepd). The average price realisation was US$ 102.7 per boe.

Higher revenue and profits. Consolidated annual revenue of the Company was US$ 2.4 billion – or an increase of around 10 per cent over FY2011. Net income was US$ 1.6 billion, representing a growth of 19.4 per cent over the previous year. The earnings per share (EPS) for FY2012 was Rs.41.71, compared to Rs.33.35 in FY2011.

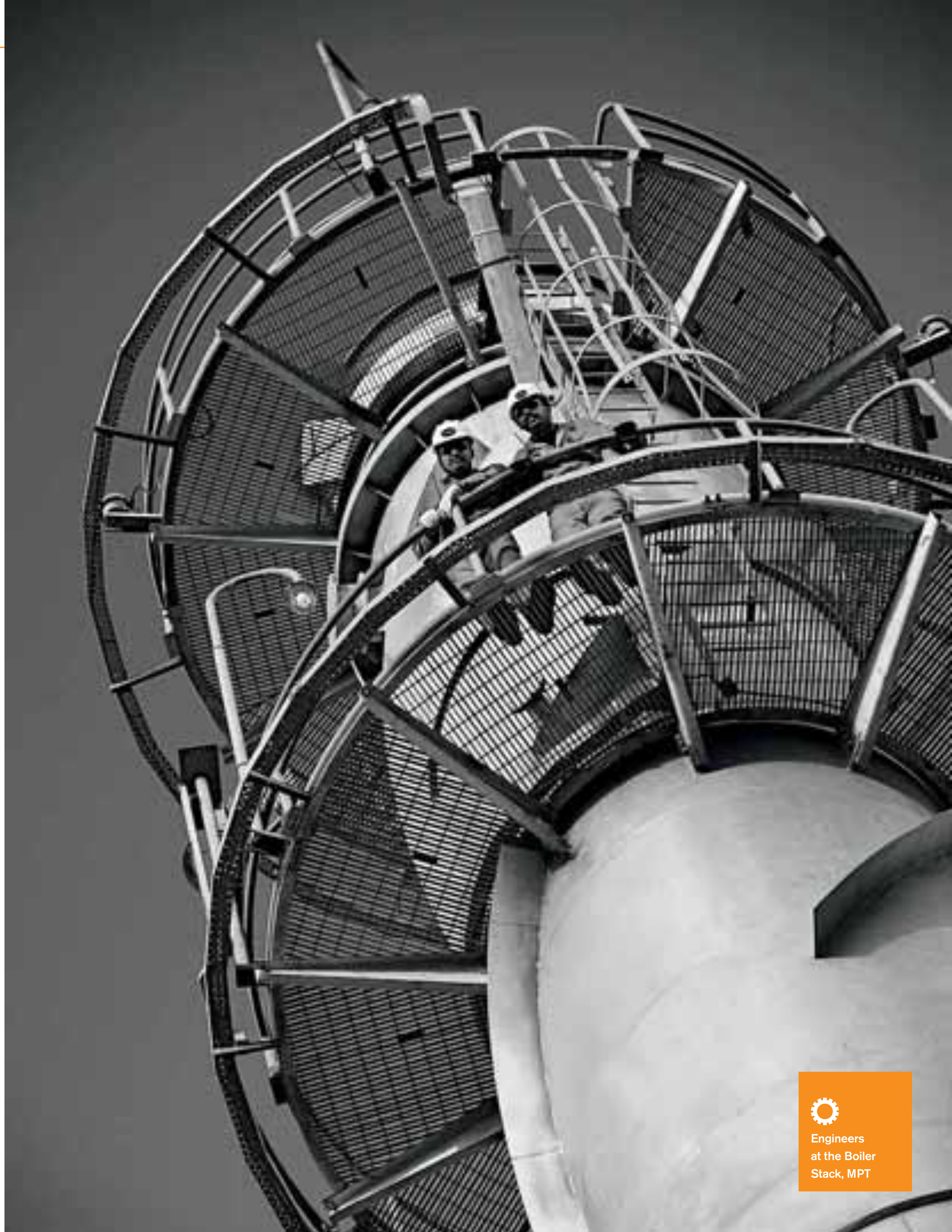
Successful enhanced oil recovery (EOR) Pilot raises proven plus probable (2P) reserves at Rajasthan. The field scale EOR pilot project in Mangala gave positive results. Consequently, Cairn India has booked 2P reserves of 70 mm bbls.

Potentially higher resource base in Rajasthan. After a thorough review, the Rajasthan block's resource potential was estimated at 7.3 bn boe gross in-place. There have been exploration upsides – with the prospective resource base rising from an earlier estimate of 2.5 bn boe gross in-place to 3.1 bn boe gross in-place. The Rajasthan recoverable risked prospective resource is now estimated at 530 mm boe, an increase of 112%.

Higher production potential in Rajasthan. The total resource base in Rajasthan now provides a basin potential to produce 300,000 bopd, subject to further investments and regulatory approvals. This is equivalent to approximately 40% of India's current crude oil production.

Second discovery in the KG Onshore Basin. The Company had a second successful discovery at the KG basin in Andhra Pradesh. This was Nagayalanka-SE-1 in the KG-ONN-2003/1 block. It is the largest onshore discovery in the KG basin to date – with an estimated in-place resource of around 550 mm boe.

Successful discovery in deep sea waters off Sri Lanka. Similarly, Cairn India's Sri Lanka offshore operations had exploration successes. Two out of three wells drilled had discoveries. These discoveries were the first in Sri Lanka in 30 years, and have helped open up the frontier Mannar Basin for future opportunities.



Engineers at the Boiler Stack, MPT

Following a comprehensive review, the Rajasthan block's resource potential was estimated at 7.3 bn boe gross in-place. There have been exploration upsides – with the prospective resource base rising from an earlier estimate of 2.5 bn boe gross in-place to 3.1 bn boe gross in-place

The Rajasthan Project

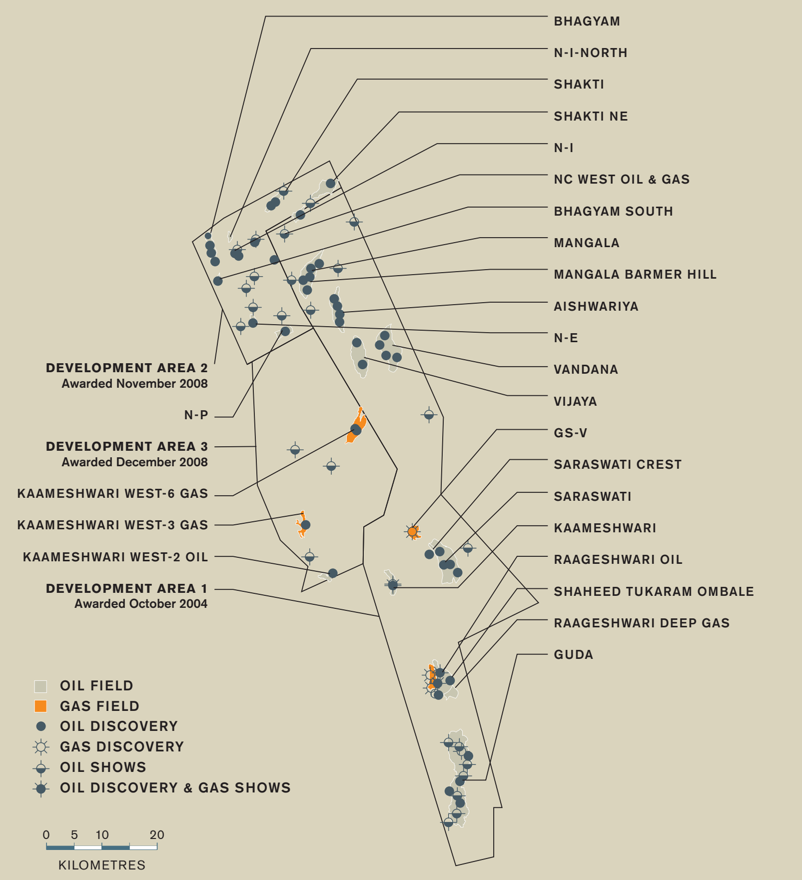
The Rajasthan project is crucial for the nation. Oil production from the project helps the country to reduce significant quantities of oil imports.

The Mangala, Bhagyam and Aishwariya (MBA) fields, among others, constitute Cairn India's key assets in Rajasthan. The MBA are the three largest finds in Rajasthan. The Mangala field – considered to be the largest onshore hydrocarbon find in India in last two decades – was discovered in January 2004. This was followed by discoveries at the Bhagyam and Aishwariya fields. To date, 25 discoveries have been made in the Rajasthan block. Studies indicate that it has further potential for growth. The Production Sharing Contract (PSC) for the project was signed on 15 May, 1995. In 1997, Cairn acquired an interest in the block. In 2002, Cairn acquired 100% of the exploration interest and assumed the role of operator.

Rajasthan Hydrocarbon Resources

As mentioned earlier, during FY2012 Cairn India carried out a comprehensive review of the resource potential of the Rajasthan block. This was done using detailed studies involving innovative technologies and advanced geo-science. In addition, a specialist agency, DeGolyer and MacNaughton (D&M), has conducted a study to arrive at an independent estimate of reserves and contingent resources; it also reviewed the majority of the leads and prospects. D&M also undertook a separate reserves certification exercise on behalf of the RJ-ON- 90/1 joint venture (JV).

- Based on the Company's assessment, the potential resource for the Rajasthan block is now estimated at 7.3 bn boe gross in-place. This is primarily due to an increase in the exploration upside with the prospective resource base now estimated at 3.1 bn boe gross in-place, versus an earlier estimate of 2.5 bn boe gross in-place.
- The Rajasthan recoverable risked prospective resource has increased from 250 mm boe gross to 530 mm boe gross primarily due to generation of additional leads and prospects.
- The Company with ONGC, its JV partner, is working with GoI to obtain the necessary approvals required to carry out further exploration and appraisal activity in the block.
- The discovered resource base has increased from 4.0 bn boe gross in-place to 4.2 bn boe gross in-place. This is due to an increase in the Stock Tank Oil Initially in Place (STOIIP) from Mangala and other Rajasthan fields.
- The Rajasthan block's Expected Ultimate Recovery (EUR) has increased from 1.4 bn boe gross to 1.7 bn boe gross on account of increased recoverable risked prospective resource estimates.
- Given these new evaluations, the total resource base now provides a basin potential to produce 300,000 bopd, subject to further investments and regulatory approvals. This is equivalent to approximately 40% of India's current crude oil production.

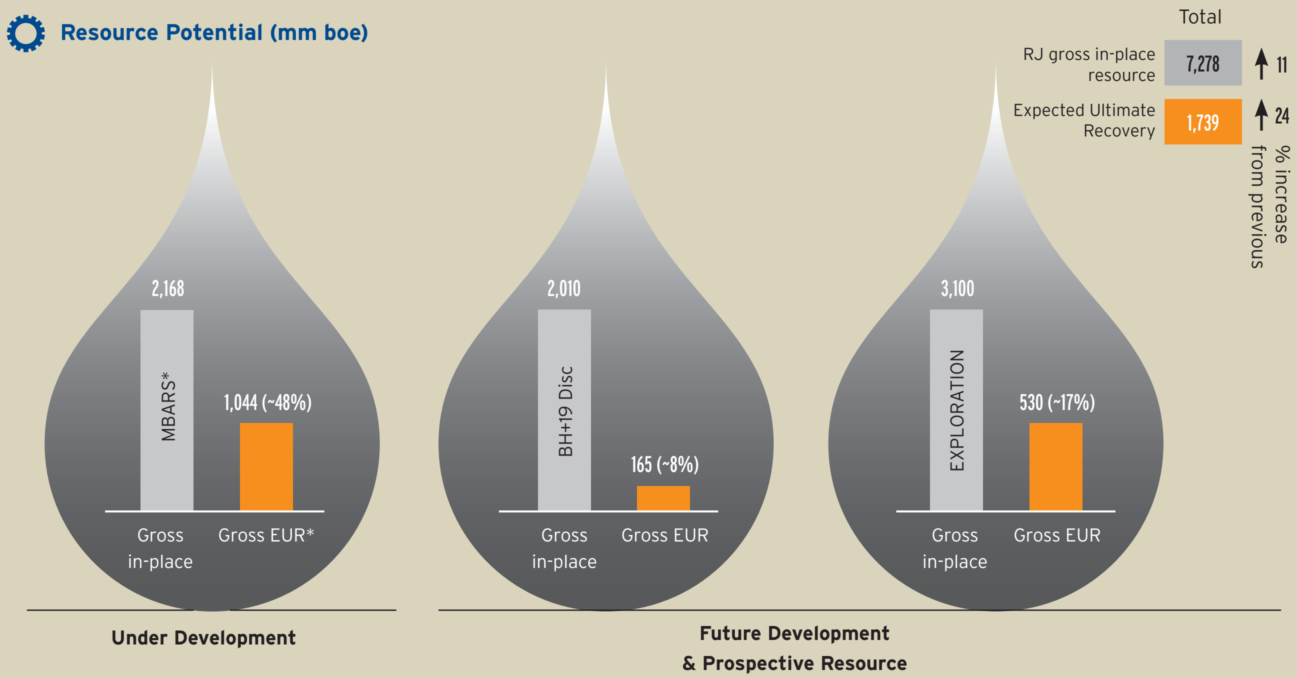


Rajasthan Block

The Rajasthan Block

- Cairn India is the operator with 70% participating interest. Its joint venture (JV) partner, ONGC, has a 30% participating interest.
- The block consists of three contiguous development areas: (i) Development Area (DA) 1, which comprises the Mangala, Aishwariya, Raageshwari and Saraswati (MARS) fields; (ii) DA 2, consisting of the Bhagyam and Shakti fields; and (iii) DA 3, having the Kaameshwari West fields.
- At present, the block is producing 175,000 bopd, thanks to GoI approval for higher Mangala offtake of 150,000 bopd.
- Some other fields within the block have also commenced production. The Bhagyam field started production on 19 January, 2012 and is currently producing at around 25,000 bopd. Saraswati began production on 27 May, 2011 and has produced over 75,000 barrels of oil till date. Raageshwari, which is primarily a gas field with marginal oil, also commenced production on 8 March, 2012 and is currently producing in excess of 250 bopd.

Resource Potential (mm boe)



Expected Gross Production (kbopd)

Note:
*Gross EUR Includes EOR potential of 238 mm bbls; balance 70 mm bbls booked as 2P reserves
MBARS – Mangala, Bhagyam, Aishwariya, Raageshwari, Saraswati
** Sometime in CY2013
Company upgraded the numbers as on 31 March, 2012
*** Subject to approvals

Mangala, Bhagyam, Aishwariya and Other Rajasthan Fields

The Mangala, Bhagyam and Aishwariya (MBA) fields have gross recoverable oil reserves and resources of over one bn boe. This includes proven plus probable (2P) gross reserves and resources of 636 mm boe with a further 308 mm boe or more of EOR resource potential. Today, Mangala and Bhagyam are cumulatively contributing more than 20% of India's current domestic crude oil production.

Mangala

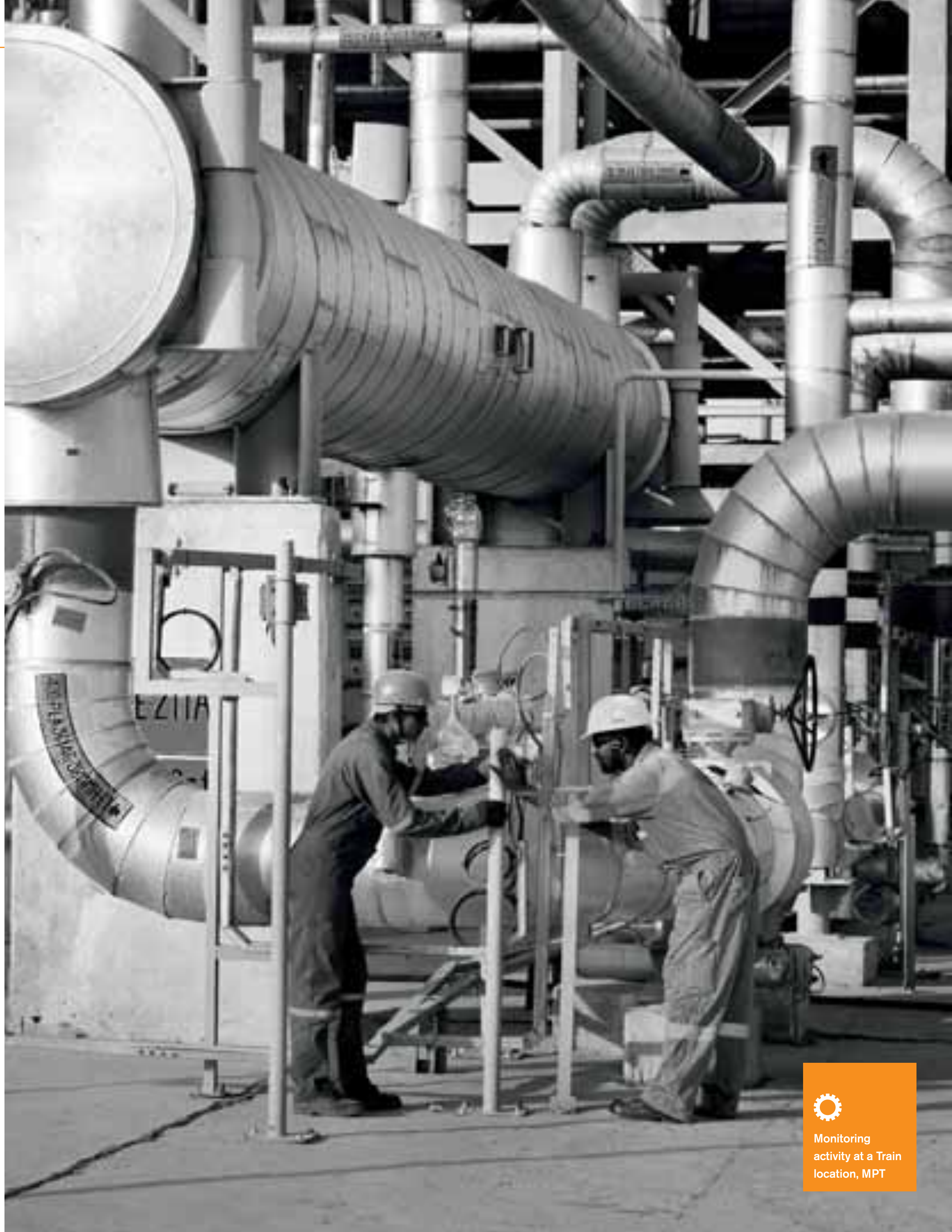
At Mangala, a total of 148 development wells have been drilled and completed with 96 producers and 33 injectors operationalised. The Company has successfully drilled and completed 11 horizontal wells at Mangala. Going forward, the Company intends to bring other wells on stream in a staged manner.

Bhagyam

Bhagyam is the second largest field in the Rajasthan block, with an approved production plateau of 40,000 bopd. A total of 62 development wells have been drilled till date with 21 producers and four injectors operational; 12 producer wells are yet to be drilled. Both Mangala and Bhagyam are connected to the Mangala Processing Terminal (MPT), which processes the crude oil from the Rajasthan fields.

Aishwariya

The Aishwariya field is the third largest discovery in the Rajasthan block. Following an assessment of higher production potential and


Monitoring activity at a Train location, MPT

Night view of Raageshwari Gas Terminal

design optimisation due to increased reserves and resources, Cairn India has commenced development work in the field.

The development will include nine well pads, 36 producer and 15 injector wells. Well fluids from Aishwariya will be collected at a Cluster Well Pad – and the carbon dioxide rich associated gas will be separated before transporting the well fluid to MPT.

The Company received JV approval in December 2011 to start work on the field. Hence, it has awarded key contracts including the main EPC; and the contractor has been mobilised on-site. Crude oil production is expected to commence towards end CY2012, subject to JV and GoI approval.

Raageshwari Deep Gas Field

The Raageshwari Deep Gas field is meant to supply gas to meet the energy requirements at the MPT and the Mangala Development Pipeline, which runs approximately 670 km from Barmer to Viramgam to Salaya and then on to Bhogat, near Jamnagar, on the Arabian Sea coast.

During FY2012, the Company carried out drilling and completion of additional wells to augment gas production from the field as well as water production from the nearby Thumbli saline aquifer water field.

Application of new fracture stimulation and completion technology has proven to be successful in the field.

Saraswati and Raageshwari Fields

The Saraswati Field, which commenced production in May 2011, is currently producing at a rate of 250 bopd. Till date, it has produced over 75,000 barrels of oil. This oil is processed at the MPT, and blended with the Mangala oil which is sold through the pipeline. The marginal oil field at Raageshwari also commenced production in March 2012.

Satellite Fields

In Rajasthan, there are 19 other discoveries beyond MBARS and Barmer Hill – referred to as the satellite fields. These have been tested for hydrocarbons and have prospect for commercial development. In fact, Cairn India's recent technical work indicates a higher potential for these fields than what was earlier envisaged. The Company has carried the resource potential in books as contingent resources. Field Development Plans (FDPs) for four fields have been submitted; and FDPs for remaining fields are under various stages of preparation.

Barmer Hill and other Fields

Evaluation of other discoveries with the objective of optimising the Rajasthan development is currently under way. To test the potential of the Barmer Hill formation, Cairn India has planned a pilot hydraulic fracturing programme, subject to GoI approval. A declaration of commerciality for the Barmer Hill was submitted to the GoI in March 2010, and an FDP is under preparation. A staged development is being planned to monetise this reservoir.

Enhanced Oil Recovery

What are we doing and what are the results?

Based on the oil and reservoir properties, Cairn India recognised the potential for EOR application in the MBA fields early in their life.

Screening and laboratory evaluations identified chemical EOR methods viz. Polymer Flooding and Alkaline-Surfactant-Polymer (ASP) flooding as the most suitable methods for the MBA fields.

We are currently conducting an EOR pilot in the Mangala field. Details of which are:

- Eight wells including four injectors, one central producer and three observation wells were drilled for this test
- Polymer injection was started through newly built facilities in August 2011. Polymer flood results were positive
- Preparations for next phase of ASP flooding are in progress

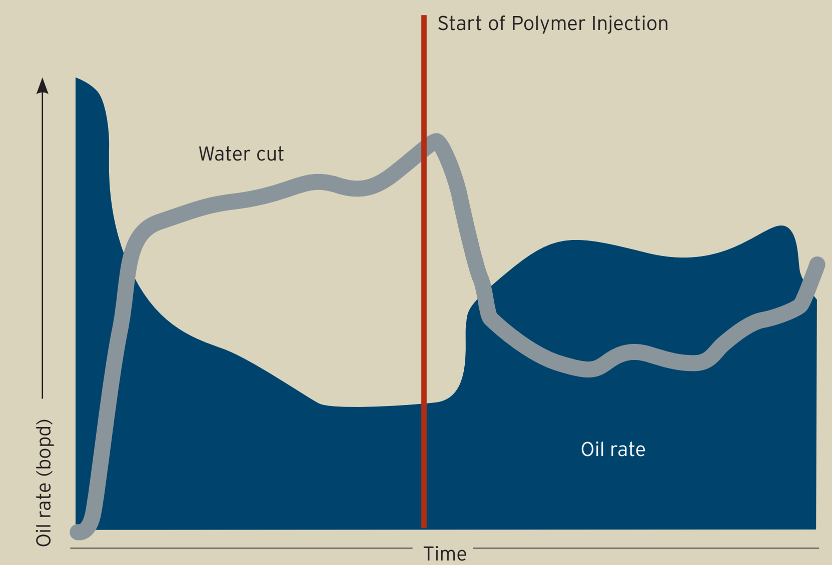
Based on the positive response, a full field polymer flood development plan has been prepared for Mangala. The development plan would include:

- Drilling of new injector wells from the existing 15 wellpads
- Formal approval from the JV partner and regulatory authorities.

Accordingly, the Company has booked 2P reserves of 70 mm bbls.

Going forward, post Mangala implementation, we also intend to implement chemical flooding in Bhagyam and Aishwariya fields.

The current assessment of the EOR resource base is more than 300 mm bbls of incremental recoverable oil from the MBA fields.



Schematic illustrating success of polymer pilot; appreciable decline in the water-cut following polymer injection with a simultaneous increase in the oil rate

Global Hydrocarbon Resources

Assessment results for mean, undiscovered, technically recoverable oil for provinces of the world by region

US Geological Survey (USGS) World Petroleum Resources Project released new estimates for the Undiscovered Conventional Oil & Gas Resources of the World, 2012

This is a complete reassessment of the world since the last report was published in 2000

In this study, 313 Assessment Units within 171 geologic provinces were defined and assessed for undiscovered oil and gas accumulations

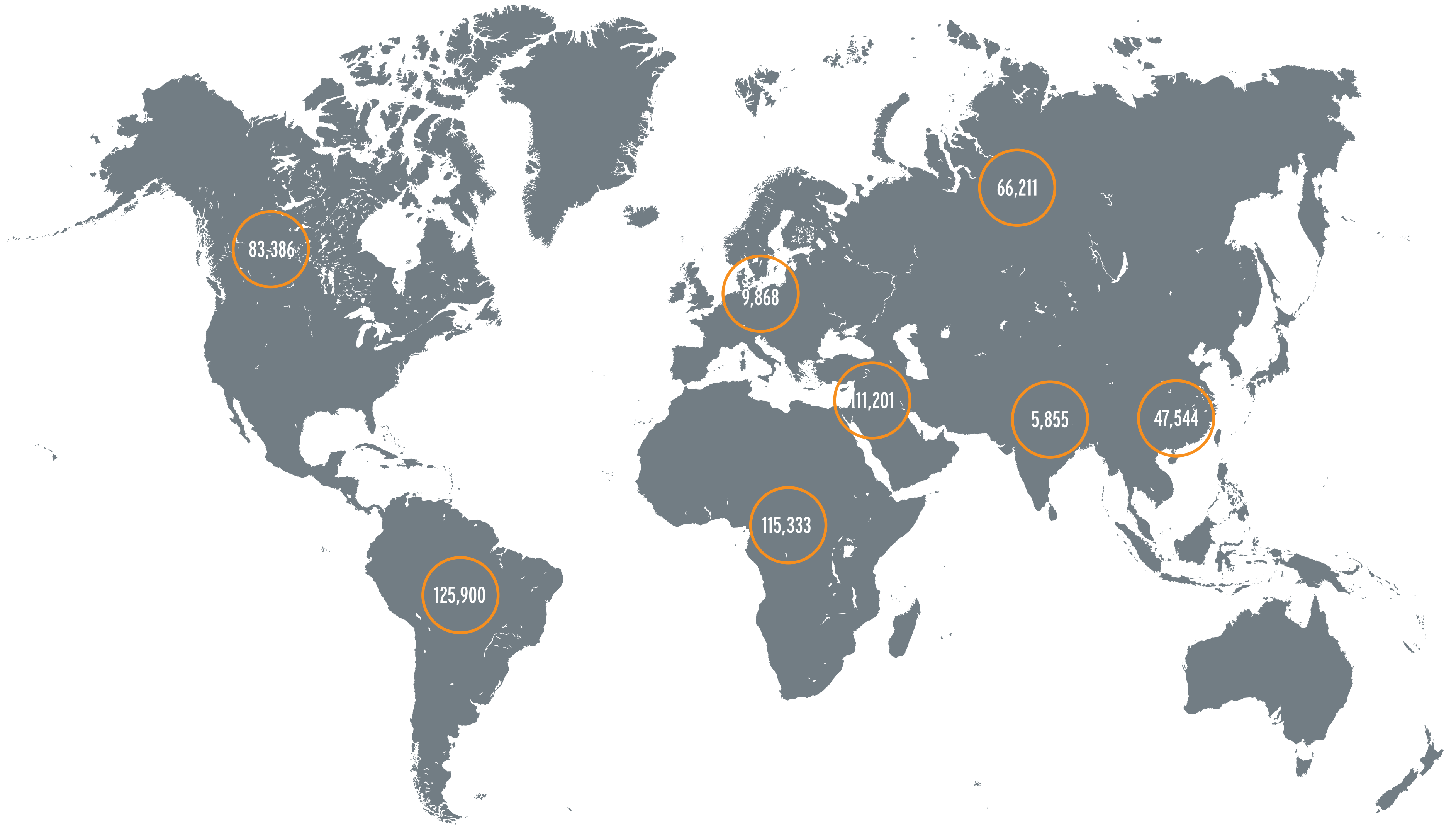
For undiscovered, technically recoverable resources, the mean totals for the world are:

- 565,298 million barrels of oil (MMBO)
- 5,605,626 billion cubic feet of gas (BCFG)
- 166,668 million barrels (MMBNGL) of natural gas liquids

The assessment results indicate that about 75 percent of the undiscovered conventional oil of the world is in four regions: (1) South America and Caribbean, (2) Sub-Saharan Africa, (3) Middle East and North Africa, and (4) the Arctic provinces portion of North America. Significant undiscovered conventional gas resources remain in all of the world's regions

Hydrocarbon Reserves

The E&P industry accordingly has significant potential to increase world's proved reserves



Note: Figures in mm bbls
Source: 1. An Estimate of Undiscovered Conventional Oil and Gas Resources of the World, 2012, World Petroleum Resources Project, USGS
2. BP Statistical Review of World Energy, June 2012

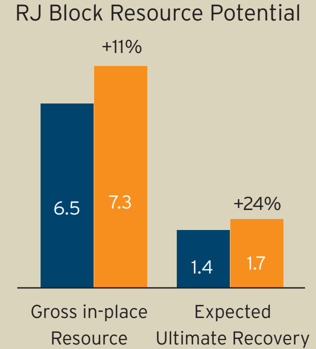
Over the years, world proved reserves have continually increased: The reserves increased from 1,032 thousand million bbls at beginning of 1992 to 1,652 thousand million bbls at the beginning of 2012

India, though, constitutes an insignificant part of the world pie: Indian proved reserves represent 0.3 percent of the world's pie, but its share in consumption pie is 3.9 percent

India's Proved reserves base has fallen from 6.1 thousand million bbls at the beginning of 1992 to 5.7 thousand million bbls at the beginning of 2012

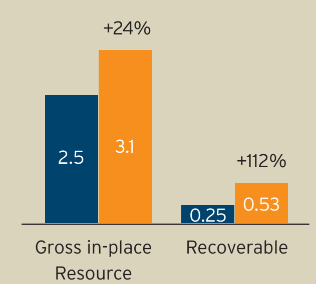
Rajasthan Block Resource Potential

RJ Block Resource Potential



bn boe gross in-place

RJ Block Exploration Potential

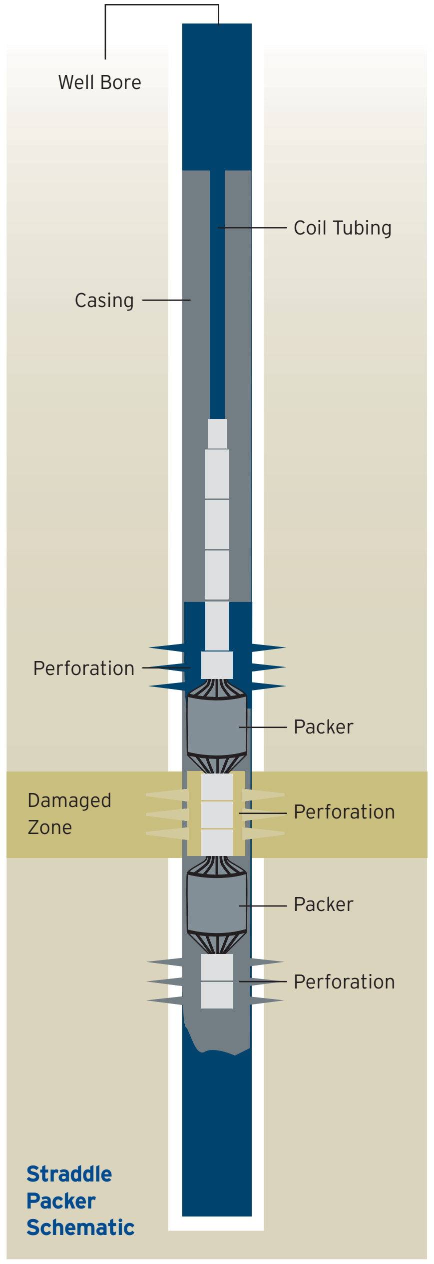


- Potential resource for the block now estimated at 7.3 bn boe gross in-place
- Exploration potential now estimated at 530 mm boe gross recoverable risked prospective resource
- Increasing confidence on the Mangala EOR polymer pilot led towards booking of 70 mm bbls of gross 2P reserves

31 March, 2011   31 March, 2012

The Company became the first operator in India to successfully deploy straddle stimulation technology for production and injection wells in the Rajasthan block

Well Services and Production Optimisation



Straddle Packer Schematic

Cairn India's endeavour is to maintain plateau production in Rajasthan for as long as it is physically and geologically possible. Doing so requires the use of novel, state-of-the-art well services and intervention technologies. Cairn India has applied some of the best such interventions in Rajasthan. Here are some examples:

Straddle Stimulation Technology

The Company became the first operator in India to successfully deploy straddle stimulation technology for production and injection wells in Rajasthan area. Operated through a tele-coil, the system is an advanced version of the conventional coiled tubing string, and is used to capture real-time data, which allows for more accurate understanding of the reservoir's response to different stimulation treatments.

The treatment techniques were utilised to stimulate wells using various chemical recipes, which were developed through comprehensive laboratory analysis and practical observations.

Advanced Down-hole Tools

High impact Roto-Jet cleaning technology: This has been effectively used to clean-out deposits such as sediment, wax and scale through the use of 'stress-cycling'. Removal of such deposits has led to increased productivity of certain producer wells, particularly those in which inflow control devices were installed. Thus far, incremental production of approximately 1,850 bopd has been achieved through this technology in three producer wells.

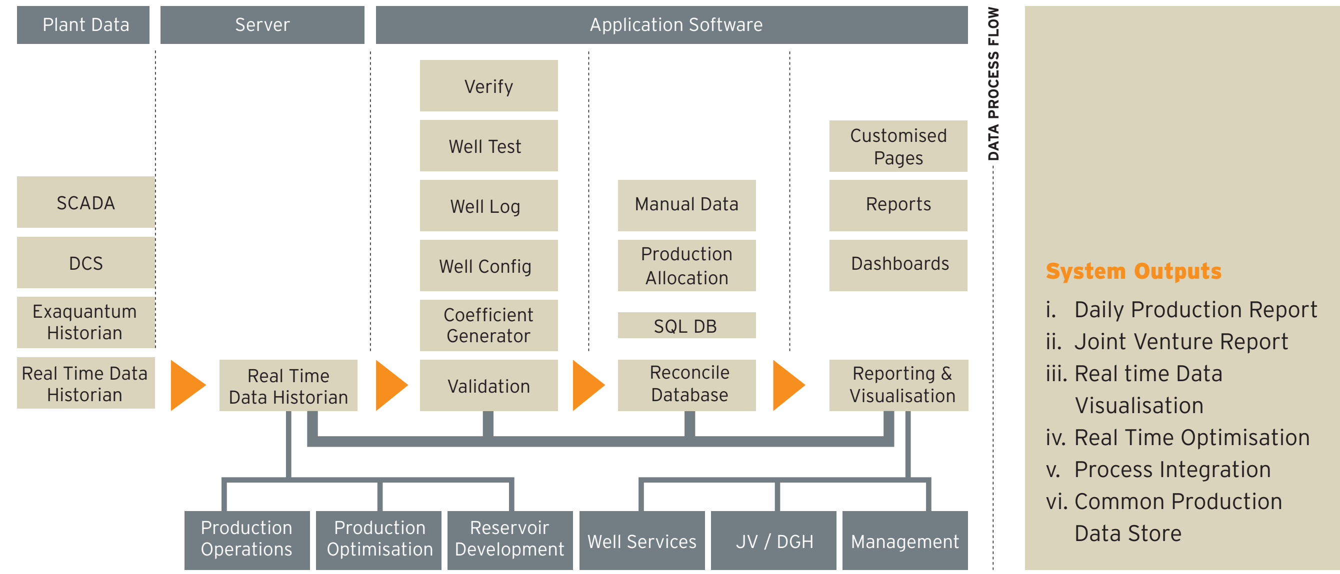
Roto-Pulse technology: By creating hydraulic vibrations down-hole, this tool effectively dislodges 'plugging fines' and

Coil tubing operations at the Mangala field

Key advantages of Straddle Stimulation technology:

1. Accurate placement of treatment fluids across non-contributing sands
2. Allowed treatment under a positive well pressure thus mitigating the need to 'kill' well during operations
3. Optimal usage of cost intensive chemicals, thus making large scale application economical
4. Delivered conformance in water injection wells thus enhancing well potential and allowed commencement of EOR polymer pilot
5. Avoid corrosion and erosion of Well completions by limiting the exposure to corrosive treatment chemicals
6. Removing blockage from SSDs and ICDs; increase production from non-producing zones

Slickline activity in progress at Bhagyam field



Process flow of the Digital Oil Field

other undesirable deposits such as wax and scale, which retard well productivity. It has delivered excellent results in producer wells which were installed with sand screens. Thus far, an incremental production of approximately 5,400 bopd has been achieved through this technology in six producer wells.

Coiled tubing conveyed perforation: This technology was applied to execute under-balanced perforation in order to minimise near-well-bore damage – usually caused due to conventional explosive based perforation. Moreover, it has helped to optimise the time spent in perforating long intervals, particularly in water injector wells, thus reducing the cost of large scale perforation operations.

Perforation Using Reactive Element Charges: This approach was utilised to conduct a balanced perforation in water injector wells. This avoids debris deposition in perforation tunnels – a phenomenon associated with regular explosive based perforation.

Advanced Fishing and Milling Technology: State-of-the-art technology, such as indexing tools and flow-activated elbows, were applied to overcome down-hole complications in certain cases.

Thus, production was regained without substantial production down time.

Digital Oil Field (DOF)

DOF is a key technology project which was conceptualised during the Rajasthan field development phase. It integrates the production process with efficient well monitoring – thus optimising the entire asset. DOF provides a user friendly, web-based interface with enhanced data mining and visualisation capabilities. It also acts as a central location for accessing real-time data available through distributed control systems/ supervisory control and data acquisition (DCS/SCADA) systems – which involves manually entered production data, laboratory data and other allocated production as well as field-level data. Given below are some details.

- Capturing real time well-head parameters from nearly 200 wells and process parameters from DCS/ SCADA
- Allowing a unique production allocation system with two different methods for a more robust and reliable well-head level allocation
- Configuring modules to capture the crucial manual production data
- Setting up of high-end servers at Barmer and Gurgaon for the storage of DCS data
- Remotely accessing DCS screens at the Company's offices in the MPT and Gurgaon
- Developing a 'Well Test Interface' to record daily well tests
- Installing a main Production Server and an alternative Test Server for uninterrupted reporting and monitoring, while simultaneously continuing development activities
- Setting up a centralised database reconciliation package which is now becoming the central database for production related data
- Incorporating a 'Production Reporting System' (PRS) which includes Mangala and the JV's daily production reports

Commissioning of the DOF project for Mangala in November 2011 marks an important milestone for the Company. Thanks to it, the Rajasthan project has seen significant efficiency gains and cost reductions. This is largely on account of smart monitoring, error free production reporting, early detection of well productivity and injection issues, and troubleshooting of network bottlenecks. Going forward, Cairn India intends to expand the DOF and the PRS to the entire Rajasthan field.

The MPT is designed to process crude from the Rajasthan fields. The facilities at MPT are being continually upgraded to support higher production levels in line with the production ramp-up

The Mangala Processing Terminal

The Mangala Processing Terminal (MPT) spread over an area of 1.6 km^2 is a core asset of the Rajasthan Project. It is located 40 km from the nearest town, Barmer, which is 200 km from Jodhpur and 150 km from Jaisalmer. The MPT processes crude oil extracted from the Rajasthan fields. Following the processing, the crude oil is transported to distant consumer refineries through a 24" diameter continuously heated and insulated pipeline.

The MPT integrated production facilities support FDP approved production of 175,000 bopd, which is in line with the Company's unified Rajasthan block offtake capability. Cairn India adheres to strict standards to ensure efficient and safe operations. During FY2012, the up-time for the MPT (processing and drilling) was over 99 per cent, and thus well within the top decile among global peers.The facilities at MPT are being continually upgraded to support higher production levels as per production ramp-up.

Associated Facilities Project

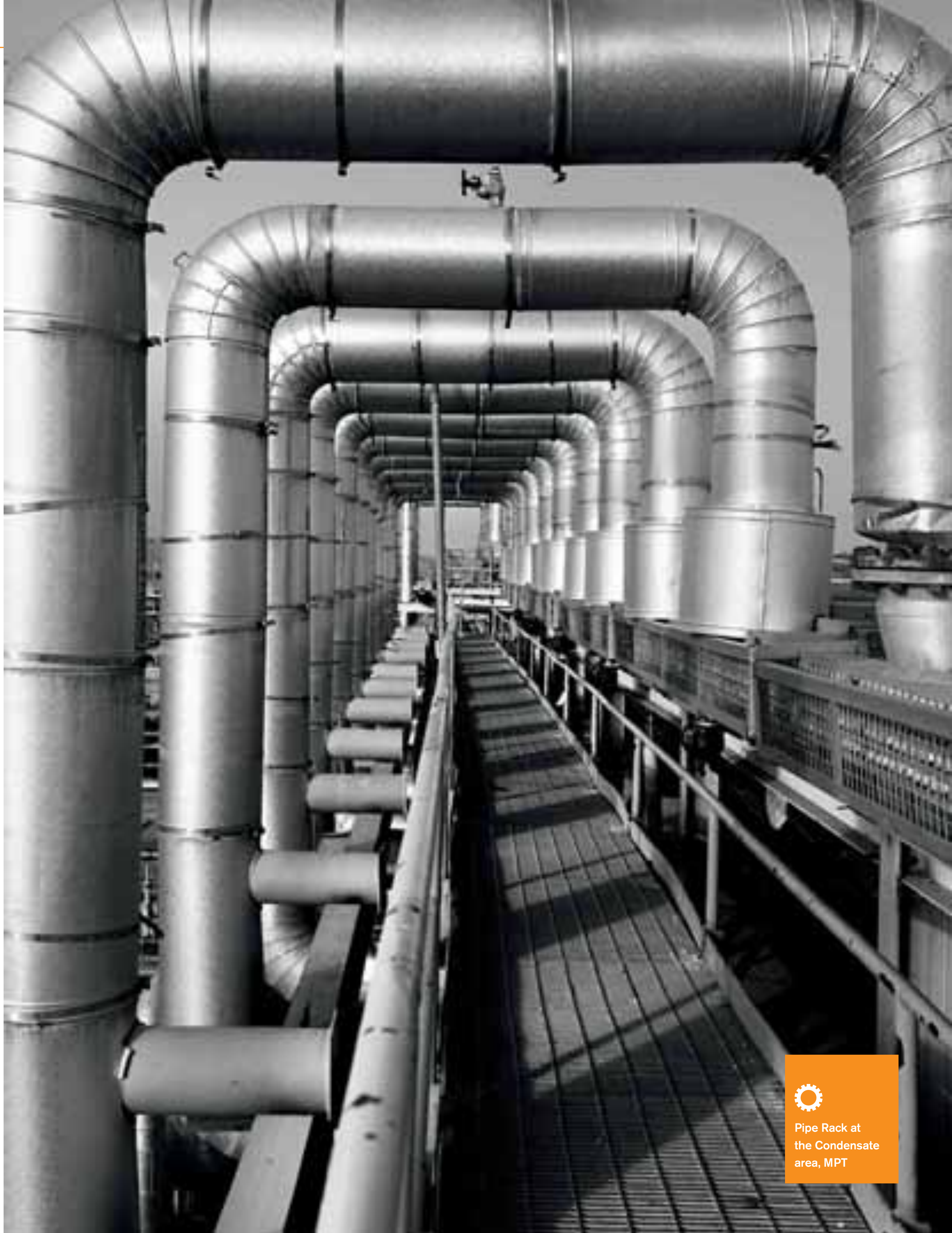
The associated facilities are systems & equipments to supplement production facilities at the MPT. Increased production will demand additional infrastructure such as handling of additional water, more substantial vent gas management, additional storage, evacuation capabilities etc. These will be largely achieved by:

- Installing injection water filters and additional pumps to increase the water injection rate.
- Not flaring the additional vent gas; and, instead, using compressors to pressurise this gas as combustible fuel in the boilers for steam generation.
- Installing two steam boilers and one more steam turbine for additional power generation.
- Building a sub-station for optimal power distribution.

Thumbli Water Project

Water is an important input to the crude production process. The Thumbli saline aquifer supplies the total raw water requirement to MPT for the entire MBA operations. The Thumbli field is connected with Mangala through a 20" carbon steel pipeline running over 22 km. To ensure reliability of existing infrastructure and meet future demand for water, the Company envisages:

- Laying a new pipeline between existing water well pad and the MPT.
- Developing a new water well pad with the required infrastructure.
- Developing a corridor between the new and the existing water well pads to optimise the saline water supply.



Pipe Rack at the Condensate area, MPT

The Mangala Development Pipeline is not a conventional pipeline. It is a work of technological ingenuity. Going forward, the Company plans to de-bottleneck and augment the pipeline capacity in line with production ramp-up

The Mangala Development Pipeline

The Mangala Development Pipeline (MDP) is designed to evacuate the crude oil produced from the Rajasthan block and thus provide access to markets.

It starts at the MPT and passes through eight districts across two states, i.e. Rajasthan and Gujarat, for approximately 670 km before reaching the coastal location of Bhogat near Jamnagar on the western coast of India. It is, thus, the world's longest continuously heated and insulated pipeline.

The current pipeline capacity is 175,000 bopd. At the time of writing this report, the MPT to Salaya section (approximately 590 km) of the pipeline is operational while the balance is under construction. The construction from Barmer to Salaya was completed in a record time of 18 months.

During the period under review, the MPT to Salaya section of the pipeline with its delivery infrastructure continued to safely supply crude oil to Indian Oil Corporation Limited (IOCL) and private refiners. It has recorded more than 3.7 million lost time injury (LTI) -free man hours till date. This section of the pipeline provides the Company access to over 1.6 million barrels per day of refining capacity.

The MDP is not a conventional pipeline. Its technological ingenuity was necessitated on account of the waxy nature of the Rajasthan crude. The challenge was to ensure that the crude oil remains above the Wax Appearance Temperature (WAT) of 65ºC, through its entire length. This required Cairn India to build the world's longest continuously heated and insulated pipeline.

The pipeline also incorporates the first of its kind Pipeline Intrusion Detection System. This provides security along the entire length, utilising a fibre optic electronic vibration system that generates an alarm. This is linked to a central control unit via a Geographic Information System (GIS)-based mapping system. The entire length of the pipeline is monitored at the MPT, Viramgam and Bhogat terminals for flow, temperature, pressure, and other operational parameters.

Salaya to Bhogat

The Salaya-Bhogat Pipeline (SBPL) section is being developed as a part of the Phase-II development of MDP Project (MDPP). The SBPL will facilitate the storage and evacuation of Rajasthan crude oil through Crude Oil Storage Terminal at Bhogat and an offshore Single Point Mooring (SPM) system on the Arabian Sea.

This section of the pipeline is facing some execution challenges, and is expected to be completed in H1 CY 2013. Post completion of the entire pipeline from MPT to Bhogat, i.e. approximately 670 km, the pipeline will give Cairn India access to a much wider crude oil market.

Bhogat Terminal Facilities

The Bhogat terminal is a 160 hectare site located 8 km from the Arabian Sea coast at Bhogat in Jamnagar District, Gujarat. The terminal will facilitate the storage and evacuation of Rajasthan crude by sea. Some key elements of Bhogat terminal are:

- A total crude storage capacity of 2.1 mm bbls
- Two 24" sub-sea export pipelines from the Bhogat land fall point to the Single Point Mooring (SPM) system to enable crude transfer
- SPM system and sub-sea pipeline end manifold in deep sea to enable tanker berthing and loading

Going forward, the Company plans to de-bottleneck and augment the MDP, which is expected to add around 10% extra capacity to the pipeline. Further capacity expansion is being envisaged through incremental investments. This will enable the Company to ramp up the production from the block, subject to the JV and GOI approval.

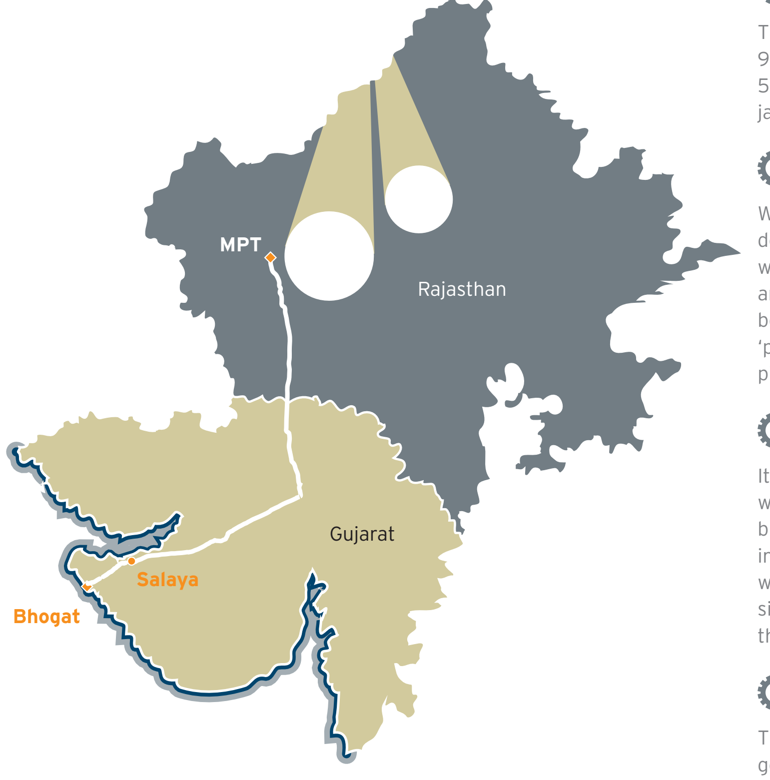
Preparing the pig prior to launch

Salient features of MDPP

The MDPP evacuation system is a 24" crude oil pipeline which utilises Skin Effect Heat Management System (SEHMS).

SEHMS ensures that the crude oil remains above 65ºC throughout the pipeline. This is done through an 8" gas line which feeds gas to all the Above Ground Installations (AGI) located at approximately 20 km distance along the pipeline. These AGIs produce the necessary power to keep the pipeline heated to the required temperature.

As of now, the pipeline has 36 AGIs and an intermediate pumping station and terminal at Viramgam. Natural gas from the Raageshwari field is supplied to each AGI through the pipeline to generate the power required to operate the SEHMS and other heating station power requirements utilising gas engine generators.



The pipeline is insulated with 90 mm polyurethane foam and 5 mm high density polyethylene jacket to reduce heat loss.

When completed all the way down to Bhogat, the pipeline will have 39 heating stations and pigging stations – the latter being used to introduce metal 'pigs' that regularly scour the pipeline of residual wax.

It will have a terminal facility with storage capacity of 2.1 mm bbls of crude at Bhogat, which includes a marine infrastructure with a sub-sea pipeline and a single point mooring facility for the loading of oil tankers.

There are captive power generating facilities at all heating stations and at the Viramgam and Bhogat terminals.

FY2012 was a special year, in that it saw the start of production from Bhagyam, Raageshwari and Saraswati. These production commencements and GoI approvals have enabled the Cairn India-ONGC JV to reach a major milestone – the production of 175,000 bopd from Rajasthan

Rajasthan Sales

With the commencement of production from the Bhagyam field, FY2012 witnessed crude oil sales ramp up to approximately 150,000 bopd. In January 2012, after completion of the facilities at Viramgam, the Company began supplies to IOCL's Koyali refinery. Today, Cairn India's Rajasthan crude oil is being supplied to IOCL's Panipat and Koyali refineries, and to private refiners on the west coast of India.

FY2012 was a special year in that it saw the start of production from Bhagyam, Raageshwari and Saraswati. Bhagyam is currently producing 25,000 bopd. Similarly, Raageshwari and Saraswati fields, which commenced production during the year, are cumulatively producing at around 500 bopd.

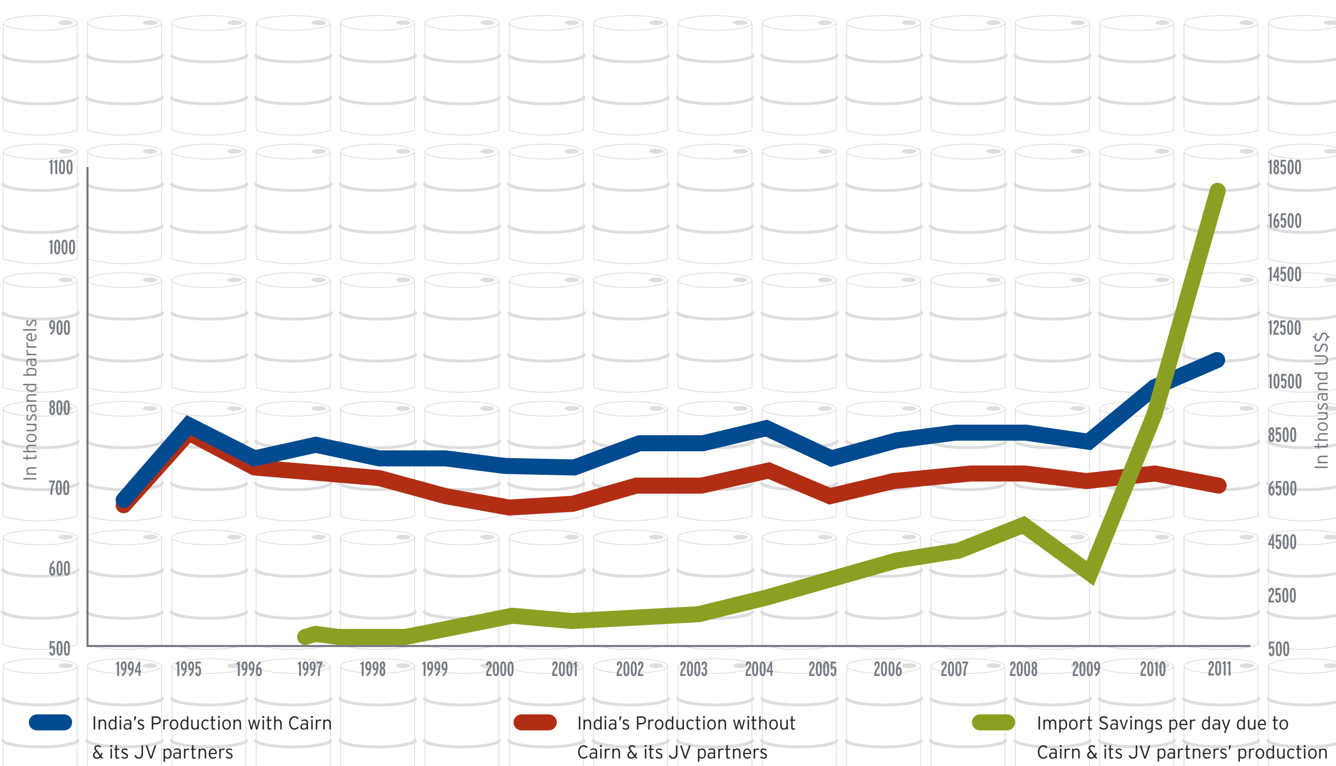
These production commencements and GoI approvals have enabled the Cairn India-ONGC JV to reach a major milestone – the production of 175,000 bopd from Rajasthan on 20 April, 2012.

Accordingly, for FY2013, crude oil sales agreements have been renewed with buyers for volumes in excess of 175,000 bopd.

As per the RJ-ON-90/1 PSC, the Rajasthan crude oil price is benchmarked to Bonny Light with appropriate adjustments for quality. Bonny Light is comparable to the low sulphur crude that is frequently traded in the region.

The implied crude oil price realisation for FY2012 represents a lower discount than the stated guidance of 10%-15% discount to Brent. This was largely due to the prevailing global macro-economic conditions.

After the Salaya to Bhogat section of the pipeline becomes operational, the Rajasthan crude oil is expected to serve a wider market, subject to GoI approval.



Source: BP Statistical Review of World Energy, June 2012

The Company has a strong balance sheet backed by robust cash flows from the producing assets i.e. Rajasthan, Ravva and Cambay

Financial Overview

During the FY2012 annual results announcements the CIL board approved a Dividend Policy that aims to maintain dividend payout at around 20% of annual consolidated net profit. Whilst formulating the policy, the intent was to maintain a balance between stable dividend payouts and retaining flexibility to invest in growing the resource base and to protect equity value. The actual dividend payout would depend on a consideration of a variety of factors, including the outlook for earnings growth, capital expenditure requirements, cash flow from operations, potential acquisition opportunities, etc.

Corporate re-organisation is a pre-requisite for any dividend payments from CIL. The corporate reorganisation was undertaken in order to simplify and consolidate the multi-layered structure of the company. The scheme of arrangement will transfer cash generating assets from some of its wholly owned subsidiaries into the Company. This scheme of arrangement was approved by shareholders of the company, the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay with retrospective effect from 1 January, 2010. Regulatory authorities are yet to approve the scheme. Thus, no provisioning has been made in the financial results.

With the daily gross operated production of 172,887 boepd the company reduced the nation's crude oil import bill by ~US$ 6 billion and contributed ~US$ 2.4 billion to the national exchequer (excluding direct taxes). This is expected to increase with the Rajasthan block production growth and the higher oil prices.

Rajasthan Block Capital Expenditure – US$ bn

Capital Expenditure	Gross	Net to Cairn
Exploration (till FY2012)	0.63	0.56
Development		
Till FY2012	3.4	2.4
FY2013 E	1.00 -1.25	0.70 - 0.87
Cash Position (as on 31 March, 2012) – US$ bn		
Gross Cash		1.79
Debt		0.25
Net Cash		1.54

As at 31 March, 2012, the Cairn India group had Gross Cash & Cash equivalent of INR 91,436 million (US$ 1,789 million). The non-convertible debentures (NCD) outstanding as on 31 March, 2012 were INR 12,500 million (US$ 245 million). This outstanding NCD matures in FY2013 and will be repaid in two tranches during the year. Overall, the net cash stands at INR 78,936 million (US$ 1,544 million). The group (company) generates its revenue in US$ and has a net surplus funds primarily in US$.

Currency market has been extremely volatile during the year. Indian economy faced significant INR depreciation mainly due to thin Foreign Institutional Investor inflows and increase in trade and fiscal deficit of India coupled with US$ appreciated on account of increase in demand of reserve currency. The rupee moved between 43.9 and 54.07 to the US$ during the year. The company continues to adopt a strategy to hedge predominantly through US$ put options to the extent of net rupee exposure.

As at 31 March, 2012 the company held its financial assets in the form of bank deposits and investments in liquid money market (debt) mutual funds. The company has a strong balance sheet backed by robust cash flows from the operating assets i.e. Rajasthan, Ravva and Cambay. This gives the Company sufficient liquidity to meet the planned capital expenditures and flexibility for the future growth.

While the Ravva field demonstrates the application of innovative technologies, the Cambay fields are an example of optimal asset utilisation

Other Producing Assets

PKGM-1 Block (Ravva field), Krishna-Godavari Basin, Andhra Pradesh (Cairn India is the operator with 22.5% participating interest)

Highlights

- Cairn India's production operations in the Krishna-Godavari Basin are centred on the Ravva oil and gas field. It lies off the coast of Andhra Pradesh in eastern India, in water depths of up to 80 metres.
- Developed in partnership with ONGC, Videocon and Ravva Oil, Cairn became the operator in 1996. The PSC runs until 2019.
- The field has produced more than 245 mm bbls of crude and 300 billion cubic feet (bcf) of gas – more than double the initial estimates. This demonstrates how technology can play a central role in accessing new reserves and transforming the economic landscape in the region.

FY2012 was the Ravva field's 17th year of successful operations. The average gross production from the field was 36,379 boepd – comprising an average daily oil production of 27,165 barrels and an average daily gas production of 55 million standard cubic feet (mm scf). The block recorded the completion of 7.5 million safe man hours, demonstrating Cairn India's commitment to safety. The offshore production platform at Ravva received the Oil Industry Safety Award for the year 2010-11.

During the year, Cairn India and its JV partners completed an infill drilling and work-over campaign at Ravva. This has helped to slow the rate of production decline. The campaign also met its target to increase water injection capacity in the field, which is important from the perspective of reservoir and environmental management.

The Company also carried out 4D seismic survey in the block. It is an advanced method of acquiring, processing and interpreting repeated 3D seismic surveys at different points of time. This enables to capture saturation changes in the reservoir due to production/injection. Feasibility study has demonstrated that Ravva reservoirs respond well to detectable 4D changes. 4D seismic survey will help the Company to locate bypassed and un-drained reserves, optimise new infill well locations, reduce uncertainty in reservoir models, identify reservoir compartmentalisation, and ultimately lead to improved oil recovery.

The field direct operating cost for the Ravva block is one of the lowest amongst Cairn's peers. This has been achieved by focusing on life-cycle planning, continuous monitoring, control of operational costs and the innovative application of operating technologies.

Currently, there are eight unmanned offshore platforms and a 225 acre onshore processing facility at Surasaniyanam processes the natural gas and crude oil produced from the field. The Ravva onshore terminal operates at an internationally recognised environmental standard (ISO 14001), and has the capacity to handle 70,000 bopd, 95 mm scfd of natural gas and 110,000 barrels per day of injection water per day. The terminal also has the capacity to store 1 mm bbls of crude oil.

CB/OS-2 Block, Cambay Basin, Western India (Cairn India is the operator with 40% participating interest)

For FY2012, the average gross production from the block was 8,242 boepd – comprising an average daily crude oil production of 5,204 barrels and an average daily gas production of 18 mm scf. The block recorded more than nine million safe work hours over the last seven years. The CB/OS-2 facilities had an uptime of over 98%.

While Ravva demonstrates the application of innovative technologies, the CB/OS-2 block is an example of optimal asset utilisation. Following efficient and economic depletion of the majority assets, the spare capacity of the facilities is now being utilised to increase asset value by processing third party gas. A MoU has been executed with ONGC for tolling and processing of North Tapti gas through the CB/OS-2 facilities. In other words, it will process ONGC's gas from its North Tapti field, which is adjacent to the Lakshmi field. ONGC has completed the North Tapti pipeline tie-in with the CB/OS-2 facilities.

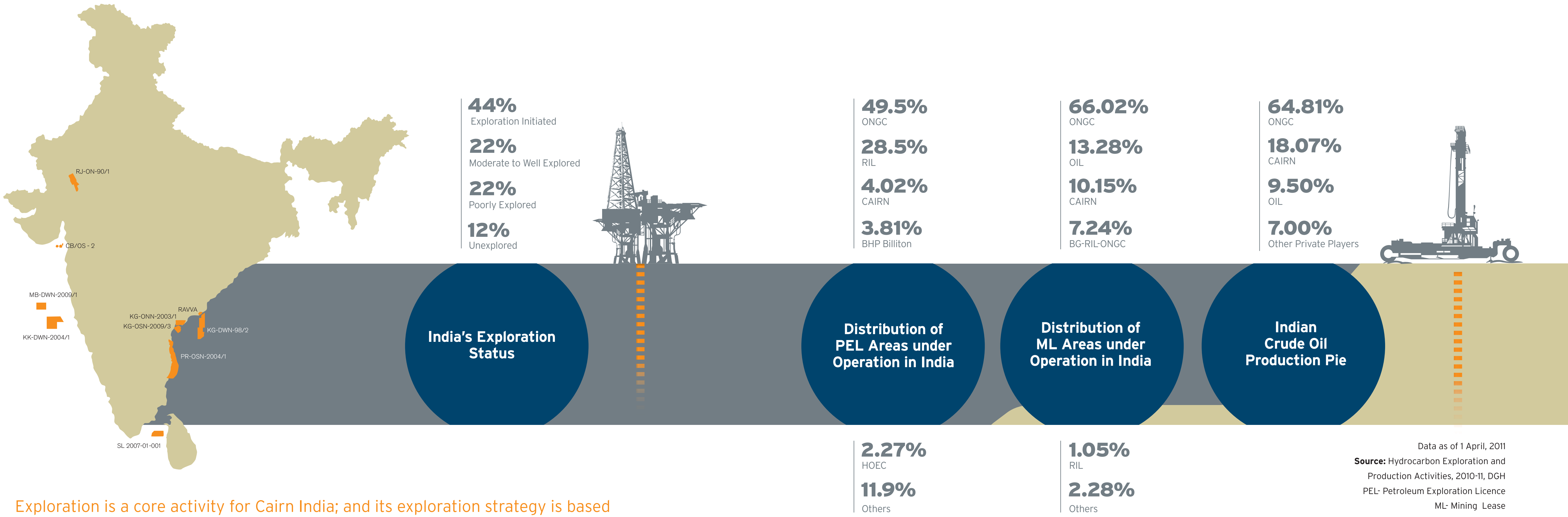
An 82-acre onshore processing facility at Suvali processes natural gas and crude oil from the Lakshmi and Gauri fields. It has the capacity to process 150 mm scfd of natural gas and 10,000 bopd of crude oil; and includes three stage separator trains, a 28,300 bbls storage tank as well as two 2.4 MW captive power generation plants. The processing plant and offshore infrastructure are certified to ISO 14001 and OHSAS 18001 standards.

To sustain oil production from the block, the Company intends to execute an infill drilling campaign in the Lakshmi field in the near future.

Offshore platform at Gauri field, CB/OS-2

Highlights

- The Company's operations in Block CB/OS-2 are centred on the Lakshmi and Gauri oil and gas fields, and the CB-X development area. Gas production commenced from the Lakshmi gas field in 2002 and from the Gauri field in 2004. In 2005 Gauri commenced crude oil production.
- Exploration, development and production in the CB/OS-2 block is governed by a PSC that runs until 2023. In partnership with ONGC and Tata Petrodyne Limited, Cairn India is the operator with a participating interest of 40% in the Lakshmi, Gauri and CB-X development areas.
- Application of advanced geophysical tools have transformed the CB/OS-2 block from a predominantly gas field to an oil field through the discovery of an oil leg. To evaluate the complete potential of key oil producing sands, the Company recently carried out advanced reservoir modelling studies. These studies have indicated incremental recoverable volumes from the reservoir zones.
- In December 2009, the Company signed a term sheet agreement to produce Gauri's share of GBA (Gas Balancing Agreement – for sharing of gas from shared reservoir formation) gas through the Hazira facilities. GBA gas sales commenced from December 2009. The Company has, till date, sold more than 8.4 bcf of gas generating gross revenues of more than US$ 50 million. This is a first of its kind arrangement in India which showcases the Company's commitment to produce gas in the most economical manner and contribute to the nation's energy security.



Data as of 1 April, 2011
Source: Hydrocarbon Exploration and Production Activities, 2010-11, DGH
PEL- Petroleum Exploration Licence
ML- Mining Lease

Exploration is a core activity for Cairn India; and its exploration strategy is based on a portfolio of high reward prospects across the risk spectrum. It uses leading-edge geological and geophysical technologies to enhance the probability of exploration success and monetise its hydrocarbon resources

Explore, Discover and Add Value

Cairn India has 10 blocks in its portfolio. These are located in three strategically focused areas: one block in Rajasthan, three on the west coast, and six on the east coast, which includes a block in offshore Sri Lanka. Of these, eight, including the three producing blocks, are operated by the Company.

Barmer Basin

RJ-ON-90/1 (Cairn India is the operator with 70% participating interest)

The Company continues to pursue detailed technical evaluation of the basin to assess existing and new plays, and to generate new prospects.

There is an increase in the exploration upside with the prospective resource base now estimated at 3.1 bn boe gross in-place, compared to the earlier estimate of 2.5 bn boe gross in-place.

The risked recoverable prospective resource has more than doubled from 250 mm boe to 530 mm boe. Further, the Company is evaluating the feasibility of exploiting tight and low permeability hydrocarbon reservoirs.

Krishna-Godavari Basin

PKGM-1 (Ravva) (Cairn India is the operator with 22.5% participating interest)

Deeper prospectivity in the block has been identified. Drilling of an exploration well is planned for 2013.

KG-ONN-2003/1 (Cairn India is the operator with 49% participating interest)

Nagayalanka-1Z was the first discovery in the block. The JV opted to enter Phase-II of the Exploration License. An exploration well Nagayalanka SE-1 was drilled in Phase-II which resulted in a light oil discovery. To date, this is the largest discovery in the onshore part of the KG basin. The combined P50 in-place resource from the two discoveries is around 550 mm boe. The reservoir has low porosity and low permeability. To establish commercial production rates, the reservoir will require application of hydraulic fracturing and well stimulation techniques.

KG-OSN-2009/3 (Cairn India is the operator with 100% participating interest)

A bathymetry survey covering the license area was completed in May 2011. The environmental clearance for a 3D survey was obtained. However, the planned 3D seismic survey has been deferred due to denial of defence clearances. *Force majeure* has been declared by Cairn India, which has been accepted by the Directorate General of Hydrocarbons, India (DGH) under the PSC terms. Cairn India is in discussions with GoI to resolve the matter.

KG-DWN-98/2 (Cairn India's participating interest is 10%, ONGC is the operator)

The appraisal programme for the two discoveries has been completed. The Declaration of Commerciality (DoC) was submitted in July 2010 by the operator for the Northern Discovery Area. The Southern Area appraisal period was completed in December 2009, with the DoC submitted to the DGH. The operator is in discussion with the DGH and GoI to secure an extension in the exploration and appraisal period for the block to carry out additional exploration drilling. Cairn India proposes to sell its stake to its JV partner ONGC. Accordingly, the Heads of Agreement letter has been signed with ONGC for sale of the Company's 10% participating interest in the block. This divestment of non-material equity is part of Cairn India's portfolio optimisation strategy.

Mumbai Offshore Basin

MB-DWN-2009/1 (Cairn India is the operator with 100% participating interest)

This block was awarded under the NELP VIII licensing round and is located in the Mumbai Offshore Basin. Environmental clearance was obtained for the

Deep water drilling at Mannar Basin, Sri Lanka

acquisition of a 2D seismic survey data in Q1 CY2012. However, the planned acquisition has been deferred due to denial of defence clearances. *Force majeure* has been declared by Cairn India, which has been accepted by the DGH under the PSC terms. Cairn India is in discussions with GoI to resolve the matter.

Kerala-Konkan Basin

KK-DWN-2004/1 (Cairn India's participating interest is 40%, ONGC is the operator)

A 3,840 line km 2D seismic programme was completed in 2009. After mapping and interpretation of the seismic data, 300 square km of 3D seismic data has been acquired, processed and interpreted. The minimum work programme commitment under Phase-I exploration is completed.

Palar-Pennar Basin

PR-OSN-2004/1 (Cairn India is the operator with 35% participating interest)

This block is located between discoveries in the Krishna-Godavari and Cauvery basins. After interpretation of 2D and 3D seismic data, three prospects were identified for drilling. However, Department of Space, GoI, denied permission to drill as it was located in a restricted area. *Force majeure* has been declared by Cairn India and has been accepted by the DGH, under the PSC terms. Cairn India and the JV partners are in discussions with GoI to resolve the matter.

Cambay Basin

CB/OS-2 (Cairn India is the operator with 40% participating interest)

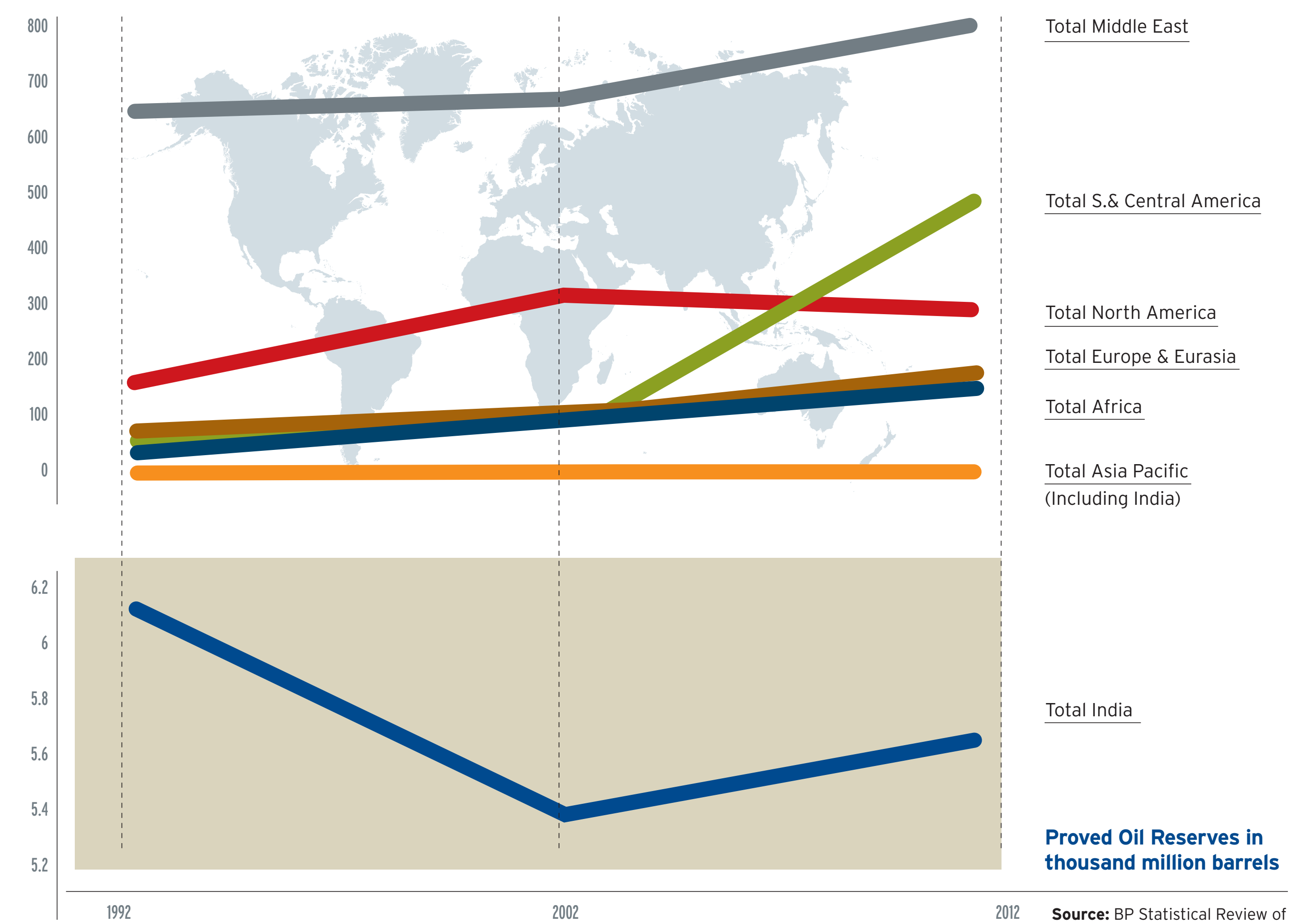
Seismic mapping of deeper exploration potential in the block is in progress. This is in line with the strategy to continually enhance the potential of the asset.

Mannar Basin, Sri Lanka

SL 2007-01-001 (Cairn Lanka is the operator with 100% participating interest)

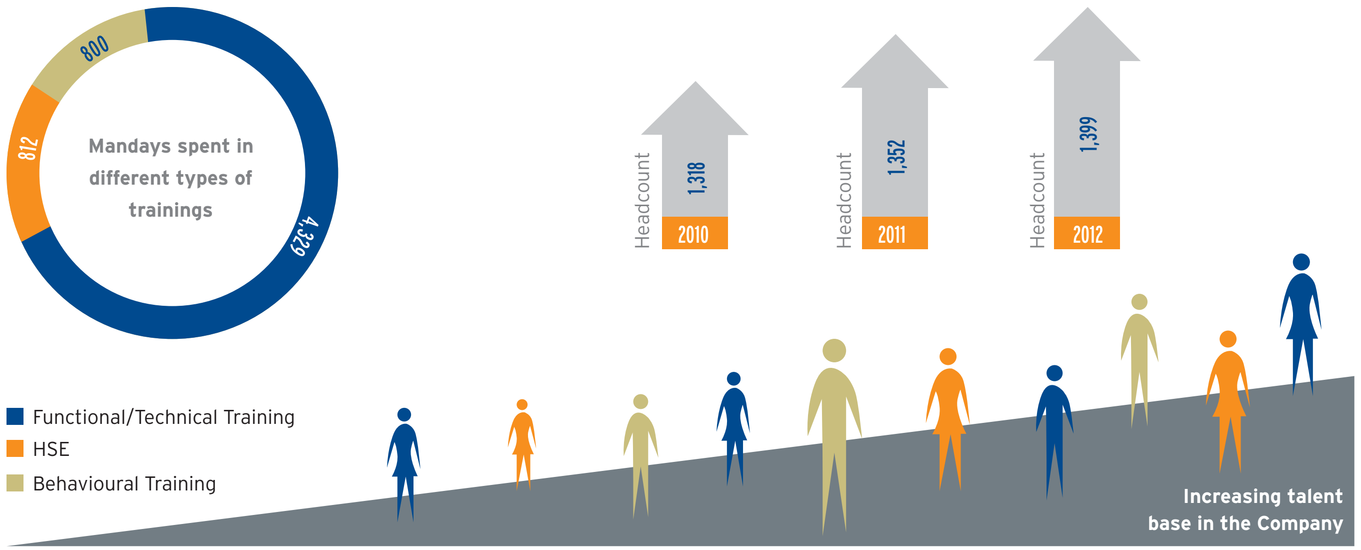
Cairn Lanka (Private) Limited, a wholly owned subsidiary of Cairn India, has successfully completed the first phase of the exploration campaign in the Sri Lanka Block SL 2007-01-001. The exploration programme involved the acquisition, processing and interpretation of 1,753 square km of 3D seismic data and a three well deep water drilling programme. The seismic programme exceeded the Phase- I commitment by 20% and the drilling programme exceeded the drilling depth commitment by 50%. The exploration programme resulted in two successive gas and condensate discoveries: the CLPL-Dorado- 91H/1z well and, the CLPL-Barracuda-1G/1 well. The third well, CLPL-Dorado North 1- 82K/1 was plugged and abandoned as a dry hole on 14 December, 2011. The potential commercial interest notification has been submitted for the Dorado Discovery, as per the terms of the Petroleum Resources Agreement (PRA). Thus, Cairn Lanka's successful drilling programme – the first for Sri Lanka in 30 years – has established a working petroleum system in the frontier Mannar Basin. All these operations were conducted safely, in accordance with the highest global standards; and within the schedule, the budget and in compliance with the Sri Lankan regulations.

Following this success, Cairn Lanka has entered the second phase of exploration with the approval of the Government of Sri Lanka. An additional 600 km^2 3D seismic data has been acquired which will firm up several promising leads. This will prepare Cairn Lanka for further exploration drilling in mid CY2013.



Source: BP Statistical Review of World Energy, June 2012

Human Resources



Data as of FY ending March

Our team

Cairn India empowers its people. The Cairn success story could not have been scripted without contributions from our exceptional talent and the "Can Do" spirit they epitomise. Today, we have more than 1300 such "Can Doers". Much of this growth was possible due to our consistent focus on attracting best-in-class talent, keeping them engaged to deliver and developing them to grow and be equal partners in the company's journey of growth.

Talent attraction

Given the Company's nature of business, it's critical that Cairn India recruits people in line with the highest global standards. Thus, ensuring availability of the right talent remains our overriding priority. Cairn India has been able to attract a large talent pool through referrals by existing employees. During the year, close to 50 percent of our new recruitments were sourced through employee referrals. This is a very healthy indicator. Moreover, this strategy also ensures a quick turnaround time for replacements.

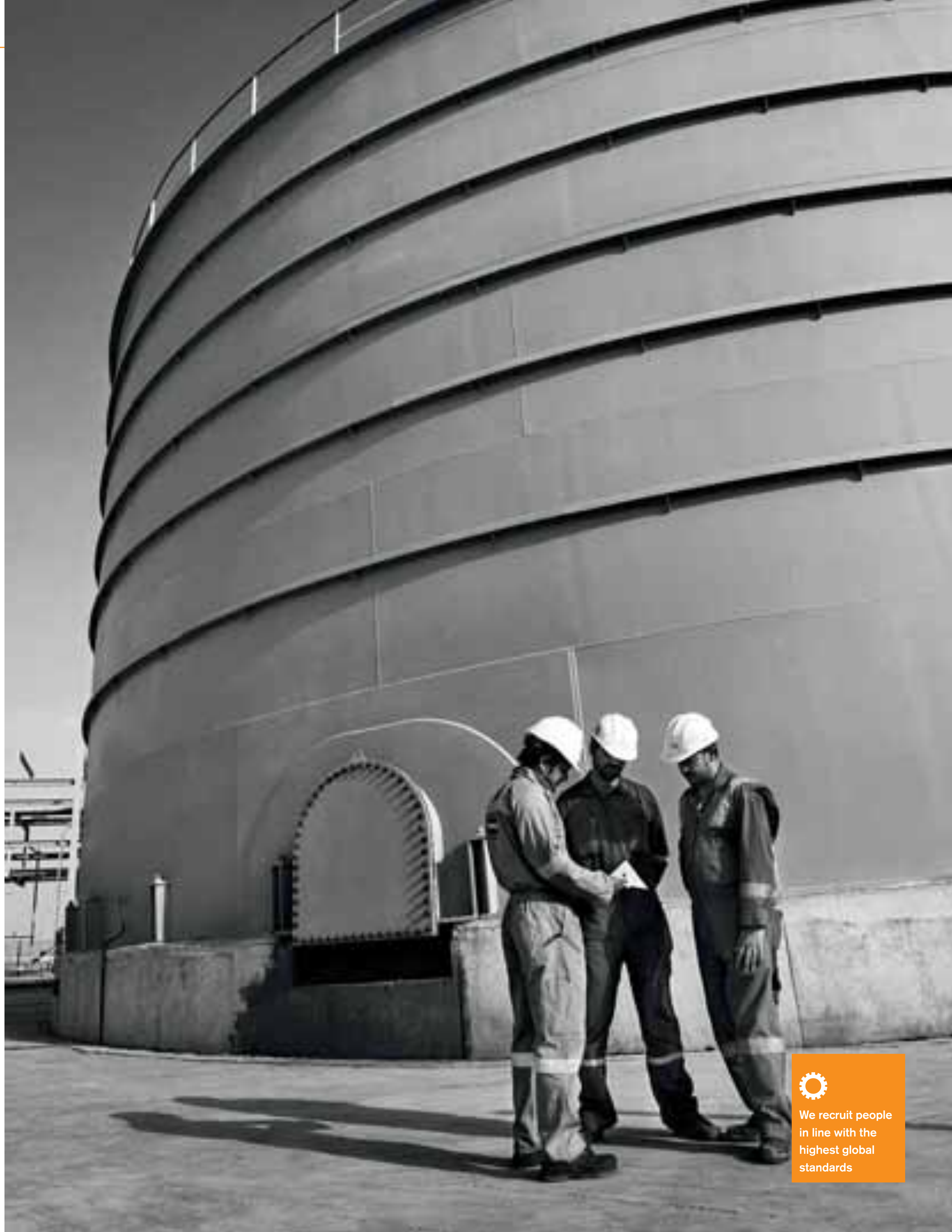
Talent engagement

Key to our continued success is a highly engaged workforce that is committed to deliver value. To this end, we carried out an employee engagement survey. The survey was followed by an organisation-wide communication and planning of key actions aimed at addressing some of the key focus areas; one of them being enhancement of the Performance Management System.

Capacity building

We have invested significantly for our people development – around 6,000 mandays of training during the year of which 4,329 were for functional competence building, 812 towards HSE and 800 towards behavioural training. We rolled out our next stage of Competency Management System aimed at enhancing the technical capabilities of our employees. We also launched the behavioural competency model - "Can Do" competency framework - that articulates the key behavioural attributes for delivering superior results. Going forward, this framework will be one of the cornerstones on which talent and leadership development will be based.

Building a leadership pipeline is critical for any forward-looking organisation. The Company continued to invest in business and functional leaders. In partnership with reputed management institutes, we have introduced signature programmes for middle managers who are expected to build their leadership capabilities. In addition to building capabilities, we also invested in enhancing process capacities.



We recruit people in line with the highest global standards

Cairn India is committed to maintain highest standards of Health, Safety and Environment (HSE) and has achieved top quartile performance in global benchmarking. It has thus built a strong foundation for the future

Health, Safety, Environment and Assurance (HSEA)

Cairn India's Health, Safety and Environment (HSE) vision is to be a "safe operator leading the industry in safety standards and demonstrate top quartile HSE performance among peers." It is committed to maintain highest HSE standards.

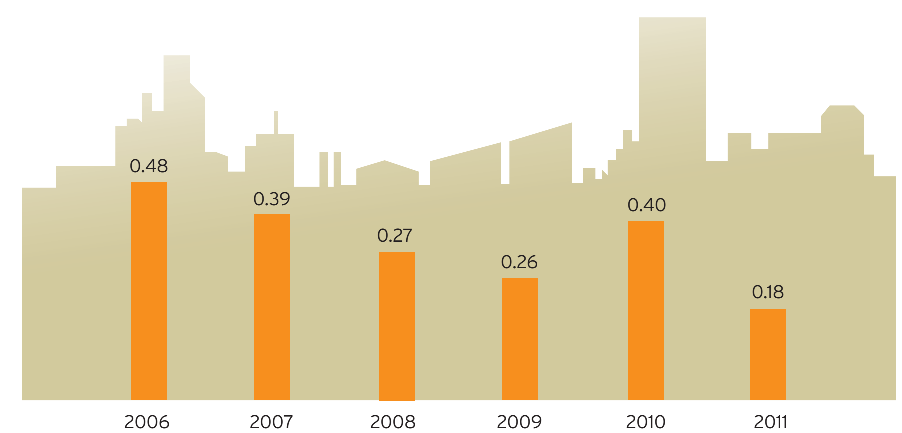
To support the delivery of commitments made in its HSEA policies and Guiding Principles, the Company implements a Corporate Responsibility Management System (CRMS), supported by detailed procedures and guidelines. The Cairn India CRMS Guiding Principles define its values and approach to managing Corporate Responsibility (CR) in accordance with the Company's policies. Through implementing the CRMS, the Company recognises and manages potential CR impacts, and encourages a culture of openness and continuous improvement.

Health and Safety

Cairn India takes all precautions to avoid accidents or pollution incidents. All operations have rigorous procedures, equipment and emergency teams in place to respond to contingencies. Exercises and drills are performed regularly to test systems and plans, and maintain a high degree of emergency preparedness. In addition, the Company has oil spill response plans, trained staff and equipments at all exploration and production facilities.

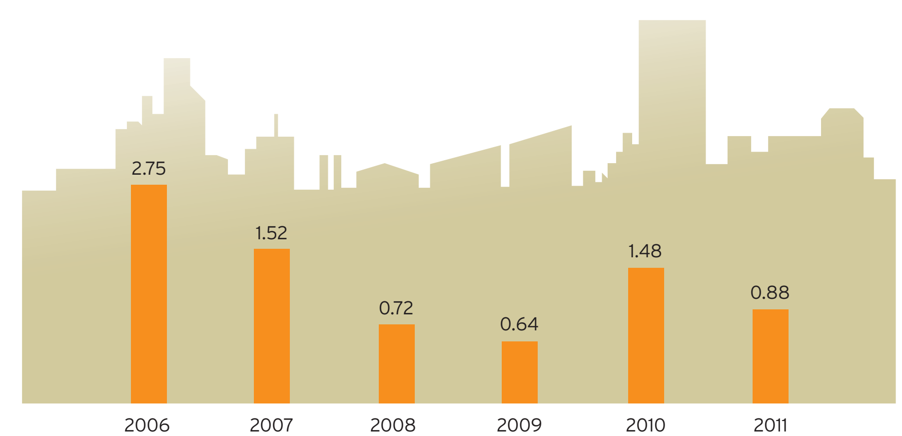
Lost Time Injury Frequency Rate

Per million man hours



Total Recordable Incident Frequency Rate

Per million man hours



Safety is everybody's responsibility and all activities are carried out with a commitment of 'No harm to the people.' Cairn India has adequate HSE personnel throughout the organisation including onshore/offshore assets and corporate. These professionals provide functional safety guidance and support to line managers to comply with the regulations and other organisational safety requirements. Cairn adopted best practices and ensures to comply with the National and International HSE standards including the International Association of Oil & Gas Producers (OGP) recommended practices.

During the year, Cairn India introduced, Cairn Observation Programme, focused to improve positive safety behaviours across all sites. This was not confined to the employees, but was also extended to the contractors.

Incident management is key to HSE management systems. Reporting of all incidents and its analysis helps the organisation to prevent and address contingencies. To improve reporting of incidents, Cairn Incident Management System (CIMS), an in-house based software system, has been introduced with various facilities. CIMS is not restricted to only reporting of incidents but is also used to investigate and track preventive actions until the incident is closed satisfactorily with sharing of lessons learnt.

During the year, Cairn India's operations were conducted in adherence to the highest safety standards. Here are some highlights:

- The CB/OS-2 block recorded more than nine million safe work hours over the last seven years
- The MPT to Salaya section of the pipeline with its delivery infrastructure has continued to safely deliver crude oil and has recorded more than 3.7 million LTI-free man hours
- The Rajasthan operations achieved 12 awards during the 'Silver Jubilee Mines Safety Week' under the aegis of the DGMS (Directorate General of Mines Safety)
- Ravva won the prestigious Offshore Industry Safety Directorate award in the offshore platform category
- During the year, Cairn India completed more than 200,000 mandays of HSE training across its projects and operations. As part of its standards, HSE induction training is mandatory for all personnel, including visitors, to all the sites

HSE Management of Contractors

Cairn India is not only focused on the well being of its employees, but also of its contractors and contract workers engaged in various projects across India. To this end, it regularly organises capacity building programmes for contractors. During FY2012, the Company constituted a high-level task force to design and develop mechanism to engage its contractors in its various HSE processes.

Additionally, as part of its efforts to develop local contractors, Cairn India undertook initiatives to engage such personnel and enhance their HSE capabilities, by imparting trainings.

Occupational Health

Cairn India focuses on health practices to prevent occupational illness amongst the employees and contractors. It adheres to healthcare standards that provide quality medical care – emergency care as well as preventive health – across all its facilities.

During the year, regular health audits and inspections were conducted at all operating and construction sites. Various health promotional activities and wellness programmes were regularly implemented. It also carried out an office ergonomic assessment at the Gurgaon facilities.

Quality and Assurance

During the year, as part of Cairn India's operational safety initiatives, numerous HSEA audits were conducted, such as:

- Annual HSEA Integrated Audit for all operating sites
- International Finance Corporation (IFC) third party audit of upstream (Bhagyam and Aishwariya) and midstream projects (Bhogat)
- Contractor HSE audit for John Energy Rig
- Emergency exercises drills were conducted at operating assets and Gurgaon offices

Moreover, Cairn India also conducted its pipeline integrity assurance survey for all pipelines under Rajasthan midstream and upstream projects.

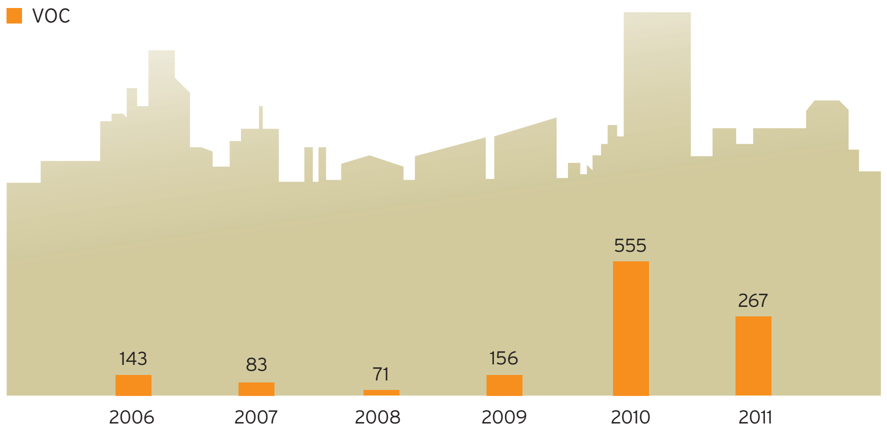
Environment

Cairn India recognises its responsibility to minimise the impact of its operations on the environment wherever it operates. It has introduced stringent measures from initial environment impact assessments to emissions and waste management; and has established a comprehensive emergency response and oil spill contingency plans.

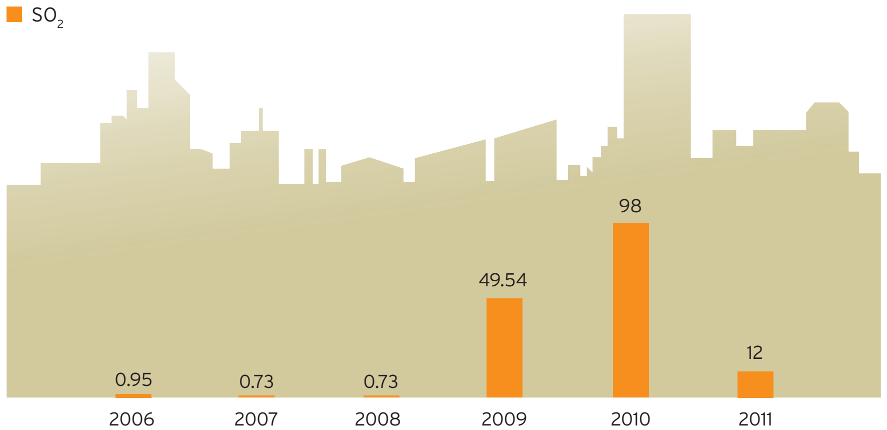
- During FY2012, the Company developed and implemented Environment Management System (EMS) as per the ISO-14001:2004 standard for the Rajasthan upstream operations. Final certification audit was conducted in March 2012 by DNV; and Cairn India received its certificate in April 2012. Similarly, EMS (ISO-14001) is being developed and implemented for its midstream operations.

Encouraging environment friendly modes of transport at MPT

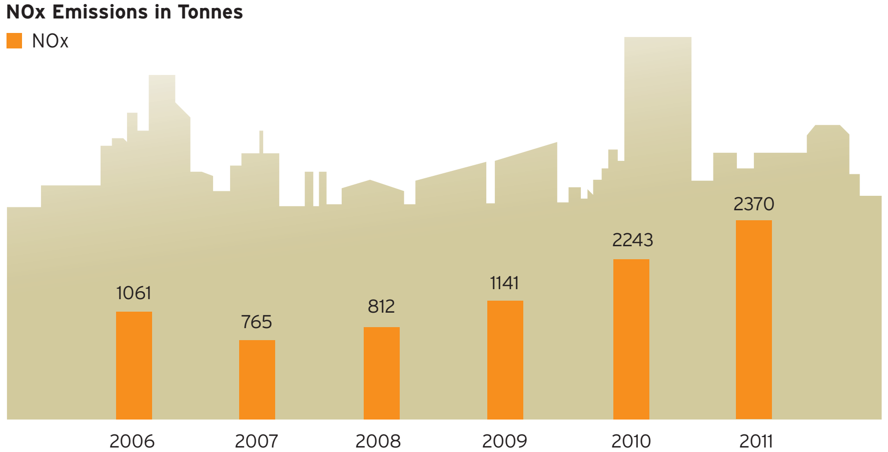
Volatile Organic Compounds in Tonnes



SO_2 Emissions in Tonnes



NOx Emissions in Tonnes



- In Sri Lanka, prior to the initiation of exploratory drilling operations, Cairn carried out a comprehensive environmental impact assessment (EIA) based on information and data collected from government agencies like the National Aquatic Resources Research and Development Agency (NARA), the Marine Environment Protection Agency (MEPA), the Central Environmental Authority (CEA) and Department of Fisheries & Aquatic Resources. After translation into Tamil and Sinhala, the EIA was placed in public domain for comments. The EIA, discharge management plan and environmental monitoring plan were approved by the designated authority, the MEPA. Specific plans were prepared to address HSE risks – namely the Environment Management Plan (EMP), Oil Spill Contingency Plan (OSCP), Emergency Response Plan (ERP) and Discharge Management Plan (DMP). SGS Lanka Pvt. Ltd., a reputed monitoring agency was engaged to undertake analysis of drill cuttings, drilling mud and wastewater streams.

Conservation of Energy

As a part of Cairn India's initiative to reduce environmental footprint, it continues to take steps that conserve energy, reduce methane and other green house gas (GHG) emissions. For instance, GHG emission intensity during FY2012 was lower than the defined targets, despite higher energy consumption. During the year under review, several energy conservation initiatives were adopted:

Ravva

- Ravva offshore platforms were equipped with solar arrays and wind mills to harness renewable energy. The estimated quantum of renewable energy used at Ravva during the reporting year is 53.14 MWH.
- Re-injection of produced water, separated at the Ravva terminal, back into the reservoir helps reduce discharge of waste water to sea. The Produced Water Re-Injection (PWRI) unit's capacity was enhanced to handle a maximum of 90,000 barrels of water per day. The PWRI unit is presently re-injecting 90% of the produced water.

CB/OS-2

- Waste heat recovery system for produced water was installed in the oil handling train at Suvali plant. This will recover the waste heat from the residual water stream and pre-heat the inlet oil stream.
- A MoU was executed between Cairn and ONGC (operator of North Tapti field) during March 2012, for processing the gas produced from ONGC's North Tapti field at Suvali plant. This will help to utilize the spare gas processing capacity of Suvali plant, thereby reducing the per unit energy consumption for each unit of gas processed.

Rajasthan

- Hot water requirements at the operations base in Rajasthan are being met through solar water heaters.

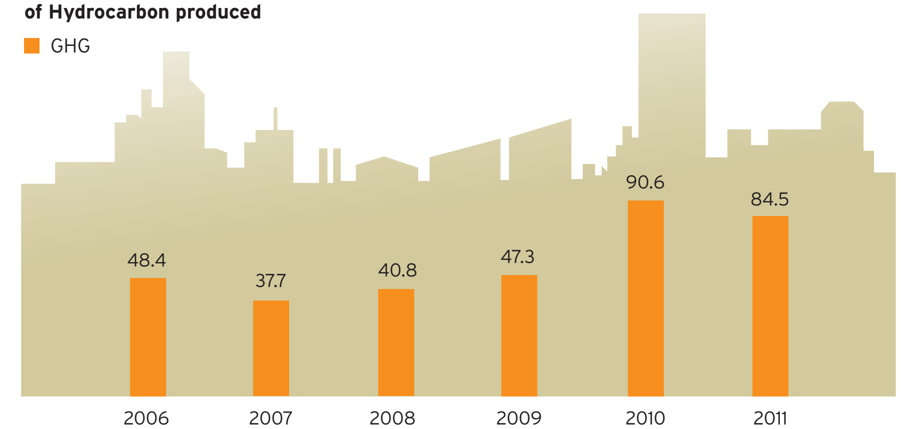
Security

During the year, a new initiative was undertaken to declare all the onshore Cairn Operational sites as 'Prohibited Area' under government notification. This will provide security umbrella of State to Cairn installations. So far Cairn installations in Barmer, Jalore and Radhanpur have been declared as 'Prohibited Area'.

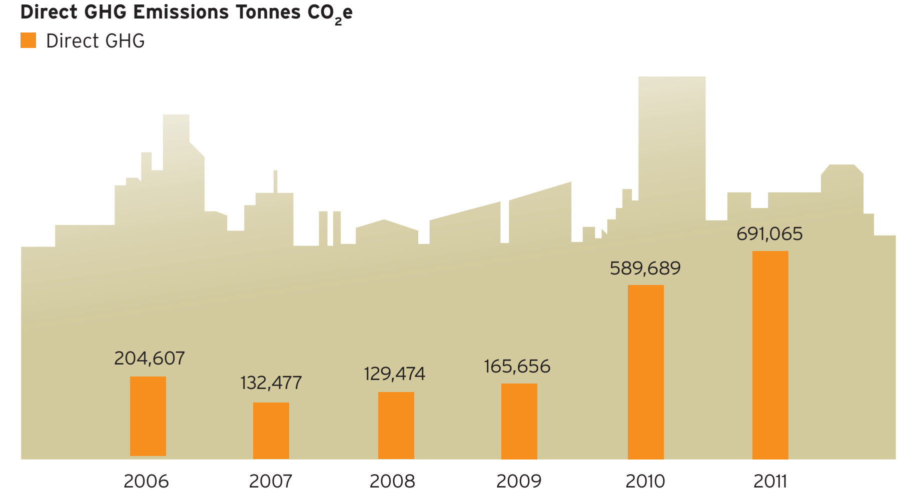
A special quick response training programme is under process at Jodhpur Commando Training School, Rajasthan to establish terrorist response team at Rajasthan sites, as mandated by the Central and State Governments.

During the year, Cairn India also prepared a comprehensive security survey programme for all the sites. It has engaged a renowned external agency to provide a single window security system at MPT, which will specify gadgets, manpower, install and maintain electronic security equipment and also execute civil construction.

Direct GHG Intensity Tonnes CO_2e/1000 tonnes of Hydrocarbon produced



Direct GHG Emissions Tonnes CO_2e



Internal Controls and their Adequacy

During FY2012, Cairn India continued to invest in strengthening its internal controls processes. Taking forward its initiatives to revamp policies and procedures relating to procurement, the scope was extended to re-define and frame policies and procedures to manage the post-contract award phase of any project. The Company is working on a project called DISHA (Driving Implementation for Simplicity, Harmonisation and Agility) in collaboration with external consultants – to simplify processes and extend IT enablement across the entire procurement-to-pay process.

Business Risk Management Process

Cairn India's business risk management system identifies and documents business risks and appropriate controls to mitigate these across all aspects of the Company's business. The risk management policy has been defined and establishes the principle by which risks are managed across the Company. The process is cascaded throughout the Company with independent, function-specific, risk management sub-committees that include appropriate cross-functional membership.

These sub-committees address risks pertinent to the assets, projects or functions, and provide regular reports to the Risk Management Committee. The Risk Management Committee reviews these reports at its meetings and considers other risks not captured by the sub-committees to derive the overall Cairn India Group's risk assessment.

Operating Policies and Procedures

Operating policies, as considered essential by senior management, are disseminated to appropriate departments / functions to increase awareness and compliance. A new procedure was introduced for procurement activities to strengthen internal controls and ensure JV alignment. Cairn India's operational policies, procedures and activities have been subjected to internal audits and peer reviews. Implementation of the recommendations arising from all the audit reports is regularly monitored by the senior management.

Legal and Commercial Procedures

Legal and commercial procedures have been actively disseminated throughout the Company. A process is on-going to ensure that policies and procedures are in place for all key activities. A legal compliance management system has been developed to track regulatory compliance requirements. It has been successful in identifying areas which require immediate legal attention and has, thus, reduced the chances of non-compliance.

Code of Business Ethics

Employees have verified that they have understood and accepted the provisions of the Code of Business Ethics during the year.

Financial and Management Reporting

Financial policies, standards and delegations of authority have been disseminated to senior management to cascade within their departments. Procedures to ensure conformance with the policies, standards and delegations of authority have been put in place covering all activities.

The Company conducts periodic assessment of the accuracy and reliability of the budget and forecast model with respect to the actual results. Variance analysis of budgeted and actual is carried out to understand and analyse the variance and adopt requisite course correction.

Audit Review of Operating and Financial Activities

Cairn India's processes and financial activities are subjected to independent audits by internal as well as statutory auditors. Implementation of recommendations from various audit reports are regularly monitored by the senior management. Internal and statutory audit reports and findings, including comments by the management, are regularly placed each quarter before the Audit Committee of the Board of Directors.

Performance Setting and Measurement

Objectives and key performance indicators (KPIs) are designed to meet the business plans and work programme. A system is in place to monitor and report the progress of these KPIs to the Executive Committee and the Board of Directors on regular basis.

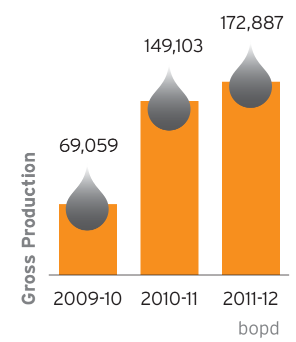
Business Continuity

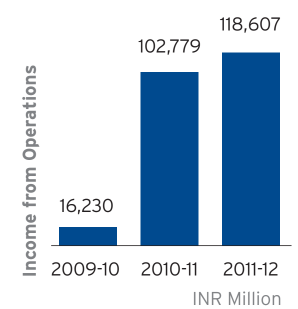
Emergency response and management plans are in place for all operations. A business continuity plan covering the key risks for the Corporate Office at Gurgaon has been rolled out. A strategy is being formulated for a pan-India business continuity plan covering all sites, which is expected to be completed in CY2012. A new and advanced version of the Corporate Responsibility Management System (CRMS) database was developed in-house and launched across the organisation. The CRMS database acts as a single point information bank and helps create a high level of HSE ownership throughout the organisation. Cairn India's strategy for risk management is to go beyond compliance and create a position where there is an embedded culture of informed risk acceptance, supported by an effective framework to both create and foster growth.

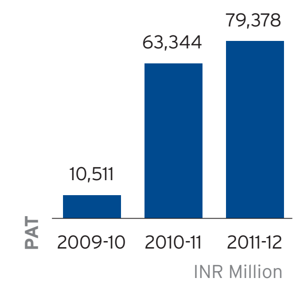
Abridged Financials

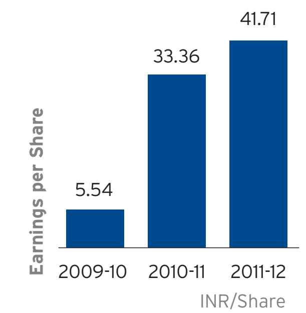
Financial Highlights for FY2012

- Average daily gross production increased by 16% – from 149,103 boepd in FY2011 to 172,887 boepd in FY2012.
- Revenues grew by 15.4% – from Rs.102,779 million (Rs.10,278 crore) in FY2011 to Rs.118,607 million (Rs.11,861 crore) in FY2012.
- EBIDTA rose by 10.7% – from Rs.83,562 million (Rs.8,356 crore) in FY2011 to Rs.92,544 million (Rs.9,254 crore) in FY2012.
- PBT increased by 22% – from Rs.68,900 million (Rs.6,890 crore) in FY2011 to Rs.84,235 million (Rs.8,424 crore) in FY2012.
- PAT rose by 25% – from Rs.63,344 million (Rs.6,334 crore) in FY2011 to Rs.79,378 million (Rs.7,938 crore) in FY2012.









Consolidated Profit And Loss Account for the Year ended 31 March, 2012
(All amounts are in INR Million, unless otherwise stated)

	Year Ended 31 March, 2012	Year Ended 31 March, 2011*	Year Ended 31 March, 2010
Income from operations	118,607	102,779	16,230
Total Expenditure	26,063	19,217	8,510
Earnings before Depreciation Interest and Tax (EBIDTA)	92,544	83,562	7,720
Other Income	9,380	270	4,076
Finance Cost	2,258	3,002	148
DD&A	14,403	11,930	1,485
Profit before exceptional item and tax	85,263	68,900	10,163
Exceptional item	1,028	-	-
Profit Before Tax	84,235	68,900	10,163
Total tax	4,857	5,556	-348
Profit for the year / period	79,378	63,344	10,511
Paid up Equity Share Capital (face value of Rs.10 each)	19,074	19,019	18,970
Earnings Per Share (in INR)			
Basic	41.71	33.36	5.54
Diluted	41.61	33.20	5.52
Public Shareholding			
Number of Shares	784,682,109	718,673,310	713,730,341
Percentage of Shareholding	41.14%	37.79%	37.62%

* 31 March, 2011 figures have been regrouped to confirm to the current year's presentation

Business Risks

Oil and gas exploration and production activities are subject to significant risks and hazards. Thus, managing these uncertainties is imperative and of prime importance to Cairn India. The senior employees and the Board of Directors are aware of the risks. The management is prepared to take steps when needed to alleviate such risks to the best possible extent.

Crude oil and natural gas reserves are estimates, and actual recoveries may vary significantly.

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well accepted that these cannot be measured in an exact manner. However, with enhanced understanding of the reservoirs following more work, the risks get gradually mitigated.

Reserves estimations involve a high degree of judgement. It is a function of the quality of the available data and the engineering and geological interpretation. Results of drilling, testing, and production may substantially change the reserve estimates for a given reservoir over a period of time.

For these reasons, the actual results may vary substantially. Accordingly, these may materially impact Cairn India's actual production, revenue and expenditures.

Due to delay, denial in approvals, Cairn India might not reach Rajasthan basin production potential of 300,000 bopd.

Cairn India cannot increase production beyond the approved production rate. It requires prior consent of the JV partner, the appropriate regulatory authorities and GoI before producing beyond the approved rate. Its approval might be delayed and/or denied by the JV partner or the regulatory authority. The approval might take significant amount of time. In such instances, production could be impacted.

The construction of the Salaya to Bhogat section of the pipeline and the Bhogat Terminal may take longer than planned and the cost of construction may be higher than forecast.

While work has commenced on the construction of the Salaya to Bhogat section of the crude pipeline, there is a risk that the construction, installation and commissioning of this section, which is approximately 80 km, could take longer than planned. Factors that could adversely affect the schedule are: (i) inclement weather conditions in Gujarat; (ii) difficulties in obtaining all the required right of use (RoU) access to the pipeline, including difficulties with the local community threatening to disrupt site access due to their increasing demands for contracts and employment on the project; (iii) difficulties with local landowners obstructing access to the pipeline routes; (iv) shortages and/or delays in obtaining all the required material and equipment on site; (v) shortages of skilled labour; and (vi) non-compliance by the contractors to Cairn India's health, safety, environmental and quality policies.

There is a risk that the actual costs might be higher.

Cairn India might not be able to pay dividends.

The payment of future dividends is subject to the Board of Directors' discretion. Among other factors, they are driven by, the Company's operating results, financial condition, outlook for earnings growth, credit-risk considerations, and future capital requirements. Key considerations are also given to the general business and market conditions. Due to macro economic conditions and business imperatives, the Company may not have sufficient cash to pay dividends.

Corporate re-organisation is a pre-requisite for any dividend payments from CIL. Regulatory authorities are yet to approve the re-organisation. There is thus a risk towards dividend payout.

Regulatory uncertainties may impact the Company's business.

The Company's business has been, and might be in future, affected by the changing regulatory landscape. It might be affected by the political developments, by the central, state, local laws and regulations such as: production restrictions, changes in taxes, royalties and other amount payable to the various governments or their agencies. New political developments, laws and changing regulatory environment may adversely impact the business.

Outlook

It is difficult to predict the state of play for an oil and gas player in most geographies. South Asia is no exception. On the positive side, the Company believes that despite the recent softening of crude oil prices, Cairn India is poised to earn sufficient revenues and profits in FY2013. On the negative side, hydrocarbon players tend to attract hefty taxes whenever a country's exchequer feels the need for additional financial resources. If that were to happen, it would constrain – even shrink – the Company's post-tax profits. On balance, however, Cairn India remains cautiously optimistic about FY2013.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the sector, significant changes in political, regulatory and economic environment in India, exchange rate fluctuations, tax laws, litigation, labour relations and interest costs.

Awards and Recognitions

- The Company was adjudged the fastest growing energy company in Asia and the fourth fastest in the world at the **Platts Top 250 Energy Company Awards 2011** at the International Energy Week, Singapore
- Rajasthan operations bagged 12 awards in the **"Silver Jubilee Mines Safety Week"** function at Bikaner, Rajasthan under the aegis of the Directorate General of Mines Safety (DGMS)
- Ravva won the prestigious **Offshore Industry Safety Directorate Award** under the offshore platform category
- Mangala Development Pipeline Project was declared runner-up in **"Project of the Year"** award organised by Project Management International
- **Golden Peacock Award** for Corporate Social Responsibility, 2012
- Cairn India won the **CMO Asia Award** for Best CSR Practice (Overall) in 2011. The award was presented in Singapore on 22 June, 2011
- **Thomson Reuters Extel Survey 2011 Award** - Second best Company for Investor Relations in India

Cairn India is committed to the highest standards of Corporate Social Responsibility (CSR). It is the Company's conviction that business growth should empower communities and create value for all stakeholders. It is committed to conduct its operations in a socially responsible manner. The Company through its 3Rs ideology of 'Respect, Relationships and Responsibility' makes a difference in its area of operations

Corporate Social Responsibility

Focus Areas

Cairn India is committed to the United Nations Millennium Development Goals. In addition, it's policy is in line with the GoI's vision of fostering inclusive growth, as articulated in the Eleventh Five Year Plan and the Approach Paper to the Twelfth Five Year Plan.

The Company's CSR initiatives are divided into four thematic areas: (i) health, (ii) education, (iii) economic development, and (iv) infrastructure development.

Cairn India has invested in each of these four thematic areas. These initiatives have benefited over 250,000 people. The key strategy has been to partner with local communities and find sustainable solutions for their development.

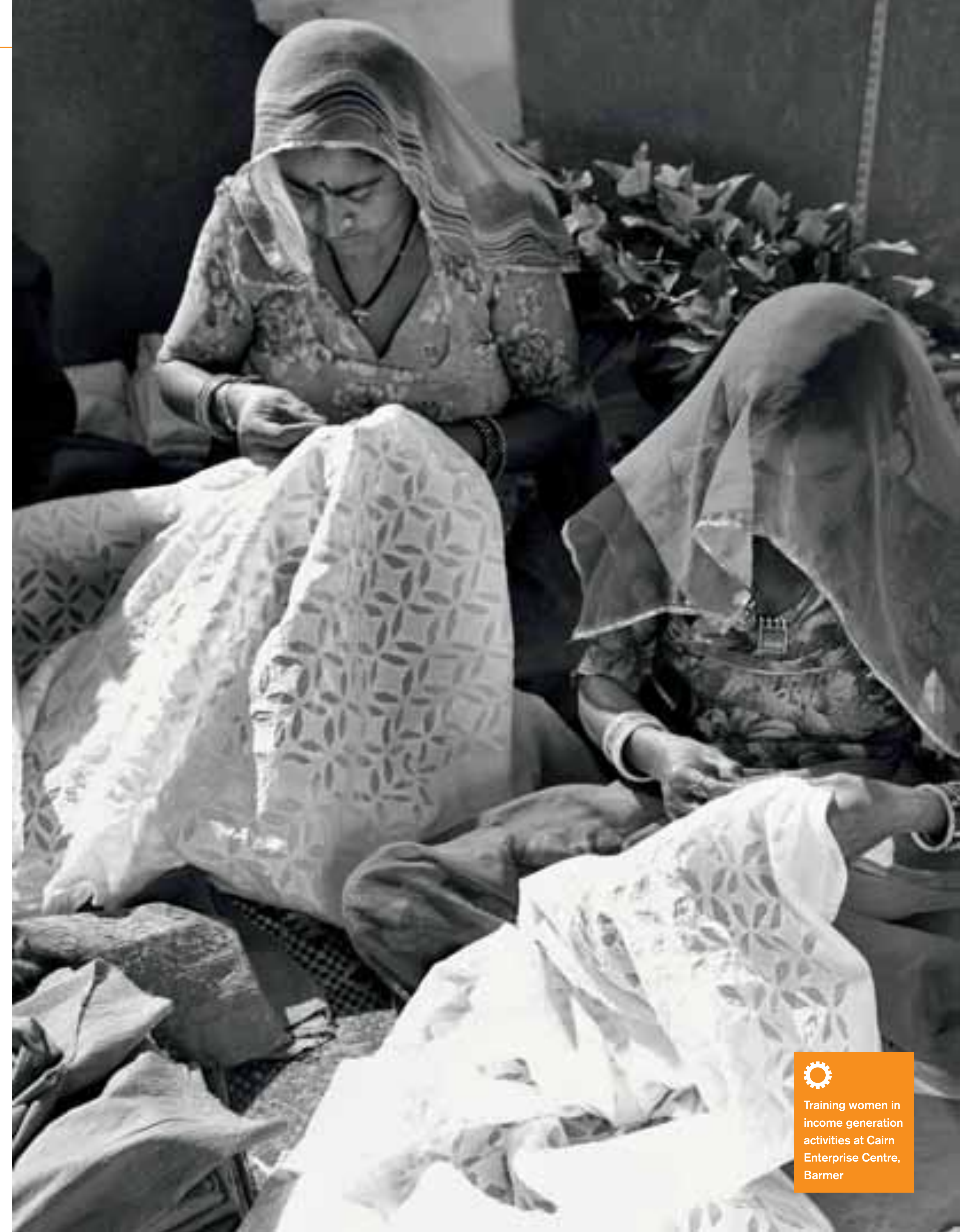
In 2007, Cairn India, set up a partnership with the IFC. One of the most successful outcomes was the establishment of the Cairn Enterprise Centre (CEC) at Barmer, Rajasthan. Housed in the Industrial Training Institute (ITI), Barmer, it was designed to promote and support local economic development through vocational training, development of soft skills, local vendor development etc. The CEC, with support from the Government of Rajasthan, has trained more than 7,000 youth; of whom 80% have already been employed or have created their own micro-enterprises.

Although the initial partnership with the IFC has ended, Cairn India is working to strengthen the future of the CEC as a key resource for the local community. It has been registered as an independent, not-for-profit organisation that continues to build local enterprises and entrepreneurial talents, and drive local economic empowerment by developing community-owned, sustainable businesses. During the year, Cairn India signed an MoU with the Directorate for Technical Education (DTE), Government of Rajasthan for a period up to 2016. As part of this MoU, the CEC will build the capacity of the local youth and will continue to operate from within the premises of ITI, Barmer.

Health

The Company attempts to improve healthcare access for local people in the communities surrounding its operations. Cairn India operates Mobile Health Vans (MHVs) in Barmer, Sanchore and along the Salaya-Bhogat section of the pipeline in Jamnagar district of Gujarat. The MHVs provide diagnostic and preventive healthcare to remote communities.

During the year, Cairn India's health initiatives benefited over 100,000 people.



Training women in income generation activities at Cairn Enterprise Centre, Barmer

Libraries in Sri Lanka to develop reading habit and open new horizons

Similarly, 25,000 vulnerable villagers benefited from the child and maternal healthcare programme in Andhra Pradesh's Krishna district. Cairn India's programme has helped minimise infant and maternal mortality rate. Numerous health camps were organised across the Company's operational areas.

Education

Cairn India's education initiatives have benefited more than 16,000 students in remote locations in Rajasthan and Gujarat. Similarly, awareness programmes on environment and energy conservation have benefited 4,000 students in 40 government schools in the Surat district in Gujarat.

The Company has been able to increase the interest of students in studies through innovative projects like the Mobile Science Van (MSV) and the Rural School Library project. The MSV programme focuses on learning science through demonstrating interactive experiments. This is being implemented in 84 government schools of Rajasthan and Gujarat.

In Cambay basin, Cairn India has established a science play ground and an activity centre. The science play ground introduces children to the world of science through interesting outdoor activities. It serves as a facility to conduct syllabus-based science activities and promotes learning of different aspects of science in new and exciting way.

As part of Cairn India's commitment to improve the educational attainments, Cairn Lanka (Private) Limited, a subsidiary of Cairn India had signed a MoU with the Presidential Secretariat, Government of Sri Lanka to establish the Rural School Libraries in 27 schools of Moneragala district, Sri Lanka. Cairn has completed Phase I of the project. Phase II of the project has already been initiated.

Economic Development in Communities

Dairy Development

In July 2007, Cairn India decided to support community-based dairy development programme to enhance the economic condition of the community. Initiated at Barmer, the aim of the programme was to enhance income generation opportunities for marginalised households in villages surrounding the Company's operations. Through this initiative, farmers have been linked to milk cooperative societies, provided support in fodder development and the milk collection and payment system have become more efficient.

The programme is currently running across 14 villages in Barmer, Rajasthan. There has been a phenomenal increase in milk production: from 0.2 million litres per annum to 4.4 million litres. This increase in milk production has enabled Cairn's dairy development initiative to be a catalyst for social and economic change in the area.

The dairy development project, to date, has generated revenue of more than US$ 1 million for the local communities.

Agri-Kiosk Programme

Sustainable development of the nation's agricultural sector is an important element of Cairn's CSR agenda. The Agri-Kiosk Services for farmers, called the Gramin Suvidha Kendras (GSKs) were initiated to strengthen the sustainability of this sector. The programme is implemented in partnership with Multi Commodity Exchange of India (MCX). Till date, over 10,000 farmers have benefited through the programme. These services are designed to provide strategic information to farmers, and include:

- Details of the price of the commodity at that particular time and the quote price for the next five days
- Advice from agricultural experts on particular products
- Answers to queries about crops
- Storage facilities provided to farmers for crops
- Input from an expert on how to produce quality crops and maintain the quality over a period of time
- Insurance provided for crops against adverse weather

Additionally, farmers are provided trainings throughout the year on improving yield, different cropping practices and on government schemes in the districts. A total of 34 training programmes were organised under Krishi Mahotsav programme of the Government of Gujarat, in collaboration with the Department of Agriculture in the districts of Surendranagar, Rajkot, Ahmedabad, Patan, Banaskantha and Jamnagar. Currently, the programme is being implemented at Viramgam, Radhanpur, Bhatia, Wankaner, Muli and Tharad.

Vocational Skill Training Programme

Cairn India is actively promoting vocational skill training programme for youth. In Ravva, for instance, during the year, many young persons were trained in retail, welding, automobile and mobile repairs. This helped them to secure employment in leading companies like Ashok Leyland, Spar, Spencer, and several others. Similarly, as part of Cairn India's initiative to promote women empowerment, in KG block, Cairn India has trained over 100 women in jute bag-making, tailoring and block printing, and has connected them with the local markets.

Infrastructure Development in Communities

To improve existing infrastructure, Cairn India works closely with the local administration and communities around its area of operations. The Company has supported building roads, improving access to the project site, water harvesting structures, among others. During FY2012, in Rajasthan, over 1,300 water harvesting structures were established; local hospitals were upgraded; support was extended to government-owned institutions involved in various forms of local and community-based infrastructure; and the Company participated in the greenbelt development with the support of local administration. It is estimated that over 50,000 individuals benefited from the Company's community infrastructure initiatives.

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CORPORATE GOVERNANCE

The corporate governance philosophy of Cairn India Limited ('Cairn India' or 'the Company') is structured to institutionalise policies and procedures that enhance the efficacy of the Board and inculcate a culture of accountability, transparency and integrity across the Cairn India group as a whole

Report on Corporate Governance

Board of Directors

COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD

As on 31 March, 2012, the Board comprised 8 Directors, including seven non-executive Directors, four of whom are also independent.

The Chairman of the Board is a non-executive Promoter Director. All non-executive Directors are renowned professionals, having diverse experience and expertise in finance, economics, oil and gas exploration and general administration.

The Board has one executive Director, Mr. Rahul Dhir. He has been re-appointed for a term of five years and the present term of his contract will expire on 21 August, 2016.

The composition of the Board as on 31 March, 2012 is given in Table 1. None of the Directors is a member of more than 10 Board-level committees of Indian public limited companies; nor are they chairmen of more than five committees in which they are members. Further, none of the Directors is related to the other, or to any other employee of the Company, except Mr. Navin Agarwal and Ms. Priya Agarwal. Ms. Priya Agarwal is the daughter of Mr. Navin Agarwal's elder brother, Mr. Anil Agarwal. During the period under review, the following changes were made in the composition of the Board:

- Mr. Malcolm Shaw Thoms resigned as non executive Director with effect from 14 June, 2011.
- Mr. Rick Bott resigned as Executive Director and Chief Operating Officer with effect from 15 June, 2011.
- Mr. Indrajit Banerjee resigned as Executive Director and Chief Financial Officer with effect from 23 August, 2011.
- Mr. Mike Watts was appointed as an alternative Director to Ms. Jann Brown with effect from 26 September, 2011 and later ceased to be an alternative Director from 20 October, 2011.
- Sir Bill Gammell and Ms. Jann Brown resigned as non- executive Directors with effect from 8 December, 2011.
- Mr. Navin Agarwal and Mr. Tarun Jain were appointed as additional Directors of the Company with effect from 16 December, 2011. Mr. Navin Agarwal was also appointed as the Chairman of the Company on the said date.
- Ms. Priya Agarwal was appointed as additional Director with effect from 2 January, 2012.

The Company follows a structured process of decision-making by the Board and its Committees. The meeting dates are usually finalised well before the beginning of the year. Detailed agenda, management reports and other explanatory statements are circulated at least seven days ahead of the meeting. To address specific urgent needs, meetings are also called at shorter notice but never less than a minimum of seven days. In some instances, resolutions are passed by circulation. These are often preceded by Board discussions through audio conference. The Board is also free to recommend inclusion of any matter in the agenda for discussion. Senior management officials are called to provide additional inputs on the matters being discussed by the Board/ Committee.

The Board has complete access to all relevant information of the Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated in Clause 49. All information, except critical price sensitive information (which is handed out at the meetings), is given to the Directors well in advance of the Board and Committee meetings.

1 Composition of the Board
As on 31 March, 2012

S. No.	Name of the Director	Executive/Non-Executive	No. of other Directorships		Memberships/Chairmanships of Board-level Committees**	
			Indian	Others*	Member	Chairman
1	Mr. Navin Agarwal[1]	Chairman, Non-Executive Director	6	5	1	1
2	Mr. Tarun Jain[1]	Non-Executive Director	4	4	4	-
3	Ms. Priya Agarwal[2]	Non-Executive Director	-	-	-	-
4	Mr. Aman Mehta	Non-Executive Independent Director	5	4	3	3
5	Mr. Naresh Chandra	Non-Executive Independent Director	10	5	8	1
6	Dr. Omkar Goswami	Non-Executive Independent Director	9	3	4	4
7	Mr. Edward T. Story Jr	Non-Executive Independent Director	-	4	2	-
8	Mr. Rahul Dhir	Manging Director and CEO	-	4	1	-

Notes * Directorships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.
** Only the Audit Committee and the Shareholders' / Investors' Grievance Committee of Indian public limited companies have been considered.
1. Appointed as an additional Director on 16 December, 2011.
2. Appointed as an additional Director on 2 January, 2012.

2 Directors' Attendance Record for year ended 31 March, 2012

Name	No. of meetings held during the period the Director was on Board	No. of meetings attended	Presence at the last AGM
Mr. Navin Agarwal[1]	1	1	NA
Mr. Tarun Jain[1]	1	1	NA
Ms. Priya Agarwal [2]	1	-	NA
Sir. William B.B. Gammell[3]	5	4	No
Ms. Jann Brown[3]	5	4	Yes
Mr. Malcolm Shaw Thoms[4]	1	1	NA
Mr. Aman Mehta	6	5	Yes
Mr. Naresh Chandra	6	5	Yes
Dr. Omkar Goswami	6	6	Yes
Mr. Edward T. Story Jr*	6	4	Yes
Mr. Rahul Dhir	6	5	Yes
Mr. Indrajit Banerjee[5]	3	3	Yes
Mr. Rick Bott[6]	1	1	NA

Notes * Participated in the proceedings of two Board meetings through video conference.
1. Appointed as additional Director with effect from 16 December, 2011.
2. Appointed as additional Director with effect from 2 January, 2012.
3. Resigned from the Board with effect from 8 December, 2011.
4. Resigned from the Board with effect from 14 June, 2011.
5. Resigned from the Board with effect from 23 August, 2011.
6. Resigned from the Board with effect from 15 June, 2011.

NUMBER OF BOARD MEETINGS AND THE ATTENDANCE OF DIRECTORS

During the year ended 31 March, 2012, the Board of Directors met six times on: 25 May, 2011, 26 July, 2011, 18 August, 2011, 14 September, 2011, 20 October, 2011 and 24 January, 2012 . The maximum gap between any two meetings was less than four months.

Table 2 gives the Directors' attendance at board meetings and the Annual General Meeting (AGM) during the year ended 31 March, 2012.

DIRECTORS' REMUNERATION

Table 3 lists the remuneration paid or payable to the Directors. The non-executive Directors do not have any material pecuniary relationship or transactions with the Company, other than sitting fees / Directors' remuneration paid / payable to them. The non-executive Directors are eligible for commission up to 1% of net profits as permitted by the Companies Act, 1956 and as approved by shareholders in the annual general meeting held on 18 August, 2011.

During the year under review, no options were granted to any of the executive Directors.

During the year under review, 22,365 and 2,238,077 options were exercised by Mr. Indrajit Banerjee and Mr. Rahul Dhir respectively.

SHAREHOLDING OF NON-EXECUTIVE OR INDEPENDENT DIRECTORS

None of the non-executive or independent Directors hold any equity shares or convertible instruments of the Company.

CODE OF CONDUCT

The Board of Directors has laid down a 'Code of Business Ethics' which is applicable to everyone in the Company and its subsidiaries including employees,

3 Directors' Remuneration
For the year ended 31 March, 2012 (in INR)

Name	Salary	Perquisites	Bonus & Performance incentives	Retirement Benefits	Commission	Sitting Fee	Total
Mr. Navin Agarwal	-	-	-	-	-	-	-
Mr. Tarun Jain	-	-	-	-	-	-	-
Ms. Priya Agarwal	-	-	-	-	-	-	-
Sir William B.B. Gammell	-	-	-	-	-	-	-
Ms. Jann Brown	-	-	-	-	-	-	-
Mr. Malcolm Shaw Thoms	-	-	-	-	-	-	-
Mr. Aman Mehta	-	-	-	-	-	240,000	240,000
Mr. Naresh Chandra	-	-	-	-	-	240,000	240,000
Dr. Omkar Goswami	-	-	-	-	-	300,000	300,000
Mr. Edward T. Story Jr	-	-	-	-	-	120,000	120,000
Mr. Rahul Dhir	49,524,083	57,837,476	30,986,344	4,222,952	-	-	142,570,855
Mr. Indrajit Banerjee	7,290,332	233,541	16,415,408	705,660	-	-	24,644,941
Mr. Rick Bott	42,155,605	75,888,953	107,677,348	2,063,040	-	-	227,784,946

Notes
1. Mr. Rahul Dhir's salary as stated above includes salary of INR 140,170,855 from Cairn Energy India Pty Limited. Further, Mr. Dhir exercised 2,238,077 stock options at an exercise price of INR 33.70 per option during the year.
2. Mr. Indrajit Banerjee's salary as stated above includes salary of INR 23,933,650 from Cairn Energy India Pty Limited. Further, Mr. Banerjee exercised 22,365 stock options at an exercise price of INR 10 per option during the year.
3. Mr. Rick Bott's salary as stated above includes salary of INR 227,538,279 from Cairn Energy India Pty Limited. Further, the value of cash options granted to Mr. Bott was INR 46,169,309.
4. Mr. Aman Mehta, Dr. Omkar Goswami and Mr. Naresh Chandra were paid a remuneration of INR 5,989,242 each from Cairn Energy Holdings Limited, Cairn Energy Hydrocarbons Limited & Cairn Energy Asia Pty Limited, respectively, in their capacity as Directors of these subsidiary companies.

4 Attendance Record of Audit Committee
For the year ended 31 March, 2012

Name	Position	Status	No. of meetings held during the period the Director was a Member of the Committee	No. of meetings attended
Mr. Aman Mehta	Independent Director	Chairman	4	4
Mr. Naresh Chandra	Independent Director	Member	4	3
Dr. Omkar Goswami	Independent Director	Member	4	4
Mr. Edward T Story	Independent Director	Member	4	2
Mr. Tarun Jain[1]	Non- Executive Director	Member	1	1
Ms. Jann Brown[2]	Non-Executive Director	Member	3	3

Notes
1 Appointed as additional Director and Co-opted on Audit committee with effect from 16 December, 2011.
2 Resigned from the Board with effect from 8 December, 2011.

contractors and Directors. Details of the Code are available at www.cairnindia.com. All Directors and employees including senior management have affirmed compliance with the Code for the year ended 31 March, 2012.

COMMITTEES OF THE BOARD

Audit committee

The Company has an adequately qualified Audit Committee. As on 31 March, 2012, the Committee comprised five non-executive Directors: Mr. Aman Mehta (Chairman), Mr. Naresh Chandra, Mr. Tarun Jain, Dr. Omkar Goswami and Mr. Edward T. Story. Four of the five members are independent. All members have the financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. The current charter of the Audit Committee is in line with international best practices as well as the regulatory requirements mandated by SEBI and Clause 49 of the Listing Agreement. Mr. Sunil Bohra, Deputy CFO, Mr. Raj Agarwal, Partner, S. R. Batliboi and Co., and Mr. Arup Chakraborty, Chief Internal Auditor of the Company are invitees to the meetings of the Audit Committee. Ms. Neerja Sharma, Company Secretary is the Secretary to the Committee. During the year ended 31 March, 2012, the Audit Committee met four times: on 25 May, 2011, 25 July, 2011, 20 October, 2011 and 24 January, 2012. The attendance record of the Audit Committee is given in Table 4. Mr. Aman Mehta, Chairman of the Audit Committee, was present at the Company's last AGM held on 18 August, 2011.

Terms of Reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure correct, sufficient and credible financial information.
- Recommending to the Board the appointment, re-appointment or replacement of statutory auditors and the setting up of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory Auditors.
- Reviewing, with management, the annual financial information before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement in the Board's Report pursuant to subsection (2AA) of Section 217 of the Companies Act, 1956.
  - changes, if any, in accounting policies and practices and reasons for such changes;
  - major accounting entries involving estimates based on the exercise of judgement by the Company's management.
  - any significant adjustments made in the financial information arising out of audit findings;
  - compliance with listing and other legal or regulatory requirements relating to financial information.
  - disclosure of any 'related party transactions'.
  - any qualifications in the draft Audit Report.
- Reviewing, with management, the quarterly financial information before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with management, the the performance of statutory and internal auditors, and the adequacy of the internal control systems of the Company.
- Approving the appointment, removal and terms of remuneration of the chief internal auditor.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussing with internal auditors any significant findings and following up on any such significant findings.
- Reviewing the findings of any internal investigation by internal auditors into matters relating to irregularities, fraud, or a failure in internal control systems of a material nature, and reporting such matters to the Board.
- Having pre-audit discussions with the statutory auditors as to the nature and scope of the audit, and post-audit discussions to ascertain any areas of concern.
- Looking into the reasons for any substantial defaults in payments to debenture holders, shareholders (in case of the non-payment of declared Dividends) and creditors.
- Reviewing the Company's financial and risk management policies.
- Monitoring the utilisation of funds to be raised pursuant to a public issue.
- Carrying out any other function as the Board may from time to time refer to the Audit Committee.

The Audit Committee also reviews the following information:

i. Management discussion and analysis of financial condition and results of operations
ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
iii. Management letters / letters of internal control weaknesses issued by the statutory auditors.
iv. Internal audit reports relating to internal control weaknesses

Shareholders' / Investors' Grievance Committee

As on 31 March, 2012, the Committee comprised four Directors: Dr. Omkar Goswami (Chairman), Mr. Edward T. Story, Mr. Tarun Jain and Mr. Rahul Dhir.

The Chairman of the Committee is an independent Director. Ms. Neerja Sharma, Company Secretary, is the Compliance Officer of the Company and the Secretary of the Committee.

The Committee met once during the financial year on 24 January, 2012. Dr. Omkar Goswami and Mr. Rahul Dhir attended the said meeting. The committee approves by way of circulation every fortnight, matters pretaining to allotment/rematerialisation of shares etc.

The Company has appointed Link Intime India Private Limited as the Registrar and Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily. The status of complaints received during the 12-month period ended 31 March, 2012 by the Registrar and Share Transfer Agent is given in Table 5.

Terms of Reference

- To approve/refuse/reject registration of transfer/transmission/transposition of shares.
- To allot shares to employees on exercise of stock options and to authorize issue of Share Certificates.

5 Complaints Received and Attended
During the year ended 31 March, 2012

Nature of Complaint	No. of Complaints		
	Received	Attended	Pending
Non-Receipt of refund orders/revalidation	6	6	Nil
Referred by SEBI	4	4	Nil
Received from Investors	4	4	Nil
Referred by RBI/Ministry of Corporate Affairs	1	1	Nil
Non-receipt of Demat Credit	13	13	Nil
Non-receipt of the Annual Report	2	2	Nil
Total	**30**	**30**	**Nil**

6 Attendance Record of Remuneration Committee
For the year ended 31 March, 2012

Name	Position	Status	No. of meetings held during the period the Director was a member of the Committee	No. of meetings attended
Mr. Naresh Chandra	Independent Director	Chairman	4	4
Dr. Omkar Goswami	Independent Director	Member	4	4
Mr. Aman Mehta	Independent Director	Member	4	3
Sir William B.B. Gammell[1]	Non-Executive Director	Member	3	2
Mr. Malcolm Shaw Thoms[2]	Non-Executive Director	Member	1	1
Ms. Jann Brown[3]	Non-Executive Director	Member	1	1
Mr. Tarun Jain[4]	Non-Executive Director	Member	1	1
Mr. Navin Agarwal[4]	Non-Executive Director	Member	1	1

Notes
1. Resigned from the Board with effect from 8 December, 2011.
2. Resigned from the Board with effect from 14 June, 2011.
3. Co-opted as member of Committee on 26 July, 2011 and resigned from the Board on 8 December, 2011.
4. Appointed as additional director and co- opted on the Remuneration Committee with effect from 16 December, 2011.

- To authorize issue of duplicate share certificates and issue of share certificates after split/consolidation/ rematerialisation of shareholding.
- To authorize printing of Share Certificates.
- To authorize affixation of Common Seal of the Company on Share Certificates of the Company.
- To authorize Directors/ Mangers/ Officers /Signatories for signing/ endorsing Share Certificate.
- To authorize necessary applications / corporate actions to Stock Exchanges and Depositories arising out of and incidental to the exercise of options by the employee.
- To take care of any matters incidental to and arising out of the above.

Remuneration Committee

The Board has a Remuneration Committee to make recommendations to the Board as to the Company's framework or broad policy for the remuneration of the executive Directors and senior executives one level below the Board. As on 31 March, 2012, the Remuneration Committee comprised five non-executive Directors: Mr. Naresh Chandra (Chairman), Mr. Navin Agarwal, Mr. Tarun Jain, Mr. Aman Mehta and Dr. Omkar Goswami. Three of these members are independent Directors. The objective of the Company's remuneration policy is to ensure that Cairn India's executive Directors and senior executives are sufficiently incentivised for enhanced performance. In determining this policy, the Committee takes into account factors it deems relevant and gives due regard to the interests of shareholders and to the financial and commercial health of the Company. It ensures that levels of remuneration are sufficient to attract and retain senior executives of the quality required to run the Company successfully.

Within the terms of the agreed policy, the Committee determines the entire individual remuneration packages for the executive Directors. The Committee ensures that a significant proportion of executive Directors remuneration is structured so as to link rewards to corporate and individual performance. In determining packages of remuneration, the Committee consults with the Chairman as appropriate.

The Committee is also responsible for overseeing the Company's share option schemes and long term incentive plans, including determining the eligibility for benefits and approving total annual payments.

During the year ended 31 March, 2012, four meetings of the Remuneration Committee were held on 25 May, 2011, 26 July, 2011, 18 August, 2011 and 24 January, 2012. The attendance record of the Remuneration Committee is given in Table 6.

Nomination Committee

As on 31 March, 2012, the Nomination Committee comprised four Directors: Mr. Navin Agarwal (Chairman), Mr. Rahul Dhir, Mr. Tarun Jain and Mr. Edward T. Story.

The functions of the Nomination Committee are:
- Reviewing the structure, size and composition of the Board, and make recommendations to the Board with regard to changes, if any.
- Evaluating the balance of skills, knowledge and experience of the Board and, in light of this evaluation, preparing a description of the role and capabilities required for particular appointments.
- Identifying and nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise.
- Reviewing time required from each non-executive Director, and assessing whether s(he) has given sufficient commitment to the role.
- Considering succession planning taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed from members of the Board in the future.
- Ensuring that on appointment to the Board, the non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment.

Management

MANAGEMENT DISCUSSION AND ANALYSIS

This Annual Report has a detailed chapter on Management Discussion and Analysis.

DISCLOSURES

The Company follows the accounting standards and guidelines laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. No material financial and commercial transactions were reported by the management to the Board, in which the management had any personal interest that either had or could have had a conflict with the interest of the Company at large. There were no transactions with the Directors or Management, their associates or their relatives etc. that either had or could have had a conflict with the interest of the Company at large.

There were no penalties or strictures imposed on the Company by the stock exchange, the SEBI or any statutory authority on any matter related to capital markets, during the last three years.

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a code of conduct for its directors, management and staff. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that the Directors and Designated employees of the Company can trade in the shares of the Company only during the period when 'Trading Window' is open. The trading window is closed during the time of declaration of results and material events, etc. as per the Code. An annual disclosure is taken from all the directors and Designated Employees of the Company.

RELATED PARTY TRANSACTIONS

All the related party transactions are strictly done on arm's length basis. The Company presents a statement of all related party transactions before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transaction. Transactions with related parties are conducted in a transparent manner with the interest of the Company as utmost priority.

RISK MANAGEMENT

Cairn India follows well-established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board.

CEO / CFO CERTIFICATION

The CEO's and Dy. CFO's certification of the financial statements and a declaration that all Board members and senior management have affirmed compliance with the Company's Code of Business Ethics for the year ended 31 March, 2012 is enclosed at the end of this report.

SUBSIDIARY COMPANIES

All subsidiaries of the Company are unlisted wholly owned foreign companies. These subsidiaries have their own Board of Directors having the rights and obligations to manage such companies in best interest of the Company. The Company has its representatives on the Boards of subsidiary companies and regularly monitors the performance of such companies.

Shareholders

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Brief profiles of the persons sought to be appointed / re-appointed as Directors at the ensuing AGM of the Company are given below.

Mr. Aman Mehta, Independent Non-Executive Director
Mr. Aman Mehta, 65, is an economics graduate from Delhi University. He has over 35 years of experience in various positions with the HSBC Group. Mr. Mehta occupies himself primarily with corporate governance, with Board and Advisory roles in a range of Companies and Institutions in India as well as overseas. Formerly, he has been a Supervisory Board member of ING Group NV and a Director of Raffles Holdings, Singapore. He is also a member of the governing board of the Indian School of Business, Hyderabad and a member of the International Advisory Board of Prudential of America. He has had a long association with INSEAD where he was a member of their Indian Advisory Council.

Dr. Omkar Goswami, Independent Non-Executive Director
Dr. Omkar Goswami, 55, holds a Master of Economics Degree from the Delhi School of Economics. He is a D. Phil in Economics from Oxford University. He has taught in several academic institutions in India and abroad; edited one of India's best known business magazines; was the Chief Economist of the Confederation of Indian Industry; and is the Executive Chairman of CERG Advisory Private Limited, a consulting and advisory firm. Dr. Goswami serves as an independent director on the board of a number of companies and has authored various books and research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms.

Mr. Navin Agarwal, Chairman and Non- Executive Director
Mr. Navin Agarwal, 51, is a Bachelor in Commerce from Sydenham College in Mumbai, India. He is the Deputy Executive Chairman of Vedanta Resources plc and was appointed to its Board in November 2004. Mr. Agarwal has played a key role in strategic planning for Vedanta, and drives the execution of organic growth and acquisitions. He also oversees capital raising initiatives, global investor relations and talent development at the management level, and has over 25 years of experience. He chairs the Vedanta's group Executive Committee. In this role, he provides strategic direction and guides the sharing and implementation of best management practices across the group.

Ms. Priya Agarwal, Non- Executive Director
Ms. Priya Agarwal, 22, has done B.Sc. Psychology with Business Management from the University of Warwick in the UK.

She had experience in Public Relations with Ogilvy & Mather and in Human Resources with KornFerry International, Vedanta Resources and HDFC Bank.

Mr. Tarun Jain, Non- Executive Director
Mr. Tarun Jain, 52, is a graduate of the Institute of Cost and Works Accountants of India and a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He is the Director of Finance of Sterlite Industries (India) Limited. Mr. Jain has over 27 years experience in corporate finance, accounts, audit, taxation, secretarial and legal matters. He is responsible for Sterlite's strategic financial matters, including corporate finance, corporate strategy, business development and mergers and acquisitions.

Mr. Rahul Dhir, Managing Director and Chief Executive Officer
Mr. Rahul Dhir, 46, joined Cairn India as an Additional Director and was appointed as the Managing Director and CEO on 22 August, 2006. Mr. Dhir has over 25 years of experience in the Oil and Gas sector covering technology, finance and business leadership. Mr. Dhir started his career as an oil and gas reservoir engineer before moving into investment banking. He has worked at SBC Warburg, Morgan Stanley and Merrill Lynch. Before joining Cairn India, he was the Managing Director and Co-Head of Energy and Power Investment Banking at Merrill Lynch.

Mr. Dhir holds a degree in Bachelor of Technology from the Indian Institute of Technology, Delhi; M.Sc. from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania.

The Directorships and committee positions by these Directors as on 31 March, 2012 are detailed in Table 7.

MEANS OF COMMUNICATION

Financial/Quarterly Results

The Company intimates un-audited/ audited financial results to the Stock Exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. The financial results are also displayed on the Company's website: www.cairnindia.com and posted on the

7 Details of Directorship and Committee Positions held in other Companies as on 31 March, 2012

Name of Director	Mr. Aman Mehta	Dr. Omkar Goswami	Mr. Navin Agarwal	Mr. Tarun Jain	Ms. Priya Agarwal	Mr. Rahul Dhir
Directorship held in other companies	• P.C.C.W Ltd.- Hong Kong • Tata Consultancy Services Ltd. • Vedanta Resources Plc • Godrej Consumer Products Ltd. • ING Group N.V Netherlands • Max India Ltd. • Jet Airways Ltd. • Wockhardt Pharmaceuticals Ltd. • Cairn Energy Holdings Ltd.	• Dr. Reddy's Laboratories Ltd. • Infosys Technologies Ltd. • IDFC Ltd. • Crompton Greaves Ltd. • Ambuja Cements Ltd. • Godrej Consumer Products Ltd. • Max New York Life Insurance Company Ltd. • Avantha Power & Infrastructure Ltd. • Max India Limited • CERG Advisory Pvt Ltd. • DSP BlackRock Investment Managers Pvt. Ltd. • Cairn Energy Hydrocarbons Ltd.	• Bharat Aluminium Company Ltd. • Hindustan Zinc Ltd. • The Madras Aluminium Company Ltd. • Sterlite Industries (India) Ltd. • Sterlite Iron & Steel Company Ltd. • Vedanta Aluminium Ltd. • Konkola Copper Mines, Plc • Vedanta Resources Plc, UK • Vedanta Resources Holdings Ltd. • Vedanta Resources Investment Ltd. • Hare Krishna Packaging Private Ltd.	• Bharat Aluminium Company Ltd. • Sterlite Opportunities and Ventures Ltd. • Sterlite Infra Ltd. • Vedanta Aluminium Ltd. • Twinstar Holdings Ltd. • Sterlite (USA) Inc • Vedanta Medical Research Foundation • Rajtaru Charity Foundation	None	• Cairn India Holdings Ltd. • CIG Mauritius Holding Private Ltd. • CIG Mauritius Private Ltd. • Sunborne Energy Holdings LLC
Committee position* in Cairn India Ltd.	Audit Committee- Chairman	Shareholders'/ Investors' Grievance Committee- Chairman Audit Committee- Member	None	Shareholders'/ Investors' Grievance Committee –Member Audit Committee- Member	None	Shareholders'/ Investors' Grievance Committee – Member
Membership/Chairmanship of Committees* of other Indian public companies :						
Audit Committee	• Jet Airways Ltd.- Chairman • Godrej Consumer Products Ltd.- Member • Wockhardt Pharmaceuticals Ltd.- Member • Tata Consultancy Services Ltd.- Chairman	• Dr. Reddy's Laboratories Ltd.- Chairman • IDFC Ltd.-Member • Godrej Consumer Products Ltd.-Member • Crompton Greaves Ltd.-Chairman	• Vedanta Aluminium Ltd.- Member • The Madras Aluminium Company Ltd.- Chairman	• Bharat Aluminium Company Ltd.- Member • Vedanta Aluminium Ltd.-Member	None	None
Share-holders'/ Investors' Grievance Committee	• Wockhardt Pharmaceuticals Ltd.- Member	• Infosys Technologies Ltd.- Chairman • IDFC Ltd.- Member	None	None	None	None

*Only Audit and Shareholders'/ Investors' Grievance Committees included.

8 Location and Time of annual general meetings

Financial Year	Location of the meeting	Date	Time
2008-09	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai	18 August, 2009	11.00A.M
2009-10	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	15 September, 2010	11.00A.M
2010-11	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	18 August, 2011	11.00A.M

corporate filing and dissemination system at www.corpfiling.co.in. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NSE Electronic Application Processing System (NEAPS).

Further, as a good Corporate Governance Practice, the Company sends its results to shareholders through email immediately after the quarterly results are approved by the Board and disseminated to the Stock Exchanges.

News Releases, Analyst Presentations, etc.

Official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website: www.cairnindia.com.

Website

The Company's website (www.cairnindia.com) contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The full Annual Report, shareholding pattern and Corporate Governance Report is also available on the website.

GENERAL BODY MEETINGS

Since its incorporation, the Company had five AGMs and four Extraordinary General Meetings (EGMs). The forthcoming AGM is scheduled to take place on 22 August, 2012. The details in respect of last three annual general meetings are given in Table 8.

SPECIAL RESOLUTIONS PASSED IN THE LAST THREE YEARS

At AGM

18 August, 2011

- Payment of Commission to Non-Executive Directors.

Postal Ballot

17 July, 2009

- Shifting of registered office from the state of Maharashtra to the state of Rajasthan.

2 March, 2010

- Utilisation of the share premium account not exceeding INR 15,000 crores, of the company to adjust the goodwill arising pursuant to the scheme of arrangement.

Special Resolutions passed through postal ballot last year:

No special resolution was passed through Postal Ballot during the financial year 2011-12. However, during the year under review, the Company passed an ordinary resolution for acceptance of conditions imposed by the Government of India for the sale of shares of the Company by Cairn UK Holdings Limited along with its holding company, Cairn Energy PLC to Vedanta Resources Plc and its subsidiaries through postal ballot.

Whether any Special Resolution is proposed to be passed through Postal ballot :

None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

Procedure of Postal Ballot

The notices containing the proposed resolutions and explanatory statements thereto are sent to the registered addresses of all the shareholders of the Company alongwith a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the board for carrying out the ballot process. The Scrutinizer submits his report to the Chairman/Director authorized by the Board, who on basis of the report announces the results.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

Non-Mandatory Requirements

Remuneration Committee

The Board has constituted a Remuneration Committee, details of which have been given earlier.

Audit qualifications

During the current financial year, there are no audit qualifications in the financial statements. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

Training of Board Members

The Board of Directors is periodically updated on the business model, company profile, and the risk profile of the business parameters of the Company.

Whistleblower Policy

The Company formulated and adopted a Whistleblower Policy, to support the Code of Business Ethics. The policy is designed to enable employees, directors, consultants and contractors to raise concerns internally at a significantly senior level and to disclose information which the individual believes, shows malpractice or wrongdoing which could affect the business or reputation of the Company. Any allegations that fall within the scope of the concerns identified are investigated and dealt with appropriately.

Additional Shareholder Information

ANNUAL GENERAL MEETING

Date: 22 August, 2012
Time: 11:00 AM
Venue: Rangsharda Auditorium, K C Marg, Bandra Reclamation, Bandra (West), Mumbai-400050

FINANCIAL CALENDAR

For the year ended 31 March, 2012, results were announced on

i. 26 July, 2011: First quarter
ii. 20 October, 2011: Second quarter
iii. 24 January, 2012 : Third quarter
iv. 20 April, 2012: Fourth (last) quarter and the financial year's results

For the year ending 31 March, 2013, results are expected to be announced by

i. Last week of July 2012: First quarter
ii. Last week of October 2012: Half yearly
iii. Last week of January 2013: Third quarter
iv. Last week of April, 2013: Fourth quarter and the full financial year's results.

BOOK CLOSURE

The dates of book closure are from Friday, 10 August, 2012 to Wednesday, 22 August, 2012, inclusive of both days.

LISTING

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2012- 13 has been paid to BSE and NSE. The Company has also paid annual custody/issuer fee for the year 2012-13 to National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The stock codes are given in Table 1 below.

RECONCILIATION OF SHARE CAPITAL AUDIT

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis, was issued by M/s. S.Rajwanshi & Co., Company Secretary in Practice for due compliance of share transfer formalities by the Company. An audit was also carried by M/s. S.Rajwanshi & Co., to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

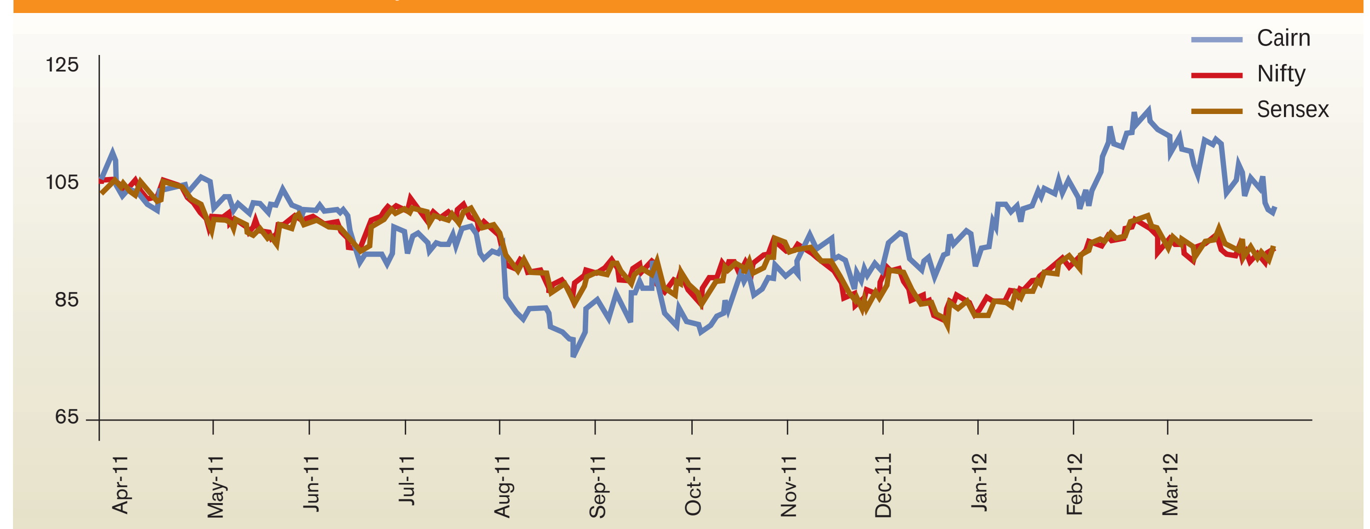
MARKET PRICE DATA

Table 2 and Chart A give the details.

DISTRIBUTION OF SHAREHOLDING

Tables 3 and 4 list the distribution of the Shareholding and Shareholding pattern of the Company by size and by ownership class as on 31 March, 2012. Further details of top twenty shareholders are given in Table 5.

Chart A: Share Performance vs Nifty and Sensex



Note: Share prices, Nifty and Sensex indexed to 100 as on the first working day of the financial year 2011-12, i.e. 1 April, 2011.

1 Stock Exchange Codes

Name of the Stock Exchange	Stock Code
The National Stock Exchange of India Limited	CAIRN
Bombay Stock Exchange Limited	532792

2 High, Low and Volume of Company's Shares Traded

During the year ended 31 March, 2012 at the BSE and NSE

Months	BSE			NSE		
	High Price (INR)	Low Price (INR)	No. of Shares traded	High Price (INR)	Low Price (INR)	No. of Shares traded
Apr-11	372.00	330.75	308,426,880	372.35	333.00	94,692,283
May11	359.00	331.45	4,378,592	359.00	331.30	40,068,884
Jun-11	342.00	298.05	6,252,984	341.95	298.15	45,834,899
Jul-11	353.25	304.30	7,122,188	332.00	304.35	37,111,446
Aug-11	315.50	250.00	3,251,171	315.75	249.30	36,982,238
Sep-11	308.00	260.10	5,336,408	308.00	260.00	44,160,477
Oct-11	311.90	258.45	3,754,897	312.50	258.00	36,069,609
Nov-11	324.80	284.60	3,257,734	324.95	284.45	33,781,606
Dec-11	329.00	290.25	32,610,929	328.90	291.25	35,660,473
Jan-12	366.80	310.05	6,206,239	366.60	310.10	50,520,522
Feb-12	400.95	335.50	6,391,584	401.10	335.20	63,144,313
Mar-12	380.95	327.10	5,280,063	381.00	326.65	49,343,889

3 Distribution of Shareholding

As on 31 March, 2012

Number of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shares
Up to 500	221,743	92.65	24,614,192	1.29
501-1000	12,756	5.33	7,971,996	0.42
1001-2000	2,381	1.00	3,407,074	0.18
2001-3000	749	0.31	1,906,381	0.10
3001-4000	310	0.13	1,108,463	0.06
4001-5000	247	0.10	1,160,965	0.06
5001-10000	416	0.17	3,030,889	0.16
10001 and above	740	0.31	1,864,196,148	97.73
Total	**239,342**	**100**	**1,907,396,108**	**100**

4 Shareholding Pattern as on 31 March, 2012

A	Promoters Holding	No. of Equity Shares face Value INR 10/- Each	Shares held %
1	Indian Promoters	383,840,413	20.12
2	Foreign Promoters	738,873,586	38.74
3	Persons acting in concert	-	-
B	NON-PROMOTER HOLDINGS		
a)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	95,001,551	4.98
b)	Foreign Institutional Investors	140,252,779	7.36
c)	Public	44,309,002	2.32
d)	Mutual Funds	38,606,368	2.02
e)	NRI (Rapatriable)	1,147,608	0.06
f)	NRI (Non-Rapatriable)	420,941	0.02
g)	Bodies Corporate	38,757,099	2.03
h)	Foreign Bodies Corporate	415,562,964	21.79
i)	Clearing Member	7,041,191	0.37
j)	Directors/relatives	3,514,233	0.19
k)	Trusts	68,373	0.00
	Grand Total	**1,907,396,108**	**100.00**

5 Top Twenty Shareholders as on 31 .03.2012

S.No.	Name	No. of Equity Shares	Shares Held (%)
1	Twin Star Mauritius Holdings Ltd	738,873,586	38.74
2	Cairn UK Holdings Limited	415,562,964	21.79
3	Sesa Goa Limited	351,140,413	18.41
4	Life Insurance Corporation of India (including all its schemes, funds etc.)	93,537,972	4.90
5	Sesa Resources Limited	32,700,000	1.71
6	Europacific Growth Fund	31,450,000	1.65
7	ICICI Prudential Life Insurance Company Ltd	10,149,086	0.53
8	Schroder International Selection Fund Emerging Asia	8,056,533	0.42
9	New World Fund Inc	7,247,000	0.38
10	Pca India Equity Open Limited	6,635,731	0.35
11	Deutsche Securities Mauritius Limited	6,504,680	0.34
12	Reliance Life Insurance Company Limited	5,232,136	0.27
13	SBI Life Insurance Co. Ltd	3,999,131	0.21
14	Blackrock India Equities Fund (Mauritius) Limited	3,970,399	0.21
15	Rahul Dhir	3,514,233	0.18
16	Dimensional Emerging Markets Value Fund	3,502,642	0.18
17	UTI - Opportunities Fund	2,919,017	0.15
18	ICICI Prudential Focused Blue Chip Equity Fund	2,406,835	0.13
19	Citibank N.A	2,360,825	0.12
20	Bajaj Allianz Life Insurance Company Limited	2,311,339	0.12

6 Outstanding ESOPs

ESOP Scheme	No. of outstanding options	Last date for exercise	Exercise Price (INR)
CIESOP	2,50,015	31 December, 2016	160.00
	668,097	19 September, 2017	166.00
	1,715,000	28 July, 2018	227.00
	7,120	9 December, 2018	143.00
	4,258,023	28 July, 2019	240.05
	2,591,254	27 July, 2020	331.25
	4,473,907	26 July, 2021	327.75
CIPOP	207,263	23 April, 2011	10.00
	875,077	26 October, 2014	10.00
Total	**15,045,756**		

If all the outstanding stock options granted get vested and exercised, the number of equity shares will increase by 15,045,756.

7 Status of Equity shares lying in the Suspense Account

S. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 1 April, 2011	55	9,660
2	No. of shareholders who approached for transfer of shares from suspense account during the 12 months period ended 31 March, 2012*	8	1,890
3	No. of Shareholders to whom shares were transferred from suspense account during the 12 months period ended 31 March, 2012	-	-
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March, 2012	55	9,660

* The company is yet to receive the complete documents (as requested from share holders) to transfer the shares from suspense account .

DEMATERIALISATION OF SHARES

As on 31 March, 2012, over 99.99% shares of the Company were held in dematerialised form. The shares of the Company are permitted to be traded only in dematerialised form under ISIN INE910H01017.

OUTSTANDING GDRS / ADRS /WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATES AND LIKELY IMPACT ON EQUITY

There are no outstanding GDRs / ADRs / warrants or any convertible instruments issued by the Company. However, the Company has outstanding employee stock options, the details of which as on 31 March, 2012 are given in Table 6.

SHARE SUSPENSE ACCOUNT

As per Clause 5A of the Listing Agreement, the status of the equity shares lying in the Suspense Account is given in Table 7.

DEBT SECURITIES

- The Non Convertible Debentures (NCDs) of Cairn India are listed and traded at Wholesale Debt Market (WDM) Segment of NSE.
- **Debenture Trustee**
  Axis Trustee Services Limited
  2nd Floor, Axis House
  Bombay Dyeing Mills Compound
  Pandurang Budhkar Marg
  Worli, Mumbai- 400 025

- **Types of Debentures**
  - Cairn India-8.35% "Series A" Non Convertible Debentures under ISIN INE910H08012
  - Cairn India-8.41% "Series B" Non Convertible Debentures under ISIN INE910H08020

SHARE TRANSFER SYSTEM

Link Intime India Private Limited is the Registrar and Transfer Agent of the Company. All share transfers and related operations are conducted by Link Intime, which is registered with the SEBI. The Company has a Shareholders'/Investors' Grievance Committee for redressing the complaints/ queries of shareholders and investors.

ADDRESS FOR INVESTOR CORRESPONDENCE

Link Intime India Private Limited

(Unit: Cairn India Limited)C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West), Mumbai - 400 078, India.
E-Mail : rnt.helpdesk@linkintime.co.in
Tel +91 22 25963838
Fax +91 22 25946969

Or

The Company Secretary
Cairn India Limited
4th Floor, Vipul Plaza, Sun City,
Sector 54, Gurgaon - 122 002, India.

E-Mail investor.complaints@cairnindia.com

Tel +91 124 4593000
Fax +91 124 2889320
Investors can e-mail their queries/ complaints to investor.complaints@cairnindia.com.

The weblink to this E-Mail ID is also available on Company's website www.cairnindia.com under the 'Investor Relations' section.

INVESTOR RELATIONS

The Company has a dedicated Investor Relations Department which helps investors, including FIIs and institutional investors, in making informed decisions. This team also maintains close liaison with investors and shares information through periodic meetings including teleconferencing in India and abroad, regular press meeting with investment bankers, research analysts, the media, institutional investors etc. The 'Investor Relations' section on the Company's website (www.cairnindia.com) updates information sought by investors and analysts. It provides the latest information on financial statements, investor-related events and presentations, annual reports and shareholding pattern along with media releases and the current Company overview, and thus helps existing and potential investors to interact with the Company.

OPERATIONAL LOCATIONS

The Company's oil and gas fields are located at:

Ravva (Andhra Pradesh)
Cambay Basin (Gujarat)
Barmer (Rajasthan)
Mannar Basin, Sri Lanka

REGISTERED OFFICE ADDRESS

Cairn India Limited
101, West View,
Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025
Tel +91 22 24338306
Fax +91 22 24311160

Certificate of the Managing Director & Chief Executive Officer and Dy. Chief Financial Officer

THE BOARD OF DIRECTORS

Cairn India Limited
101, West View,
Veer Savarkar Marg,
Prabhadevi, Mumbai- 400 025

Dear Sirs,

We, Rahul Dhir, Chief Executive Officer, and Sunil Bohra, Dy. Chief Financial Officer, of Cairn India Limited hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended 31 March, 2012 and that to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
b. These are, to the best of our knowledge and belief, no transactions entered into by Cairn India Limited during the year which are fraudulent, illegal or violative of the Company's Code of Business Ethics.
c. We are responsible for establishing and maintaining internal controls for financial reporting in Cairn India Limited, and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
d. We have indicated to the auditors and the Audit Committee
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
e. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).

We further declare that all Board members and senior management have affirmed compliance with the Company's Code of Business Ethics for the financial year ended 31 March, 2012.

Rahul Dhir
Managing Director & CEO

Sunil Bohra
Dy. Chief Financial Officer

Date: 20 April, 2012
Place: Gurgaon

Auditors' Certificate

TO THE MEMBERS OF CAIRN INDIA LIMITED

We have examined the compliance of conditions of corporate governance by Cairn India Limited ('the Company'), for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, *except for the fact that the proportion of the independent directors to the total strength of the Board was less than the minimum prescribed limit of 50% during the period from April 1, 2011 to June 15, 2011, the Chairman of the Board being related to the promoter of the Company,* we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.R. BATLIBOI & CO.**
Firm registration number: 301003E
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No.: 82028

Place: Gurgaon
Date: April 20, 2012

Directors' Report

The Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company and the Audited Financial accounts for the year ended 31 March, 2012.

The consolidated statements provide the results of Cairn India Limited together with those of its subsidiaries for the financial year ended 31 March, 2012.

FINANCIAL HIGHLIGHTS

In INR million

	Standalone		Consolidated	
	For the financial year ended		For the financial year ended	
	31 March, 2012	31 March, 2011	31 March, 2012	31 March, 2011
Total Income	2,489	951	127,987	104,067
Total Expenditure	2,014	3,077	43,752	35,167
Profit/(loss) before tax	475	(2,126)	84,235	68,900
Taxes	35	-	4,857	5,556
Profit/(loss) after tax	440	(2,126)	79,378	63,344

DIVIDEND

In view of inadequacy of profits in Cairn India Limited, your Directors regret their inability to recommend any dividend.

CHANGES IN CAPITAL STRUCTURE

During the financial year under review, 5,479,007 equity shares of INR 10/- each were allotted on exercise of Employee Stock Options by the employees of the Company and its subsidiaries. Accordingly, the issued and paid up capital of the Company has increased to INR 19,073,961,080 divided into 1,907,396,108 equity shares of INR 10/- each.

Subsequent to the close of the financial year, the Company allotted 79,588 equity shares of INR 10/- each on exercise of Stock Options by the employees. Accordingly, the issued and paid up capital of the Company has increased to INR 19,074,756,960 divided into 1,907,475,696 Equity shares of INR 10/- each.

REDEMPTION OF DEBENTURES

During the year under review, the Company has redeemed 10,000 Unsecured Redeemable Non-convertible "Series C" Debentures (NCDs) having face value aggregating to INR 100 crores. NCDs issued by your Company have a credit rating of CARE AAA.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company is also presenting the audited consolidated financial statements prepared in accordance with the Accounting Standard 21 issued by the Institute of Chartered Accountants of India. Information in aggregate for each subsidiary in respect of capital reserves, total assets, liabilities, investments, turnover, etc. is disclosed separately and forms part of the annual report.

OPERATIONS & PROJECTS

A detailed review of operations and projects has been included in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

EMPLOYEE STOCK OPTION SCHEMES

Your Company has established share incentive schemes viz., Cairn India Senior Management Plan (CISMP), Cairn India Performance Option Plan (CIPOP) and Cairn India Employee Stock Option Plan (CIESOP) pursuant to which options to acquire shares have been granted to select employees and Directors of the Company and its subsidiaries. The Company also has cash awards option plan (phantom stock options) for expatriate employees of the Company and its subsidiaries.

During the financial year, stock options have been granted to the employees of the Company and its subsidiaries under CIPOP & CIESOP schemes. On exercise of the options so granted, the paid-up equity share capital of the Company will increase in terms of the Stock Option Plans mentioned above. The details of stock options granted by the Company are set out in Annexure I to this Report in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

During the year under review, 5,479,007 equity shares of INR 10 each were alloted pursuant to the exercise of stock options.

SUBSIDIARY COMPANIES

As on 31 March, 2012, the Company had 30 subsidiaries including indirect subsidiaries. All these companies are 100% beneficially owned by Cairn India Limited. The Company has its representatives on the boards of subsidiary companies and monitors the performance of such companies regularly.

The Ministry of Corporate Affairs, vide its circular no. 2/2011 dated 8 February, 2011, had granted exemption to holding companies from attaching the financial statements of its subsidiaries to the company's Annual Report. In accordance with the said circular, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered office of the Company and respective subsidiary companies. Further, the annual acounts of the subsidiaries are also available on the website of the Company. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies.

SCHEME OF ARRANGEMENT

In order to simplify and consolidate the multi layered structure comprising foreign susidiaries, your Company had proposed a scheme of arrangement between Cairn India Limited, Cairn Energy India Pty Limited, Cairn Energy India West B.V., Cairn Energy Cambay B.V., Cairn Energy Gujarat B.V. and their respective shareholders and creditors (the 'Scheme'). The members of the Company had approved the scheme with overwhelming majority in the Court Convened meeting held on 18 February, 2010.

The Hon'ble High Courts of Madras and Bombay sanctioned the Scheme in April, 2010 and June, 2010 respectively. The Scheme is now subject to receipt of contractual & regulatory approvals and the same are expected shortly. The Scheme when approved is proposed to be effective from 1 January, 2010.

COMPLETION OF CAIRN VEDANTA DEAL

Cairn Energy PLC and Cairn UK Holdings Limited, promoters of the Company, agreed to sell a substantial part of their equity stake in the Company to Vedanta Resources PLC and persons acting in concert ('Vedanta') by way of a share purchase deed dated 15 August, 2010. In terms of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Vedanta acquired 155,033,172 equity shares under an open offer made to the shareholders of the Company in April, 2011. It subsequently acquired 200,000,000 equity shares of the Company from Petronas International Corporation Ltd.

Pursuant to the conditions imposed by the Government of India, the Company along with its subsidiary Companies viz., Cairn Energy India Pty. Ltd. and Cairn Energy Hydrocarbons Limited, entered into an agreement with Oil and Natural Gas Corporation (ONGC) for acceptance of royalty as cost recoverable and withdrawal of the arbitration pertaining to cess in respect of Block RJ-ON-90/1. Subsequently, the cess arbitration was withdrawn effective 30 November, 2011. Post fulfillment of conditions imposed by the Government of India, shares aggregating 30% of the issued share capital of the Company were transferred by Cairn UK Holdings Ltd. to Vedanta Group on 8 December, 2011. The shareholding of Vedanta Group, i.e. Twin Star Mauritius Holdings Limited, Sesa Goa Ltd. and Sesa Resources Ltd. now aggregates 59% of the issued capital. These Vedanta Group Companies now constitute the Promoter Group of the Company.

DIRECTORS

During the period under review, following changes were made in the composition of the Board:

- Mr. Rahul Dhir has been re-appointed as Managing Director and Chief Executive Officer of the Company for a period of 5 years commencing from 22 August, 2011.
- Mr. Malcolm Shaw Thoms resigned as non-executive Director with effect from 14 June, 2011.
- Mr. Rick Bott resigned as Executive Director and Chief Operating Officer with effect from 15 June, 2011.
- Mr. Indrajit Banerjee resigned as Executive Director and Chief Financial Officer with effect from 23 August, 2011.
- Mr. Mike Watts was appointed as an alternate Director to Ms. Jann Brown with effect from 26 September, 2011 and later ceased to be an alternate Director from 20 October, 2011.
- Sir Bill Gammell and Ms. Jann Brown resigned as non- executive Directors with effect from 8 December, 2011.
- Mr. Navin Agarwal and Mr. Tarun Jain were appointed as additional Directors of the Company with effect from 16 December, 2011. Mr. Navin Agarwal was also appointed as the Chairman of the Company on the said date.
- Ms. Priya Agarwal was appointed as additional Director of the Company effective 2 January, 2012.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Navin Agarwal, Mr. Tarun Jain and Ms. Priya Agarwal, hold office up to this Annual General Meeting. The Company has received notices from members of the Company sponsoring their candidature as Directors of the Company. They are proposed to be appointed as non-rotational Directors.

In accordance with the Articles of Association of the Company, Dr. Omkar Goswami and Mr. Aman Mehta, shall retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointment.

A brief profile of the above-named Directors seeking appointment/re-appointment forms part of the Corporate Governance report.

CORPORATE GOVERNANCE

Your company strives to ensure that best Corporate Governance practices are identified, adopted and consistently followed. Your Company believes that good governance is the basis for sustainable growth of the business and for enhancement of stakeholder value. The Corporate Governance and Management Discussion and Analysis reports form an integral part of this report and are set out as separate sections to this annual report. The Certificate of S. R. Batliboi & Co., chartered accountants, the statutory auditors of the Company certifying compliance with the conditions of corporate governance as stipulated in clause 49 of the listing agreement with stock exchanges is annexed with the report on corporate governance.

AUDITORS & AUDITORS' REPORT

M/s. S. R. Batliboi & Co., chartered accountants, auditors of the Company, retire at the conclusion of the ensuing annual general meeting and being eligible, offer themselves for re-appointment. The audit committee at its meeting held on 20 April, 2012 has also recommended the re-appointment of M/s. S. R. Batliboi & Co., as Statutory Auditors of the Company. Your Directors also recommend their appointment.

Notes to the accounts, as referred to in the Auditors' Report, are self explanatory and therefore do not require further comments and explanation.

FIXED DEPOSITS

The Company has not invited any deposits from the public under Section 58A of the Companies Act, 1956.

HUMAN RESOURCES

Company's industrial relations continued to be harmonious during the period under review.

PARTICULARS OF EMPLOYEES

Particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956 ('the Act') form part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to the shareholders of the Company excluding the particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary for the same.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on Conservation of Energy Technology Absorption and Foreign Exchange Earnings and Outgo is given in Annexure II to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2012 and of the profit of the Company for the year ended 31 March, 2012;

(iii) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY

At Cairn, Corporate Social Responsibility (CSR) encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. Detailed information on the initiatives of the Company towards CSR activities is provided elsewhere in the Annual Report.

SHARE TRANSFER SYSTEM AND LISTING OF SHARES

Details pertaining to share transfers and listing of shares are given in the Corporate Governance Report which forms part of the Annual Report. The Company has paid the annual listing fee for the year 2012-2013 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

APPRECIATION

Your Directors wish to place on record their sincere appreciation of the efforts and dedicated service of all employees, which contributed to the continous growth and consequent performance of the Company. Your Directors wish to place on record their gratitude for the valuable assistance and co-operation extended to the Company by the Central Government, State Governments, Joint Venture Partners, Banks, Institutions, Investors and Customers.

For and on behalf of the Board of Directors

Navin Agarwal
Chairman

Place: Gurgaon
Date: 20 April, 2012

Annexures to the Directors' Report

ANNEXURE I

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

S. No.	Particulars	Cairn India Senior Management Plan	Cairn India Performance Option Plan (2006)	Cairn India Employee Stock Option Plan (2006)
1	Options granted during April 2011- March 2012	Nil	1,006,415	4,733,714
2.	The Pricing Formula	Rs. 33.70 per Share	Rs. 10 per Share	Price determined by the Remuneration Committee but not less than the fair market value of a share on the date of grant
3.	Options Vested during April 2011- March 2012	2,238,077	1,063,695	3,175,387
4.	Options Exercised during April 2011- March 2012	2,238,077	856,432	2,384,498
5.	Total number of Shares arising as a result of exercise of options during April 2011- March 2012	2,238,077	856,432	2,384,498
6.	Options lapsed during April 2011- March 2012	NIL	1192499	1116526
7.	Variation of terms of options	None	None	None
8.	Money realised by exercise of options during April 2011- March 2012	Rs. 75,423,195	Rs. 8,564,320	Rs.481,525,733
9.	Total number of options in force as on 31 March, 2012	NIL	1,082,340	13,963,416
10.	Employee wise details of options granted during the year to:			
	(i) Senior Managerial Persons	None	Manu Kapoor 47,637 S V Nair 57,678 P Elango 64,860 Santosh Chandra 41,925 Sanjay Singh 13,730 Ajay Gupta 59,337 Ananthakrishnan B 52,807	None
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None	S V Nair 57,678 P Elango 64,860 Ajay Gupta 59,337 Ananthakrishnan B 52,807	None
	(iii) Identified employees who were granted options during any 1 year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	None	None	None
11.	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of options calculated in accordance with Accounting Standard 20	0.23	0.23	0.23
12.	(i) Method of calculation of employee compensation cost		Intrinsic Value Method	

	(ii) Difference between the employee compensation cost so computed at 12(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options (Rs. in thousands)		473,170	
	(iii) The impact of this difference on profits and on EPS of the Company			
	Profit after Tax (PAT) (Rs. in thousands)		439,617	
	Less: Additional employee Compensation cost based on fair value (Rs. in thousands)		473,170	
	Adjusted PAT (Rs. in thousands)		(33,553)	
	Adjusted EPS Basic (Rs.)		(0.02)	
	Adjusted EPS Diluted (Rs.)		(0.02)	
13.	Weighted-average exercise prices of options granted during April 2011- March 2012	NA	10	327.75
	Weighted-average fair value of each option outstanding as on 31 March, 2012	NA	305.70	146.44
14.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:			
(i)	risk-free interest rate	NA	7.95%	7.72%
(ii)	expected life (in years)	NA	3.12	6.5
(iii)	expected volatility	NA	46.52%	44.55%
(iv)	expected dividends	NA	NA	NA
(v)	price of the underlying share in market at the time of option grant	NA	311.97	275.46

ANNEXURE II

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY

Energy conservation measures taken

As a responsible Corporate Citizen and in adherence to our climate change strategy, we are continuosly taking effective steps to conserve energy and to reduce methane and other Green House Gas (GHG) emissions, wherever feasible. GHG emissions in 2011-12 were within targets set at the beginning of the year.

Cairn India recognises the responsibility to minimise environmental impact from its activities. The last year has seen on-ground implementation of many such planned measures in Rajasthan upstream as well as pipeline projects that were targeted at prevention & control of pollution and improvement of environmental performance. We have continued with our initiatives on energy and resource conservation at our Ravva and Suvali facilities.

The Company regularly monitored air emission sources and the ambient air quality, and was able to maintain emission levels within regulatory standards in 2011-12.

Measures taken for reduction of energy consumption & consequent impact

During the period under review, several energy conservation initiatives were adopted and were taken, some of which are listed below:

- Ravva offshore platforms are equipped with solar arrays and wind mills to harness renewable energy. Hot water for laundry at living quarters is generated from solar water heater. The estimated value of renewable energy used at Ravva during reporting year is 53.14 MWH.
- Re-injection of produced water separated at the Ravva terminal, back into the reservoir helps reduce discharge of waste water to sea and abstraction of ground water for injection purposes.
- Produced water cooler was installed in the oil handling train at Suvali plant, to recover the waste heat from the residual water stream and pre-heat the inlet oil stream, which helped in efficient oil-emulsion separation.
- In our Rajasthan asset, street lights at remote locations are being converted to solar powered lights. This not only promotes use of renewable energy but also avoids laying of transmission lines.

- Hot water requirement at the operations base in Rajasthan is being met through solar water heaters.
- A MoU was executed between Cairn and ONGC (Operator of North Tapti field) in March 2012, for processing the gas produced from ONGC's North Tapti field through Suvali plant. The gas processing is expected to commence during Q1 2012-13. This will help to utilise the spare gas processing capacity of Suvali plant, thereby reducing the per unit energy consumption for each unit of gas processed.
- Solar powered lights were installed in the Mangala processing terminal and the wellpads over the year. 34 solar lights were installed resulting in a saving of 1487 KWH.

Additional investments and proposals being implemented for conservation of energy

As part of operational planning, investment were made and new technologies were absorbed & adapted to reduce the carbon footprint of the Company like installation of windmills and solar arrays on platforms, solar water heaters and LED street lights, wherever feasible.

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Research & Development (R&D)

Specific areas in which R & D was carried out by the Company

Cairn has been actively pursuing the application of EOR (Enhanced Oil Recovery) technology in the Mangala, Bhagyam and Aishwariya Fields. Studies by research institutes to define optimum formulations for increased oil recovery have been conducted. A field scale EOR pilot plant has been set up within the Mangala Processing Terminal. Eight wells have been drilled and completed for the EOR pilot. As planned, the polymer injection in the pilot area was started after successfully commissioning the pilot in August 2011. The polymer injection into the reservoir was established and detailed analysis procedures were set up. The results of polymer injection pilot are encouraging. The construction for the alkali surfactant polymer (ASP) phase of the pilot is in progress.

Produced Water Re-Injection (PWRI) unit's capacity was enhanced to handle a maximum of 90,000 barrels of water per day. PWRI unit is presently re-injecting 90 % of the produced water. For one of the sub-sea pipeline in Ravva field, flexible portion was replaced by spools and tied up with another riser located in bridged platform. The whole job was carried out without a barge which is conventional practice. This job was completed using in-house resources without hiring a barge resulting around 50% cost of saving.

Benefits derived as a result of this R&D

All these initiatives are helping the Company in improving the overall efficiency, lowering the land impact & environmental concerns, cost effectiveness & project economics, thus leading to drilling and completing the wells faster than most companies in the world leading to much less fuel oil and energy consumed / utilised for this project than one would normally do in this scale of development. Cairn's research in EOR applications for the MBA fields has the potential to unlock additional oil reserves within these fields and a long-term strategy for EOR is being developed with this end in mind.

Expenditure on R&D

Details outlined in the Table below.

In INR

S.No.	Particulars	Amount
1.	Capital	212,160,634
2.	Recurring	299,621,696
3.	Total*	511,782,330
4.	Total R&D expenditure as a % of total turnover	0.40%

*These are consolidated numbers for the twelve months period ended 31 March, 2012

FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans

Entire production of Cairn is sold domestically at present.

However, by discovering new oil & gas finds and bringing them into production, Cairn is working towards enhancing energy security and increasing the self sufficiency of the nation which is in line with the policy of the Indian Government. At the current envisaged peak production rate of 300,000 bopd, Rajasthan block is expected to contribute around 40% of current domestic crude oil production.

Foreign exchange used and earned

During the period ended 31 March, 2012, the Company earned INR 87.96 million and incurred expenditure of INR 420.32 million in foreign exchange.

For and on behalf of the Board of Directors

Navin Agarwal
Chairman

Place : Gurgaon
Date : 20 April, 2012

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AUDITED FINANCIAL STATEMENTS

Auditors' Report

To
The Members of Cairn India Limited

1. We have audited the attached balance sheet of Cairn India Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. Our comments in the said Annexure are restricted to the operations of the Company and do not cover the unincorporated joint ventures where any third party is the operator.

4. Further to our comments in the Annexure referred to above, we report that:
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
   iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
      b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership No.: 82028

Place: Gurgaon
Date: April 20, 2012

Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

Re: Cairn India Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. Since none of the oil and gas blocks in which the Company has interests has started any commercial production, there has not been any sale of goods.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

(viii) Since none of the oil and gas blocks in which the Company has interests has started any production, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance, sales tax and excise duty are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, sales tax and excise duty are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, customs duty, and cess which have not been deposited on account of any dispute. The provisions relating to sales tax and excise duty are not applicable to the Company.

Auditors' Report

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current financial year. *In the immediately preceding financial year, the Company had incurred cash losses.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to debenture holders. The Company did not have any outstanding dues in respect of a financial institution or bank during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.

(xx) The Company has neither raised any money by way of public issue of shares/debentures during the current year nor did it have any amount of unutilized money raised by way of public issue of shares/debentures at the beginning of the current year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO.
Chartered Accountants
Firm Registration Number : 301003E

per Raj Agrawal
Partner
Membership Number : 82028

Place: Gurgaon
Date: April 20, 2012

Balance Sheet

AS AT 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	19,073,961	19,019,171
Reserves and surplus	4	300,122,235	299,126,449
		319,196,196	**318,145,620**
Non-current liabilities			
Long-term borrowings	5	-	13,500,000
Long-term provisions	6	12,365	7,994
		12,365	**13,507,994**
Current liabilities			
Trade payables	7	132,125	118,102
Other current liabilities	7	13,309,914	14,19,891
Short-term provisions	6	5,990	1,043
		13,448,029	**1,539,036**
TOTAL		**332,656,590**	**333,192,650**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	25,655	24,739
Intangible assets	9	-	16
Exploratory work in progress	10	540,318	218,780
Non-current investments	11	308,534,591	314,865,228
Long-term loans and advances	12	1,542	4,082
Other non-current assets	13.2	35,378	38,351
		309,137,484	**315,151,196**
Current assets			
Current investments	14	18,213,411	10,817,291
Trade receivables	13.1	4,721	1,681
Cash and bank balances	16	4,600,004	6,529,282
Short-term loans and advances	12	588,620	470,017
Other current assets	13.2	112,350	223,183
		23,519,106	**18,041,454**
TOTAL		**332,656,590**	**333,192,650**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	Notes	31 March 2012	31 March 2011
Income			
Revenue from operations	17	87,961	23,943
Other income	18	2,401,358	927,078
Total revenue		**2,489,319**	**951,021**
Expenses			
Data acquisition and analysis		46,767	19,965
Employee benefit expenses	19	153,757	217,021
Other expenses	20	520,129	290,837
Depreciation and amortization expense	21	388	304
Finance costs	22	1,114,492	1,866,911
Unsuccessful exploration costs	10	178,778	682,704
Profit/(loss) before tax		**475,008**	**(2,126,721)**
Tax expenses			
Current tax		35,391	-
Total tax expense		**35,391**	-
Profit/(loss) for the year		**439,617**	**(2,126,721)**
Earnings/ (loss) per equity share in INR computed on the basis of profit/ (loss) for the year [nominal value of share INR 10 (31 March 2011: INR 10)]	23		
Basic		0.23	(1.12)
Diluted		0.23	(1.12)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	31 March 2012	31 March 2011
Cash flow from operating activities		
Profit/(loss) before tax	475,008	(2,126,721)
Adjustments for:		
Depreciation/amortization	388	304
Unsuccessful exploration costs	178,778	682,704
Employee stock compensation expense	16,547	71,453
Unrealized foreign exchange loss/(gain) (net)	83,191	(5,369)
Gain on sale of long term investments (net)	(990,950)	-
Gain on sale of current investments (net)	(626,474)	-
Other finance charges	-	38,363
Other non-operating income	(33,132)	-
Interest expense	1,095,487	1,328,256
Loan facility and management fees	17,813	497,219
Interest income	(450,533)	(273,992)
Dividend income	(300,122)	(647,690)
Operating loss before working capital changes	**(533,999)**	**(435,473)**
Movements in working capital :		
Increase/(decrease) in trade payables, other liabilities and provisions	(689,790)	(99,054)
Decrease /(increase) in trade receivables	3,040	14,047
Decrease /(increase) in inventories	(6,677)	(18,871)
Decrease /(increase) in loans and advances and other assets	50,866	8,297
Cash generated used in operations	**(1,176,560)**	**(531,054)**
Direct taxes paid (net of refunds)	(34,109)	-
Net cash flow used in operating activities (A)	**(1,210,669)**	**(531,054)**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(557,183)	(1,076,468)
Short term investments (net)	(6,769,645)	5,999,584
Long term investments sold	14,428,587	-
Long term investments made	(7,107,000)	(391,165)
Investments in bank deposits (having original maturity of more than 3 months)	(4,542,265)	(8,806,500)
Redemption/maturity of bank deposits (having original maturity of more than 3 months)	6,784,299	4,723,612
Interest received	553,556	73,038
Dividend received	300,122	647,690
Net cash flow from investing activities (B)	**3,090,471**	**1,169,791**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	565,513	670,480
Proceeds from long-term borrowings	-	14,000,000
Repayment of long-term borrowings	(1,000,000)	(13,950,000)
Interest paid	(1,132,559)	(801,081)
Payment of borrowing costs (other than interest)	-	(39,604)
Net cash flow used in financing activities (C)	**(1,567,046)**	**(120,205)**
Net increase in cash and cash equivalents (A + B + C)	**312,756**	**518,532**

Statement of Cash Flow Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	31 March 2012	31 March 2011
Cash and cash equivalents at the beginning of the year	522,782	4,250
Cash and cash equivalents at the end of the year	**835,538**	**522,782**
Components of cash and cash equivalents		
Cash on hand	41	35
With banks		
- on current accounts	5,497	5,085
- on deposit account	830,000	517,662
Total cash and cash equivalents (note 16)	**835,538**	**522,782**

Notes:
1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on "Cash flow statements".
2) Amounts in bracket indicate a cash outflow or reduction.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Notes to Financial Statements

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

1. NATURE OF OPERATIONS

Cairn India Limited ('the Company') was incorporated in India on August 21, 2006. The equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange.

The Company is primarily engaged in the business of surveying, prospecting, drilling, exploring, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals, oils, petroleum, gas and related by-products and other activities incidental to the above. As part of its business activities, the Company also holds interests in its subsidiary companies which have been granted rights to explore and develop oil exploration blocks in the Indian sub-continent.

The Company is participant in various Oil and Gas blocks/fields, which are in the nature of jointly controlled assets, granted by the Government of India through Production Sharing Contracts ('PSC') entered into between the Company and Government of India and other venture partners. The Company has interest in the following Oil & Gas blocks / fields, which are presently under exploration phase-

Oil & Gas blocks/fields	Area	Participating Interest
Operated blocks (through subsidiaries)		
PR-OSN-2004/1	Palar Basin Offshore	25.00%
KG-ONN-2003/1	Krishna Godavari Onshore	25.00%
KG-OSN-2009/3	Krishna Godavari Offshore	90.00%
MB-DWN-2009/1	Mumbai	90.00%
Following blocks have been relinquished		
Non-operated blocks		
KK-DWN-2004/1 in Mar 2012	Kerala Konkan Basin Offshore	40.00%
GS-OSN-2003/1 in Nov 2010	Gujarat Saurashtra Onshore	49.00%

The participating interests were same in the previous year.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year except for changes in the presentation and disclosures of the financial statements as described in note no. 41 below.

2.1 Summary of significant accounting policies

a) Oil and gas assets

The Company follows a successful efforts method for accounting for oil and gas assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas Producing Activities".

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license by license basis. Costs are held, undepleted, within exploratory & development work in progress until the exploration phase relating to the license area is complete or commercial oil and gas reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets which cannot be directly related to individual exploration wells is expensed in the period in which it is incurred.

Exploration/appraisal drilling costs are initially capitalised within exploratory and development work in progress on a well by well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well by well basis. Drilling costs are written off on completion of a well unless the results indicate that oil and gas reserves exist and there is a reasonable prospect that these reserves are commercial.

Where results of exploration drilling indicate the presence of oil and gas reserves which are ultimately not considered commercially viable, all related costs are written off to the statement of profit and loss immediately. Following appraisal of successful exploration wells, when a well is ready for commencement of commercial production, the related exploratory and development work in progress are transferred into a single field cost centre within producing properties, after testing for impairment.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

Where costs are incurred after technical feasibility and commercial viability of producing oil and gas is demonstrated and it has been determined that the wells are ready for commencement of commercial production, they are capitalised within producing properties for each cost centre. Subsequent expenditure is capitalised when it enhances the economic benefits of the producing properties or replaces part of the existing producing properties. Any costs remaining associated with such part replaced are expensed off in the financial statements.

Net proceeds from any disposal of an exploration asset within exploratory and development work in progress are initially credited against the previously capitalised costs and any surplus proceeds are credited to the statement of profit and loss. Net proceeds from any disposal of producing properties are credited against the previously capitalised cost and any gain or loss on disposal of producing properties is recognised in the statement of profit and loss, to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

b) Depletion

The expenditure on producing properties is depleted within each cost centre.

Depletion is charged on a unit of production basis, based on proved reserves for acquisition costs and proved and developed reserves for other costs. Reserves for this purpose are considered on working interest basis which are reassessed atleast annually. Impact of changes to reserves are accounted for prospectively.

c) Site restoration costs

At the end of the producing life of a field, costs are incurred in restoring the site of production facilities. Cairn India Limited recognizes the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. The site restoration expenses form part of the exploration & development work in progress or cost of producing properties, as the case may be, of the related asset. The amortization of the asset, calculated on a unit of production basis based on proved and developed reserves, is included in the depletion cost in the statement of profit and loss.

d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

e) Tangible fixed assets, depreciation and amortization

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management stated below, or at the rates prescribed under Schedule XIV of the Companies Act 1956, whichever is higher.

Vehicles	2 to 5 years
Freehold buildings	10 years
Computers	2 to 5 years
Furniture and fixtures	2 to 5 years
Office equipments	2 to 5 years
Plant and Equipment	2 to 10 years

Leasehold lands are amortised over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease (3 to 6 years) or expected useful economic lives, whichever is shorter.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

f) Intangible fixed assets and amortization

Intangible assets, other than oil and gas assets, have finite useful lives and are measured at cost and amortized over their expected useful economic lives as follows:

Computer software	2 to 4 years

g) Leases

As lessee

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as an expense in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are measured at cost or market value, whichever is lower, determined on an individual investment basis. Long term investments are measured at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i) Joint Ventures

The Company participates in several Joint Ventures involving joint control of assets for carrying out oil and gas exploration, development and producing activities. The Company accounts for its share of the assets and liabilities of Joint Ventures along with attributable income and expenses in such Joint Ventures, in which it holds a participating interest. Joint venture cash and cash equivalent balances are considered by the Company to be the amounts contributed in excess of the Company's obligations to the joint ventures and are therefore, disclosed within loans and advances.

j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from operating activities

As operator from the joint venture

The Company recognizes revenue from joint ventures for services rendered in the form of parent company overhead based on the provisions of respective PSCs.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

Revenue is recognized when the instrument/unit holders' right to receive payment is established by the balance sheet date.

k) Borrowing costs

Borrowing costs include interest and commitment charges on borrowings, amortisation of costs incurred in connection with the arrangement of borrowings, exchange differences to the extent they are considered a substitute to the interest cost and finance charges under leases. Costs incurred on borrowings directly attributable to development projects, which take a substantial period of time to complete, are capitalised within the development/producing asset for each cost-centre.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

l) Foreign currency transactions and translations

The Company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier period.

Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence, that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier periods are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

o) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments, with an original maturity of 90 days or less.

q) Employee Benefits

Retirement and Gratuity benefits

Retirement benefits in the form of provident fund and superannuation scheme are defined contribution schemes and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on projected unit credit method.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

r) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

s) Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

t) Inventory

Inventories of stores and spares related to exploration, development and production activities are valued at cost or net realizable value whichever is lower. Cost is determined on first in first out (FIFO) basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

3. SHARE CAPITAL

	31 March 2012	31 March 2011
Authorised shares (No. in thousand)		
2,250,000 (31 March 2011: 2,250,000) equity shares of INR 10 each	22,500,000	22,500,000
Issued, subscribed and fully paid up shares (No. in thousand)		
1,907,396 (31 March 2011: 1,901,917) equity shares of INR 10 each	19,073,961	19,019,171
Total issued, subscribed and fully paid-up share capital	**19,073,961**	**19,019,171**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	No. thousand	**INR thousand**	**No. thousand**	**INR thousand**
At the beginning of the period	1,901,917	19,019,171	1,896,974	18,969,741
Issued during the period – ESOP	5,479	54,790	4,943	49,430
Outstanding at the end of the period	**1,907,396**	**19,073,961**	**1,901,917**	**19,019,171**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

	31 March 2012	31 March 2011
Subsidiaries of Vedanta Resources Plc., the holding company*		
Twin Star Mauritius Holdings Limited	7,388,736	-
738,874 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
Sesa Goa Limited	3,511,404	-
351,140 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
Sesa Resources Limited	327,000	-
32,700 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
	31 March 2012	**31 March 2011**
Cairn UK Holdings Limited, the erstwhile holding company*		
415,563 thousand (31st March 2011: 1,183,244 thousand) equity shares of INR 10 each fully paid	4,155,630	11,832,438

* Also refer note 37 below.

(d) Aggregate no. of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2012	31 March 2011
	No. thousand	No. thousand
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	-	861,765

In addition, the Company has issued total 15,997 thousand equity shares (31 March 2011: 10,518 thousand equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP scheme) wherein part consideration was received in form of employee services.

(e) Details of shareholders holding more than 5% shares in the Company

	31 March 2012		31 March 2011	
	No. thousand	% holding in the class	No. thousand	% holding in the class
Equity shares of INR 10 each fully paid				
Twin Star Mauritius Holdings Limited	738,874	38.74%	-	-
Cairn UK Holdings Ltd	415,563	21.79%	1,183,244	62.21%
Sesa Goa Ltd	351,140	18.41%	-	-
Petronas International Corporation Limited	-	-	283,431	14.90%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company refer note 25.

4. RESERVES AND SURPLUS

	31 March 2012	31 March 2011
Securities premium account		
Balance as per the last financial statements	301,925,982	301,161,222
Add: additions on employee stock options exercised	510,723	621,050
Add: transferred from stock options outstanding	490,382	143,710
Closing Balance	**302,927,087**	**301,925,982**
Debenture redemption reserve*		
Balance as per the last financial statements	-	-
Add: amount transferred from surplus balance in the statement of profit and loss	439,617	-
Closing Balance	**439,617**	**-**
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	544,385	770,973
Add: gross compensation for options granted during the year	245,756	152,763

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

4. RESERVES AND SURPLUS CONTINUED

	31 March 2012	31 March 2011
Less: deferred employee stock compensation	(189,973)	(225,304)
Less: transferred to securities premium on exercise of stock options	(490,382)	(143,710)
Closing Balance	**109,786**	**554,722**
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(3,354,255)	(1,227,534)
Profit/ (Loss) for the year	439,617	(2,126,721)
Less: Transfer to debenture redemption reserve	(439,617)	-
Net (deficit) in the statement of profit and loss	**(3,354,255)**	**(3,354,255)**
Total reserves and surplus	**300,122,235**	**299,126,449**

*Debenture redemption reserve of INR 1,851,765 thousand (31 March 2011: INR 831,913 thousand) has not been created due to inadequacy of profits.

5. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Debentures (Unsecured)				
Series C - Nil (31 March 2011: 10 thousand) 8.50% non convertible debentures of INR 1,000 thousand each (INR 100 thousand called-up)	-	1,000,000	-	-
Series B - 6.25 thousand (31 March 2011: 6.25 thousand) 8.40% non convertible debentures of INR 1,000 thousand each (fully paid up)	-	6,250,000	6,250,000	-
Series A - 6.25 thousand (31 March 2011: 6.25 thousand) 8.35% non convertible debentures of INR 1,000 thousand each (fully paid up)	-	6,250,000	6,250,000	-
	-	**13,500,000**	**12,500,000**	**-**
Amount disclosed under the head "other current liabilities" (note 7)	-	-	(12,500,000)	-
Net amount	-	13,500,000	-	-

a. Series A debentures are redeemable at par after 21 months from date of allotment viz. 12 October 2010. Series B debentures are redeemable at par after 24 months from date of allotment viz. 12 October 2010. Series C debentures were redeemable at par after 27 months from date of allotment viz. 12 October 2010 on which a coupon rate of 8.50 % was applicable for the first 12 months and thereafter a market determined floating rate subject to a minimum of 8.50 %. The Company during the current year bought back the debentures issued under Series C, after their offer of buy back was accepted by the debenture holders.

b. The debenture holders have a negative lien on the assets of the Company. The Company had the option to prepay the debentures issued under series A and B at the end of 12 months from the date of issue.

6. PROVISIONS

	Long-term		Short-term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for employee stock options (cash settled)*	2,044	-	3,028	-
Provision for gratuity (note 24)	10,321	7,994	-	-
Provision for compensated absences	-	-	2,962	1,043
Other provisions				
Provision for taxation (net of advance tax)	-	-	-	-
	12,365	7,994	5,990	1,043

* Provision for employee stock options (cash settled) (refer note 2.1 (q) above)	31 March 2012	31 March 2011
Opening Balance	-	-
Additions for the year	8,596	-
Reversed during the year	(3,524)	-
Closing Balance	5,072	-

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

7. OTHER CURRENT LIABILITIES

	31 March 2012	31 March 2011
Trade payables (refer note 31 for details of dues to micro and small enterprises)	132,125	1,18,102
Other liabilities		
Current maturities of long-term borrowings (note 5)	12,500,000	
Amounts payable to subsidiary companies	-	638,819
Interest accrued but not due on borrowings	490,454	527,175
Others		
Statutory dues payable	11,379	3,200
Liabilities for exploration activities	308,081	250,697
	13,309,914	1,419,891
	13,442,039	1,537,993

8. TANGIBLE ASSETS

	Leasehold land	Office equipments	Furniture & fixtures	Total
Cost or valuation				
At 1 April 2010	**-**	**32**	**-**	**32**
Additions	23,418	1,430	25	24,873
At 31 March 2011	**23,418**	**1,462**	**25**	**24,905**
Additions	1,288	-	-	1,288
At 31 March 2012	**24,706**	**1,462**	**25**	**26,193**
Depreciation				
At 1 April 2010	-	9	-	**9**
Charge for the year	-	155	2	157
At 31 March 2011	**-**	**164**	**2**	**166**
Charge for the year	-	366	6	372
At 31 March 2012	**-**	**530**	**8**	**538**
Net Block				
At 31 March 2011	**23,418**	**1,298**	**23**	**24,739**
At 31 March 2012	**24,706**	**932**	**17**	**25,655**

9. INTANGIBLE ASSETS

	Computer Software	Total
Gross block		
At 1 April 2010	1,023	1,023
At 31 March 2011	1,023	1,023
At 31st March 2012	**1,023**	**1,023**
Amortization		
At 1 April 2010	860	860
Charge for the year	147	147
At 31 March 2011	1,007	1,007
Charge for the year	16	16
At 31 March 2012	**1,023**	**1,023**
Net block		
At 31 March 2011	16	16
At 31 March 2012	-	-

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

10. EXPLORATORY WORK IN PROGRESS

	31 March 2012	31 March 2011
Opening balance	218,780	242,074
Add: Additions	500,316	659,410
Less: Unsuccessful exploration costs	(178,778)	(682,704)
Closing balance	**540,318**	**218,780**

11. NON-CURRENT INVESTMENTS

	31 March 2012	31 March 2011
Trade investments (valued at cost unless stated otherwise)		
Unquoted instruments		
Investment in subsidiaries		
420,810 thousand (31 March 2011: 420,810 thousand) Equity shares of GBP 1 each fully paid-up in Cairn India Holdings Limited, U.K.	300,424,799	300,424,799
Nil (31 March 2011: 176 thousand) redeemable preference shares of GBP 1,000 each fully paid-up in Cairn India Holdings Limited, U.K.	-	13,437,637
167,000 thousand (31 March 2011: 21,785 thousand) Equity shares of USD 1 each fully paid-up in CIG Mauritius Holding Private Limited	8,109,792	1,002,792
	308,534,591	**314,865,228**
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	308,534,591	314,865,228

a. The Company has made equity investments in CIG Mauritius Holding Private Limited ('CMHPL') mainly for funding the expenditure pertaining to block SL 2007-0-001 held by Cairn Lanka Private Limited (a wholly owned subsidiary of CMHPL). As the block is presently under exploration phase, no diminution in value of the said investments exists at the balance sheet date.

b. Cairn India Holdings Limited, U.K. has redeemed its preference shares during the year at par.

12. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured and considered good				
Capital advances	372	2,912	-	-
Security deposit	1,170	1,170	594	68
Loan and advances to related parties (note 27)	-	-	385,309	395,662
Advances recoverable in cash or kind	-	-	192,303	65,080
	1,542	4,082	578,206	460,810
Other loans and advances				
Advance income-tax (net of provision)	-	-	3,668	4,950
Fringe benefit tax paid (net of provision)	-	-	4,233	4,233
Prepaid expenses	-	-	2,513	24
	-	-	10,414	9,207
	1,542	**4,082**	**588,620**	**470,017**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

13. TRADE RECEIVABLES AND OTHER ASSETS

13.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	4,721	1,681
	-	**-**	**4,721**	**1,681**

13.2. OTHER ASSETS

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good				
Non-current inventory of stores and spares (note 15)	35,378	28,702	-	-
Ancillary cost of arranging the borrowings	-	9,649	10,002	17,813
Interest accrued on deposits and investments	-	-	102,348	205,370
	35,378	**38,351**	**112,350**	**223,183**

14. CURRENT INVESTMENTS (Valued at lower of cost and fair value)

	31 March 2012	31 March 2011
Quoted mutual funds	9,878,425	5,438,714
Unquoted mutual funds	7,650,144	5,378,577
Unquoted certificate of deposits	684,842	-
	18,213,411	**10,817,291**
Aggregate amount of quoted investments [Market value represented by net asset value: INR 10,048,287 thousand (31 March 2011: INR 5,533,568 thousand)]	9,878,425	5,438,714
Aggregate amount of unquoted investments	8,334,986	5,378,577
	18,213,411	10,817,291

The details of investments are as under :

	QUOTED MUTUAL FUNDS	31 March 2012
1	20,000 thousand units of INR 10 each of Birla Sun Life Fixed Term Plan - Series DY under Birla Sun Life Mutual Fund - Growth plan	200,000
2	40,000 thousand units of INR 10 each of Birla Sun Life Fixed Term Plan Series EI under Birla Sun Life Mutual Fund - Growth plan	400,000
3	27,540 thousand units of INR 10 each of Birla Sun Life Quarterly Interval Fund - Series 4 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	275,400
4	20,210 thousand units of INR 10 each of Birla Sun Life Short Term FMP Series 22 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	202,100
5	20,000 thousand units of INR 10 each of Birla Sun Life Short Term FMP Series 29 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	200,000
6	25,700 thousand units of INR 10 each of Birla Sun Life Short Term FMP Series 30 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	257,000
7	40,000 thousand units of INR 10 each of DSP Blackrock FMP Series 23 12M under DSP Blackrock Mutual Fund - Growth plan	400,000
8	40,000 thousand units of INR 10 each of DSP Blackrock FMP Series 32 - 12M under DSP Blackrock Mutual Fund - Growth plan	400,000
9	20,000 thousand units of INR 10 each of DSP Blackrock FMP Series 33 - 3M under DSP Blackrock Mutual Fund - Daily Dividend Reinvestment plan	200,000
10	25,452 thousand units of INR 10 each of DSP Blackrock FMP Series 42 - 3 M under DSP Blackrock Mutual Fund - Daily Dividend Reinvestment plan	254,517

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	QUOTED MUTUAL FUNDS CONTINUED	31 March 2012
11	20,000 thousand units of INR 10 each of DWS Fixed Term Fund - Series 92 under DWS Mutual Fund - Growth plan	200,000
12	25,000 thousand units of INR 10 each of Fidelity Fixed Maturity Plan Series 6 - Plan C under Fidelity Mutual Fund - Growth plan	250,000
13	36,000 thousand units of INR 10 each of HDFC FMP 13M September 2011 (1) Growth-Series XVIII under HDFC Mutual Fund - Growth plan	360,000
14	40,000 thousand units of INR 10 each of HDFC FMP 370D October 2011 (1) Growth-Series XIX under HDFC Mutual Fund - Growth plan	400,000
15	20,850 thousand units of HDFC FMP 92D March 2012 (1) under HDFC Mutual Fund - Daily Dividend Reinvestment plan	208,500
16	40,000 thousand units of INR 10 each of ICICI Prudential Series 61 - 1 Year Plan A under ICICI Prudential Mutual Fund - Growth plan	400,000
17	45,079 thousand units of INR 10 each of ICICI Prudential FMP Series 63 - 1 Year Plan C under ICICI Prudential Mutual Fund - Growth plan	450,785
18	25,000 thousand units of INR 10 each of IDFC FMP Yearly Series 53 under IDFC Mutual Fund - Growth plan	250,000
19	24,000 thousand units of INR 10 each of IDFC FMP Yearly Series 54 under IDFC Mutual Fund - Growth plan	240,000
20	29,000 thousand units of INR 10 each of JP Morgan India Fixed Maturity Plan Series 7 under JP Morgan Mutual Fund - Daily Dividend Reinvestment plan	290,000
21	20,000 thousand units of INR 10 each of Kotak FMP Series 69 under Kotak Mahindra Mutual Fund - Growth plan	200,000
22	30,000 thousand units of INR 10 each of Kotak FMP Series 72 under Kotak Mahindra Mutual Fund - Growth plan	300,000
23	46,078 thousand units of INR 10 each of Kotak FMP Series 83 under Kotak Mahindra Mutual Fund - Growth plan	460,779
24	24,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund - XXI - Series 14 under Reliance Mutual Fund - Growth plan	240,000
25	25,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund XXI Series 13 under Reliance Mutual Fund - Growth plan	250,000
26	50,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund XXI Series 6 under Reliance Mutual Fund - Growth plan	500,000
27	24,925 thousand units of INR 10 each of Reliance Quarterly Interval Fund Series II under Reliance Mutual Fund - Daily Dividend Reinvestment plan	250,079
28	35,000 thousand units of INR 10 each of SBI Debt Fund Series - 367 Days - 6 under SBI Mutual Fund - Growth plan	350,000
29	43,345 thousand units of INR 10 each of SBI SDFS 367 days-11 under SBI Mutual Fund - Growth plan	433,452
30	25,581 thousand units of INR 10 each of SBI SDFS 90 Days - 57 under SBI Mutual Fund - Daily Dividend Reinvestment plan	255,813
31	20,000 thousand units of INR 10 each of SBI SDFS 90 Days-59 under SBI Mutual Fund - Daily Dividend Reinvestment plan	200,000
32	20,000 thousand units of INR 10 each of Tata Fixed Maturity Plan-Series 37 Scheme C under Tata Mutual Fund - Growth plan	200,000
33	40,000 thousand units of INR 10 each of UTI Fixed Term Income Fund - Series X - VII (368 days) under UTI Mutual Fund - Growth plan	400,000
	Total	**9,878,425**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	UNQUOTED MUTUAL FUNDS	31 March 2012
1	131,385 thousand units of JM High Liquidity Fund - SIP under JM Mutual Fund - Daily Dividend Reinvestment plan	1,316,021
2	10,138 thousand units of Reliance Liquid Fund - Treasury Plan-Institutional Option under Reliance Mutual Fund - Daily Dividend Reinvestment plan	154,991
3	18,160 thousand units of DWS Ultra Short Term Fund - Regular Plan Bonus under DWS Mutual Fund - Bonus plan	177,632
4	195,490 thousand units of Tata Floater Fund under Tata Mutual Fund - Growth plan	2,997,700
5	2,170 thousand units of UTI Treasury Advantage under UTI Mutual Fund - Growth plan	3,003,800
	Total	**7,650,144**

	CERTIFICATE OF DEPOSITS	31 March 2012
1	5 thousand units of certificate of deposits of Punjab National Bank	457,811
2	2.5 thousand units of certificate of deposits of IDBI Bank	227,031
	Total	**684,842**

	QUOTED MUTUAL FUNDS	31 March 2011
1	70,000 thousand units of INR 10 each of Birla Sun Life Fixed Term Plan - Series CI under Birla Sun Life Mutual Fund - Growth plan	700,000
2	50,000 thousand units of INR 10 each of Birla Sun Life Short term FMP – Series 4 - Dividend Payout under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	500,000
3	25,000 thousand units of INR 10 each of DSP Blackrock FMP 12M Series 10 under DSP Blackrock mutual fund - Growth plan	250,000
4	20,000 thousand units of INR 10 each of DSP Blackrock FMP 12M Series 9 under DSP Blackrock mutual fund - Growth plan	200,000
5	37,198 thousand units of INR 10 each of DSP Blackrock FMP 3M Series 28 - Dividend Payout under DSP Blackrock mutual fund - Daily Dividend Reinvestment plan	371,978
6	30,000 thousand units of INR 10 each of Fidelity Fixed Maturity Plan Series 4 - Plan E under Fidelity Mutual Fund - Growth plan	300,000
7	25,030 thousand units of INR 10 each of ICICI Prudential FMP Series 53 - 1 Year Plan-C under ICICI Prudential mutual fund - Growth plan	250,299
8	35,000 thousand units of INR 10 each of ICICI Prudential FMP Series 56 - 1 Year Plan B under ICICI Prudential mutual fund - Growth plan	350,000
9	18,300 thousand units of INR 10 each of IDFC FMP - 100 Days Series 3 under IDFC mutual fund - Daily Dividend Reinvestment plan	183,000
10	24,000 thousand units of INR 10 each of Kotak FMP Series 40 under Kotak Mahindra mutual fund - Growth plan	240,000
11	25,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund - XIX - Series 9 under Reliance mutual fund - Growth plan	250,000
12	55,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund - XVI - Series 2 under Reliance mutual fund - Growth plan	550,000
13	30,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund - XVI - Series 3 under Reliance mutual fund - Growth plan	300,000
14	35,000 thousand units of INR 10 each of Reliance Fixed Horizon Fund - XVII - Series 1 under Reliance mutual fund - Growth plan	350,000
15	24,344 thousand units of INR 10 each of SBI Debt Fund Series- 90 Days-41 under SBI mutual fund - Daily Dividend Reinvestment plan	243,437
16	40,000 thousand units of INR 10 each of SBI SDFS 370 days-8 under SBI mutual fund - Growth plan	400,000
	Total	**5,438,714**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	UNQUOTED MUTUAL FUNDS	31 March 2011
1	24,829 thousand units of BSL Interval Income Fund - INSTL - Quaterely - Series 1 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	248,298
2	20,439 thousand units of ICICI Prudential Half Yearly Interval Plan-II under ICICI Prudential mutual fund - Daily Dividend Reinvestment plan	204,412
3	24,654 thousand units of ICICI Prudential Interval Fund - Half Yearly Interval Plan I under ICICI Prudential mutual fund - Daily Dividend Reinvestment plan	246,568
4	20,718 thousand units of ICICI Prudential Interval Fund II Quarterly Plan D under ICICI Prudential mutual fund - Daily Dividend Reinvestment plan	207,182
5	25,154 thousand units of ICICI Prudential Interval Fund-Quarterly Interval Plan II under ICICI Prudential mutual fund - Daily Dividend Reinvestment plan	251,539
6	25,174 thousand units of Kotak Quarterly Interval Plan Series 7 under Kotak Mahindra mutual fund - Daily Dividend Reinvestment plan	251,752
7	25,070 thousand units of Reliance Quarterly Interval Fund Series III under Reliance mutual fund - Daily Dividend Reinvestment plan	250,787
8	25,147 thousand units of UTI Fixed Income Interval Fund-Quarterly Interval Plan Series I-Institutional under UTI mutual fund - Daily Dividend Reinvtment plan	251,469
9	82 thousand units of Templeton India TMA SIP under Templeton mutual fund - Daily Dividend Reinvestment plan	82,184
10	7,197 thousand units of BSL Floating Rate Fund - Long Term under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	71,970
11	27,077 thousand units of Canara Robeco Treasury Advantage under Canara Robeco mutual fund - Daily Dividend Reinvestment plan	335,941
12	14,201 thousand units of IDFC Money Manager TP Super Institutional - Plan C under IDFC mutual fund - Daily Dividend Reinvestment plan	142,032
13	93,704 thousand units of SBI SHF-Ultra Short Term Fund under SBI mutual fund - Daily Dividend Reinvestment plan	937,605
14	148,769 thousand units of Tata Floater Fund under Tata mutual fund - Daily Dividend Reinvestment plan	1,492,987
15	404 thousand units of UTI Floating Rate Fund - Short Term Plan under UTI mutual fund - Daily Dividend Reinvestment plan	403,851
	Total	**5,378,577**

15. INVENTORIES (valued at lower of cost and net realizable value)

	Non-current		Current	
	31 March 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Stores and spares	35,378	28,702	-	-
Less: amount disclosed under other non-current assets	(35,378)	(28,702)	-	-
	-	-	-	-

16. CASH AND BANK BALANCES

	31 March 2012	31 March 2011
Cash and cash equivalents		
Balances with banks:		
– On current accounts	5,497	5,085
– Deposits with original maturity of less than 3 months	830,000	517,662
Cash on hand	41	35
	835,538	522,782
Other bank balances		
– Deposits with original maturity for more than 12 months	2,702	1,502,500
– Deposits with original maturity for more than 3 months but less than 12 months	3,761,764	4,504,000
	3,764,466	6,006,500
	4,600,004	**6,529,282**

Deposits above include Nil (31 March 2011: INR 17,662 thousand) pledged with the banks.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

17. REVENUE FROM OPERATIONS

	31 March 2012	31 March 2011
Other operating revenue (income received as operator from joint venture)	87,961	23,943
	87,961	**23,943**

18. OTHER INCOME

	31 March 2012	31 March 2011
Interest income on		
Bank deposits	441,665	273,992
Current investments	8,868	-
Others	147	382
Dividend income on current investments	300,122	647,690
Gain on sale of long term investments (net)	990,950	-
Gain on sale of current investments (net)	626,474	-
Exchange difference (net)	-	5,014
Other non-operating income	33,132	-
	2,401,358	**927,078**

19. EMPLOYEE BENEFIT EXPENSES

	31 March 2012	31 March 2011
Salaries, wages and bonus	109,983	127,495
Contribution to provident fund	4,732	4,649
Contribution to superannuation fund	4,742	4,290
Employee stock option scheme	21,619	71,453
Gratuity expense (Note 24)	2,327	1,347
Compensated absences	85	647
Staff welfare expenses	10,269	7,140
	153,757	**217,021**

20. OTHER EXPENSES

	31 March 2012	31 March 2011
Contract employee charges	5,435	6,601
Rent	1,981	1,994
Insurance	7,487	109
Repairs and maintenance (others)	639	991
Travelling and conveyance	40,211	35,557
Legal and professional fees	220,898	158,385
Auditors' remuneration		
As auditor:		
Fees for audit of standalone and consolidated financial statements	5,736	5,736
Fees for limited review of standalone and consolidated quarterly financial results	6,287	6,287
Fees for certification	381	303
Fees for audit of interim financial statements	-	331
Fees for time spent on audit of draft IND-AS financial statements	1,103	-
Fees for limited review of the standalone and consolidated interim reporting package	1,655	-
Reimbursement of expenses	1,074	628

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

20. OTHER EXPENSES CONTINUED

	31 March 2012	31 March 2011
Exchange difference (net)	154,794	-
Directors' sitting fees	800	820
Advertisement and publicity	38,869	20,880
Public relation expenses	421	6,553
Sponsorship	11,700	29,444
Printing & stationery	4,331	1,381
Security expenses	182	157
Communication expenses	13,451	7,541
Rates and taxes	2,020	5,081
Miscellaneous expenses	674	2,058
	520,129	**290,837**

21. DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2012	31 March 2011
Depreciation of tangible assets	372	157
Amortization of intangible assets	16	147
	388	**304**

22. FINANCE COSTS

	31 March 2012	31 March 2011
Interest	1,095,487	1,367,171
Loan facility and management fees	17,813	497,219
Bank charges	1,192	2,521
	1,114,492	**1,866,911**

23. EARNINGS/(LOSS) PER SHARE (EPS)

	31 March 2012	31 March 2011
The following reflects the profit/ (loss) and share data used in the basic and diluted EPS computations:		
Profit/ (loss) after tax as per Statement of Profit & Loss	439,617	(2,126,721)
(used for calculation of both basic and diluted EPS)		
	No. thousand	**No. thousand**
Weighted average number of equity shares in calculating basic EPS	1,903,047	1,898,666
Effect of dilution:		
Stock options granted under employee stock options*	4,784	9,040
Weighted average number of equity shares in calculating diluted EPS	1,907,831	1,907,706
Earnings/ (loss) per equity share in INR computed on the basis of profit/ (loss) for the year		
Basic	0.23	(1.12)
Diluted	0.23	(1.12)

* considered as anti-dilutive in previous year.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

24. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The gratuity plan of the Company is an unfunded scheme.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet for the gratuity plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2012	31 March 2011
Current service cost	1,516	1,474
Interest cost on benefit obligation	640	532
Net actuarial (gain) / loss recognized in the year	171	(659)
Net benefit expense	**2,327**	**1,347**

Balance sheet

Details of Provision for Gratuity

	31 March 2012	31 March 2011
Present value of defined benefit obligation	10,321	7,994
Fair value of plan assets	-	-
Plan asset / (liability)	**(10,321)**	**(7,994)**

Changes in the present value of the defined benefit obligation are as follows

	31 March 2012	31 March 2011
Opening defined benefit obligation	7,994	6,647
Current service cost	1,516	1,474
Interest cost	640	532
Benefits paid	-	-
Actuarial (gains) / losses on obligation	171	(659)
Closing defined benefit obligation	**10,321**	**7,994**

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2012	31 March 2011
Discount rate	8.00%	8.00%
Future salary increase	10.00%	10.00%
Employee turnover	5.00%	5.00%
Mortality rate	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous periods are as follows:

	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	10,321	7,994	6,647	3,994
Surplus / (deficit)	(10,321)	(7,994)	(6,647)	(3,994)
Experience adjustments on plan liabilities	(171)	512	(583)	(45)

The Company had adopted AS-15 Employee Benefits for the first time during the period ended 31 March 2009. Disclosures required by paragraph 120 (n) of AS-15 are required to be furnished prospectively from the date of transition and hence have been furnished for year/period ended 31 March 2009 onwards.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

25. EMPLOYEE STOCK OPTION PLANS

Cairn India Group has provided various share based payment schemes to its employees. During the year ended 31 March 2012, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable
Number of options granted till March 2012	8,298,713	8,318,283	25,958,972	77,489
Method of Settlement	Equity	Equity	Equity	Cash
Vesting Period	Refer vesting conditions below	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	18 months from vesting date	3 months from vesting date	7 years from vesting date	Immediately upon vesting

Number of options granted till 31 March 2012

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom*
Date of Grant				
24-Nov-06	8,298,713	-	-	-
01-Jan-07	-	1,708,195	3,467,702	-
20-Sep-07	-	3,235,194	5,515,053	-
29-Jul-08	-	789,567	3,773,856	-
10-Dec-08	-	-	36,040	-
22-Jun-09	-	-	-	-
29-Jul-09	-	994,768	5,405,144	34,466
27-Jul-10	-	584,144	3,027,463	43,023
23-Dec-10	-	-	-	-
26-Jul-11	-	1,006,415	4,733,714	-
Total	8,298,713	8,318,283	25,958,972	77,489

* represents options converted from CIPOP to CIPOP Phantom during the current year.

The vesting conditions of the above plans are as under-

CISMP plan

(A) 6,714,233 options are to be vested in the following manner-
- 1/3rd of the options will vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges ('admission date'). Listing date was 9 Jan 2007.
- 1/3rd of the options will vest 18 months after the admission date.
- 1/3rd of the options will vest on achieving 30 days' consecutive production of over 150,000 bopd from the Rajasthan Block.

(B) 1,584,480 options are to be vested in the following manner-
- 1/2 of the options will vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges.
- 1/4th of the options will vest on the date on which all major equipment for the start-up of the Mangala field is delivered to site.
- 1/4th of the options will vest on achieving 100,000 bopd from the Mangala Field.

CIPOP plan (including phantom options)

Options will vest (i.e., become exercisable) at the end of a "performance period" which has been set by the remuneration committee at the time of grant (although such period will not be less than three years). However, the percentage of an option which vests on this date will be determined by the extent to which pre-determined performance conditions have been satisfied. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

CIESOP plan

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period.

Subsequent to change in control of the Company as stated in note no 37, the remuneration committee approved immediate vesting of all the outstanding options under CISMP plan and prorata vesting upto 8 December 2011 of outstanding options under CIPOP plan as per the provisions of the scheme. This does not have any material impact on these financial statements.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

25. EMPLOYEE STOCK OPTION PLANS CONTINUED

Details of activities under employees stock option plans

CISMP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,238,077	33.70	2,238,077	33.70
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,238,077	33.70	Nil	NA
Forfeited / cancelled during the year	Nil	NA	Nil	NA
Outstanding at the end of the year	Nil	NA	2,238,077	33.70
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 131.50 (31 March 2011: INR 131.50)
Weighted average share price at the date of exercise of stock options is INR 344.15 (31 March 2011: NA)

CIPOP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,147,663	10.00	2,626,830	10.00
Granted during the year	1,006,415	10.00	584,144	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	856,432	10.00	922,043	10.00
Forfeited / cancelled during the year	1,215,306	10.00	141,268	10.00
Outstanding at the end of the year	1,082,340	10.00	2,147,663	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 202.15 (31 March 2011: INR 186.37)
Weighted average share price at the date of exercise of stock options is INR 338.79 (31 March 2011: INR 323.30)

CIESOP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	12,730,726	246.00	14,646,209	206.43
Granted during the year	4,733,714	327.75	3,027,463	331.25
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,384,498	201.94	4,020,926	164.45
Forfeited / cancelled during the year	1,116,526	280.31	9,22,020	253.08
Outstanding at the end of the year	13,963,416	278.49	12,730,726	246.00
Exercisable at the end of the year	2,640,232	205.23	1,864,110	164.94

Weighted average fair value of options granted on the date of grant is INR 126.64 (31 March 2011: INR 112.48)
Weighted average share price at the date of exercise of stock options is INR 337.97 (31 March 2011: INR 328.61)

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

25. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIPOP Plan - Phantom options	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	Nil	NA	Nil	NA
Granted during the year	77,489	10.00	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	28,448	10.00	Nil	NA
Outstanding at the end of the year	49,041	10.00	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 345.71 (31 March 2011: NA)

The details of exercise price for stock options outstanding as at 31 March 2012 are:

SCHEME	Range of exercise price in INR	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in INR
CIPOP Plan	10.00	1,082,340	2.00	10.00
CIESOP Plan	143-331.25	13,963,416	1.01	278.49
CIPOP Plan – Phantom options	10.00	49,041	0.96	10.00

The details of exercise price for stock options outstanding as at 31 March 2011 are:

CISMP Plan	33.70	2,238,077	0.08	33.70
CIPOP Plan	10.00	2,147,663	1.25	10.00
CIESOP Plan	143-331.25	12,730,726	1.10	246.00

Effect of Employees Stock Option Plans on Financial Position

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

Particulars	31 March 2012	31 March 2011
Total Employee Compensation Cost pertaining to share-based payment plans	21,619	71,453
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	16,547	71,453
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	5,072	-
Equity settled employee stock options outstanding as at year end	109,786	554,722
Liability for cash settled employee stock options outstanding as at year end	5,072	-
Deferred compensation cost of equity settled options	189,973	225,304
Deferred compensation cost of cash settled options	11,847	-

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

25. EMPLOYEE STOCK OPTION PLANS CONTINUED

Inputs for Fair valuation of Employees Stock Option Plans
The Share Options have also been fair valued using an Option Pricing Model (Black Scholes Model). The main inputs to the model and the Fair Value of the options, based on an independent valuation, are as under:

VARIABLES - CISMP	A	B
Grant Date	**24-Nov-06**	**24-Nov-06**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	160.00
Vesting date	Refer vesting conditions	Refer vesting conditions
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility (Weighted average)	44.08%	46.59%
Risk free rate (Weighted average)	7.05%	6.94%
Time to maturity in years (Weighted average)	2.45	2.00
Exercise price – INR	33.70	33.70
Fair Value of the options (Weighted average) - INR	131.69	130.69

VARIABLES - CIPOP						
Grant Date	**01-Jan-07**	**20-Sep-07**	**29-Jul-08**	**29-Jul-09**	**27-Jul-10**	**26-Jul-11**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	234.75	331.50	322.60
Vesting date	01-Jan-10	20-Sep-10	29-Jul-11	29-Jul-12	27-Jul-13	26-Jul-14
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	41.61%	36.40%	37.49%	43.72%	53.73%	46.39%
Risk free rate	7.33%	7.23%	9.37%	5.78%	6.99%	8.37%
Time to maturity (years)	3.12	3.12	3.12	3.12	3.12	3.12
Exercise price (INR)	10.00	10.00	10.00	10.00	10.00	10.00
Fair Value of the options (INR)	152.05	158.97	221.09	226.40	323.39	316.80

VARIABLES - CIESOP							
Grant Date	**01-Jan-07**	**20-Sep-07**	**29-Jul-08**	**10-Dec-08**	**29-Jul-09**	**27-Jul-10**	**26-Jul-11**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	150.10	234.75	331.50	322.60
Vesting date	01-Jan-10	20-Sep-10	29-Jul-11	10-Dec-11	29-Jul-12	27-Jul-13	26-Jul-14
Vesting %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Volatility	41.04%	40.24%	39.43%	38.19%	39.97%	53.73%	46.39%
Risk free rate	7.50%	7.65%	9.20%	6.94%	6.91%	6.99%	8.37%
Time to maturity (years)	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Exercise price (INR)	160.00	166.95	227.00	143.00	240.05	331.25	327.75
Fair Value of the options (INR)	87.30	90.72	130.42	79.80	122.24	141.56	190.16

VARIABLES - CIPOP Phantom		
Grant Date	**29-Jul-09**	**27-Jul-10**
Stock Price of the equity shares on the reporting date	333.90	333.90
Vesting date	29-Jul-12	27-Jul-13
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	34.18%	30.78%
Risk free rate	8.46%	8.48%
Time to maturity (years)	0.33	1.32
Exercise price (INR)	10.00	10.00
Fair Value of the options (INR)	345.27	346.06

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

25. EMPLOYEE STOCK OPTION PLANS CONTINUED

Volatility is the measure of the amount by which the price has fluctuated or is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. Time to maturity /expected life of options is the period for which the Cairn India Group expects the options to be live. Time to maturity has been calculated as an average of the minimum and maximum life of the options.

Impact of Fair Valuation Method on net profits and EPS
In March 2005, the Institute of Chartered Accountants of India has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan, the grant date in respect of which falls on or after April1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit/(loss) and earnings per share would be as follows:

	31 March 2012	31 March 2011
Profit / (loss) as reported	439,617	(2,126,721)
Add: Employee stock compensation under intrinsic value method	21,619	71,453
Less: Employee stock compensation under fair value method	(494,789)	(528,203)
Proforma profit / (loss)	(33,553)	(2,583,471)
Earnings Per Share (in INR)		
Basic		
- As reported	0.23	(1.12)
- Proforma	(0.02)	(1.36)
Diluted		
- As reported	0.23	(1.12)
- Proforma	(0.02)	(1.36)

26. LEASES

Operating Lease:
The Joint Ventures, in which the Company has participating interest, have entered into operating lease for equipments and buildings. All such leases are cancellable in nature. There are neither escalation clauses nor any restrictions in the lease agreements. There are no subleases.

27. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship
Related parties where control exists

Holding / Ultimate holding company	1.	Vedanta Resources Plc. (w.e.f. 8 Dec 2011)
	2.	Vedanta Resources Holdings Limited (w.e.f. 8 Dec 2011)
	3.	Volcan Investments Limited (w.e.f. 8 Dec 2011)
	4.	Cairn UK Holdings Limited (upto 7 Dec 2011)*
	5.	Cairn Energy Plc. (upto 7 Dec 2011)*
Fellow Subsidiary	1.	Sterlite Industries (India) Limited (w.e.f. 8 Dec 2011)
Subsidiary companies	1.	Cairn Energy Australia Pty Limited
	2.	Cairn Energy India Pty Limited
	3.	CEH Australia Pty Limited
	4.	Cairn Energy Asia Pty Limited
	5.	Sydney Oil Company Pty Limited
	6.	Cairn Energy Investments Australia Pty Limited
	7.	Wessington Investments Pty Limited
	8.	CEH Australia Limited
	9.	Cairn India Holdings Limited
	10.	CIG Mauritius Holding Private Limited
	11.	CIG Mauritius Private Limited
	12.	Cairn Energy Holdings Limited

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

27. RELATED PARTY DISCLOSURES CONTINUED

	13. Cairn Energy Discovery Limited
	14. Cairn Exploration (No. 2) Limited
	15. Cairn Exploration (No. 6) Limited
	16. Cairn Energy Hydrocarbons Limited
	17. Cairn Petroleum India Limited
	18. Cairn Energy Gujarat Block 1 Limited
	19. Cairn Exploration (No. 4) Limited
	20. Cairn Exploration (No. 7) Limited
	21. Cairn Energy Development Pte Limited (Liquidated during the previous year)
	22. Cairn Lanka (Pvt) Limited
	23. Cairn Energy Group Holdings BV
	24. Cairn Energy India West BV
	25. Cairn Energy India West Holding BV
	26. Cairn Energy Gujarat Holding BV
	27. Cairn Energy India Holdings BV
	28. Cairn Energy Netherlands Holdings BV
	29. Cairn Energy Gujarat BV
	30. Cairn Energy Cambay BV
	31. Cairn Energy Cambay Holding BV

* w.e.f. 8 December 2011 Cairn Energy Plc. and Cairn UK Holdings Limited only have significant influence over the company. Refer note 37.

Related parties with whom transactions have taken place during the year

Key management personnel	Rahul Dhir, Managing Director and Chief Executive Officer Winston Frederick Bott Jr., Executive Director and Chief Operating Officer (upto 15 Jun 2011) Indrajit Banerjee, Executive Director and Chief Financial Officer (upto 23 Aug 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of the Transactions	Related Party	31 March 2012	31 March 2011
Expenses incurred by related party on behalf of the Company	Cairn Energy India Pty Limited	15,087	28,360
	Cairn Energy Plc.	1,300	8,781
	Cairn Lanka Private Limited	117	-
	Sterlite Industries (India) Limited	1,123	-
	Total	**17,627**	**37,141**
Expenses incurred by the Company on behalf of related party	Cairn Energy India Pty Limited	468	10,804
	Cairn Energy Gujarat Block 1 Limited	1	-
	Cairn Exploration (No. 2) Limited	-	27,197
	Cairn Exploration (No. 6) Limited	-	560
	Cairn Exploration (No. 7) Limited	1	-
	Cairn Lanka Private Limited	118	-
	Total	**588**	**38,561**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

Nature of the Transactions	Related Party	31 March 2012	31 March 2011
Equity contributions made during the year	CIG Mauritius Holding Private Limited	7,107,000	391,165
Redemption of Preference shares during the year	Cairn India Holdings Limited	14,428,587	-
Guarantee given	Cairn Lanka Private Limited	319,500	-
Guarantee received back	Cairn Lanka Private Limited	1,420,008	1,267,674
Recovery of share option charge	Cairn Energy India Pty Limited	28,897	163,001
Shares issued including premium and stock option charge	Indrajit Banerjee	4,852	21,074
	Rahul Dhir	282,669	Nil
	Total	**287,521**	**21,074**
Remuneration	Rahul Dhir	2,400	2,400
	Winston Frederick Bott Jr.	247	1,200
	Indrajit Banerjee	711	1,800
	Total	**3,358**	**5,400**

The remuneration to the key management personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2012	31 March 2011
Guarantee given	Cairn Lanka Private Limited	319,500	1,420,008
Loans & Advances	Cairn Energy India Pty Limited	383,117	362,648
	CIG Mauritius Holdings Private Limited	491	491
	CIG Mauritius Private Limited	264	264
	Cairn Lanka Private Limited	828	827
	Cairn Energy Hydrocarbons Limited	609	31,432
	Total	**385,309**	**395,662**
Other current liabilities including trade payables	Cairn Energy Plc	-	5,965
	Cairn Energy Gujarat Block 1 Limited	-	88,554
	Cairn Exploration (No. 2) Limited	-	302,518
	Cairn Exploration (No. 4) Limited	-	76,568
	Cairn Exploration (No. 6) Limited	-	7,733
	Cairn Exploration (No. 7) Limited	-	163,446
	Sterlite Industries (India) Limited	1,011	-
	Total	**1,011**	**6,44,784**

28. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Company's share of Joint Ventures' Exploration activities – INR 105,912 thousand (31 March 2011: – INR 67,462 thousand).

Other commitments

Company's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - INR 132,066 thousand (31 March 2011: – INR 5,945,379 thousand).

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

29. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The Company did not take any derivative instruments during the current year / previous year. Particulars of unhedged foreign currency exposures are as follows-

	31 March 2012	31 March 2011
Trade receivables	4,721	1,681
Loans and advances	162,026	51,743
Other current liabilities including trade payables	198,782	693,467

30. SCHEME OF ARRANGEMENT

The shareholders of the Company have approved a Scheme of Arrangement between the Company and some of its wholly owned subsidiaries, to be effective from 1 January 2010. The Scheme of Arrangement has been approved by the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay. However, it is pending for approval from other regulatory authorities. Pending receipt of such approvals, no accounting impact of the scheme has been given in these financial statements. After the implementation of the scheme, the Company will directly own the Indian businesses, which are currently owned by some of its wholly owned subsidiaries and as contemplated in the scheme, any goodwill arising in the Company pursuant to the scheme, shall be adjusted against the securities premium account.

31. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	31 March 2012	31 March 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

32. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31 March 2012	31 March 2011
Stores and spares	50,597	45,392

33. EXPENDITURE IN FOREIGN CURRENCY (Accrual Basis)

	31 March 2012	31 March 2011
Professional fees	63,027	45,740
Data acquisition and analysis	46,767	-
Exploration cost	286,686	286,352
Public relation expenses	10,229	381
Sponsorship	2,639	4,803
Travelling and conveyance	9,280	6,738
Staff welfare expenses	1,696	258
Miscellaneous expenses	-	1,489
	420,324	**345,761**

34. EARNINGS IN FOREIGN CURRENCY (Accrual Basis)

	31 March 2012	31 March 2011
Parent company overhead	87,961	23,943

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

35. IMPORTED AND INDIGENOUS SPARE AND PARTS CONSUMED IN OIL & GAS EXPLORATION ACTIVITIES

	Percentage of total consumption		Amount	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Imported	99.12%	97.23%	31,795	27,911
Indigenous	0.88%	2.77%	281	784
	100.00%	100.00%	32,076	28,695

36. SEGMENTAL REPORTING

Business segments

The primary reporting of the Company has been prepared on the basis of business segments. The Company has only one business segment, which is the exploration, development and production of oil and gas and operates in a single business segment based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems. Accordingly, the figures appearing in these financial statements relate to the Company's single business segment.

Geographical segments

Secondary segmental reporting is prepared on the basis of the geographical location of customers. The operating interests of the Company are confined to India in terms of oil and gas blocks and customers. Accordingly, the figures appearing in these financial statements relate to the Company's single geographical segment, being operations in India.

37. CHANGE OF CONTROL OF THE COMPANY

The sale of shares of the Company by Cairn UK Holdings Limited and its holding company, Cairn Energy Plc. to Vedanta Resources Plc. and its subsidiaries (collectively the 'Vedanta group') was completed on 8 December 2011 and resulted in change of control in the management of the Company from that date.

38. The Board of Directors, subject to the approval of the shareholders, have reappointed the Managing Director of the Company for a period of five years w.e.f. 22 August 2011.

39. DEFERRED TAX

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of INR 1,001,000 thousand (31 March 2011: INR 918,000 thousand) in respect of accumulated tax losses, INR 528,000 thousand (31 March 2011: Nil) in respect of accumulated long term capital losses and INR 669,000 thousand (31 March 2011 : INR 586,000 thousand) in respect of differences in block of fixed assets/exploration assets as per tax books and financial books. However, as the management is not virtually certain of subsequent realization of the asset, the same has not been recognized in these financial statements.

40. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

Details of amounts recoverable from subsidiary companies in which directors are interested are the same as disclosed under note no 27. The balance outstanding as at the year end is also the maximum amount outstanding during the year in all cases except for in the case of Cairn Energy Hydrocarbons Limited where the maximum amount outstanding during the year was INR 31,432 thousand (31 Mar 2011: INR 31,432 thousand). No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

41. PREVIOUS YEAR FIGURES

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, became applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 20 April 2012

For and on behalf of the Board of Directors

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Auditors' Report

The Board of Directors
Cairn India Limited

1. We have audited the attached consolidated balance sheet of Cairn India Group, as at March 31, 2012 comprising Cairn India Limited ('the Company') and its subsidiaries (together, 'the Group'), and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The accompanying financial statements include Cairn India Group's share of net assets, expenses and cash outflows aggregating to INR 848,397 thousand, INR 59,054 thousand, INR 210 thousand respectively in the unincorporated joint ventures the unaudited information with respect of which has been provided to us by the management of the Company and relied upon by us.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Cairn India Group as at March 31, 2012;
   (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Raj Agrawal

Partner
Membership No.: 82028

Place: Gurgaon
Date: April 20, 2012

Consolidated Balance Sheet

AS AT 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	19,073,961	19,019,171
Reserves and surplus	4	463,846,750	383,913,085
		482,920,711	**402,932,256**
Non-current liabilities			
Long-term borrowings	5	-	26,738,228
Deferred tax liabilities (net)	12	6,841,363	5,750,251
Long-term provisions	6	18,739,854	13,707,326
		25,581,217	**46,195,805**
Current liabilities			
Trade payables	7	6,071,626	4,625,620
Other current liabilities	7	18,756,140	8,518,037
Short-term provisions	6	1,206,086	2,959,861
		26,033,852	**16,103,518**
TOTAL		**534,535,780**	**465,231,579**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	59,071,630	59,049,369
Intangible assets	9	253,414,605	253,378,953
Cost of producing facilities (net)	10	30,206,673	20,849,582
Exploration, development and capital work in progress	11	45,001,504	39,818,769
Deferred tax assets (net)	12	103,853	138,377
Long-term loans and advances	13	25,379,848	12,548,985
Other non-current assets	14.2	6,907,641	3,492,926
		420,085,754	**389,276,961**
Current assets			
Current investments	15	18,355,682	10,944,489
Inventories	16	1,360,651	904,821
Trade receivables	14.1	14,968,428	14,828,644
Cash and bank balances	17	70,135,145	44,269,816
Short-term loans and advances	13	8,384,752	4,221,093
Other current assets	14.2	1,245,368	785,755
		114,450,026	**75,954,618**
TOTAL		**534,535,780**	**465,231,579**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	Notes	31 March 2012	31 March 2011
Income			
Revenue from operations	18	118,606,526	102,779,277
Other income	19	9,380,096	1,287,956
Total revenue		**127,986,622**	**104,067,233**
Expenses			
Share of expenses from producing oil and gas blocks		6,300,372	5,017,040
(Increase) in inventories of finished goods	20	(262,647)	(263,556)
Employee benefit expenses	21	889,435	1,104,633
Other expenses	22	16,146,795	12,710,332
Depletion, depreciation and amortization expense	23	14,403,014	11,929,625
Finance costs	24	2,258,074	3,002,617
Unsuccessful exploration costs	11	2,988,328	1,666,816
Exceptional items	25	1,028,461	-
		43,751,832	35,167,507
Profit before tax		**84,234,790**	**68,899,726**
Tax expenses			
Current tax		15,544,484	15,610,615
Less: MAT credit entitlement		(11,812,826)	(11,213,560)
Net current tax expense		3,731,658	4,397,055
Deferred tax		1,125,636	1,158,671
Total tax expense		4,857,294	5,555,726
Profit for the year		**79,377,496**	**63,344,000**
Earnings per equity share in INR computed on the basis of profit for the year	26		
[nominal value of share INR 10 (31 March 2011: INR 10)]			
Basic		41.71	33.36
Diluted		41.61	33.20
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	31 March 2012	31 March 2011
Cash flow from operating activities		
Profit before tax	84,234,790	68,899,726
Adjustments for:		
Depletion, depreciation and amortization	14,709,474	12,226,482
Unsuccessful exploration costs	2,988,328	1,666,816
Capital expenditure on assets not owned by the Company	-	230,975
Employee stock compensation expense	45,445	234,454
Unrealized foreign exchange (gain)/loss (net)	(9,045,235)	1,053,277
Premium on forward exchange contract	(2,471)	1,646
Unrealised loss on commodity hedge contracts	-	38,876
Net (gain)/ loss on sale of current investments	(626,474)	(61,054)
Interest expense	1,084,772	2,058,835
Loan facility and management fees	1,122,228	806,042
Other finance charges	38,337	131,883
Interest income	(2,186,323)	(576,183)
Other non-operating income	(33,132)	-
Dividend income	(300,334)	(650,667)
Operating profit before working capital changes	**92,029,405**	**86,061,108**
Movements in working capital :		
Increase/ (decrease) in trade payables, other liabilities and provisions	(70,583)	1,212,364
Decrease / (increase) in trade receivables	(152,218)	(11,815,949)
Decrease / (increase) in inventories	(1,163,712)	(367,556)
Decrease / (increase) in loans and advances and other assets	1,357,543	882,803
Cash generated from operations	**92,000,435**	**75,972,770**
Direct taxes paid (net of refunds)	(21,290,627)	(12,591,607)
Net cash flow from operating activities (A)	**70,709,808**	**63,381,163**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(29,558,037)	(25,647,920)
Short term investments (net)	(6,784,719)	6,240,697
Investments in bank deposits (having original maturity of more than 3 months)	(84,632,290)	(43,947,656)
Redemption/ maturity of bank deposits (having original maturity of more than 3 months)	91,525,842	13,703,008
Interest received	2,148,341	252,328
Dividend received	300,334	650,667
Payments made to site restoration fund	(305,025)	(433,834)
Net cash flow used in investing activities (B)	**(27,305,554)**	**(49,182,710)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	565,513	670,480
Proceeds from long-term borrowings	-	18,680,000
Repayment of long-term borrowings	(14,139,989)	(25,698,627)
Repayment of finance lease obligation	(41,456)	(79,576)
Interest paid	(1,321,356)	(1,972,597)
Payment of borrowing costs (other than interest)	(278,833)	(329,660)
Net cash flow used in financing activities (C)	**(15,216,121)**	**(8,729,980)**
Net increase in cash and cash equivalents (A + B + C)	**28,188,133**	**5,468,473**

Consolidated Cash Flow Statement Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	31 March 2012	31 March 2011
Effect of exchange differences on cash & cash equivalents held in foreign currency	4,807,902	(223,572)
Cash and cash equivalents at the beginning of the year	11,467,896	6,222,995
Cash and cash equivalents at the end of the year	**44,463,931**	**11,467,896**
Components of cash and cash equivalents		
Cash on hand	445	524
With banks		
- on deposit account	44,339,735	11,315,457
- on current accounts	123,751	151,915
Total cash and cash equivalents (note 17)	**44,463,931**	**11,467,896**

Notes:
1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on "Cash flow statements".
2) Amounts in bracket indicate a cash outflow or reduction.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

1. NATURE OF OPERATIONS

Cairn India Limited ('the Company') was incorporated in India on August 21, 2006. The equity shares of the Company are listed in India on the Bombay stock exchange and the National stock exchange.

The Company is primarily engaged in the business of surveying, prospecting, drilling, exploring, acquiring, developing, producing, maintaining, refining, storing, trading, supplying, transporting, marketing, distributing, importing, exporting and generally dealing in minerals, oils, petroleum, gas and related by-products and other activities incidental to the above. As part of its business activities, the Company also holds interests in its subsidiary companies which have been granted rights to explore and develop oil exploration blocks in the Indian sub-continent.

The Company along with its subsidiaries, (collectively the 'Cairn India Group') is participant in various Oil and Gas blocks/fields, which are in the nature of jointly controlled assets, granted by the Government of India/Sri Lanka through Production Sharing Contract ('PSC')/Production Resources Agreement ('PRA') entered into between these entities and Government of India/Sri Lanka and other venture partners.

Components of the Cairn India Group

The Consolidated Financial Statements represent consolidation of accounts of the Company and its subsidiaries as detailed below (same as in previous year)*:

S. No.	Name of the Subsidiaries	Country of Incorporation
1	Cairn Energy Australia Pty Limited	Australia
2	Cairn Energy India Pty Limited	Australia
3	CEH Australia Pty Limited	Australia
4	Cairn Energy Asia Pty Limited	Australia
5	Sydney Oil Company Pty Limited	Australia
6	Cairn Energy Investments Australia Pty Limited	Australia
7	Wessington Investments Pty Limited	Australia
8	CEH Australia Limited	British Virgin Islands
9	Cairn India Holdings Limited ('CIHL')	Jersey
10	CIG Mauritius Holding Private Limited ('CMHPL')	Mauritius
11	CIG Mauritius Private Limited	Mauritius
12	Cairn Energy Holdings Limited	United Kingdom
13	Cairn Energy Discovery Limited	United Kingdom
14	Cairn Exploration (No. 2) Limited	United Kingdom
15	Cairn Exploration (No. 6) Limited	United Kingdom
16	Cairn Energy Hydrocarbons Limited	United Kingdom
17	Cairn Petroleum India Limited	United Kingdom
18	Cairn Energy Gujarat Block 1 Limited	United Kingdom
19	Cairn Exploration (No. 4) Limited	United Kingdom
20	Cairn Exploration (No. 7) Limited	United Kingdom
21	Cairn Lanka (Pvt) Limited	Sri Lanka
22	Cairn Energy Group Holdings BV	Netherlands
23	Cairn Energy India West BV	Netherlands
24	Cairn Energy India West Holding BV	Netherlands
25	Cairn Energy Gujarat Holding BV	Netherlands
26	Cairn Energy India Holdings BV	Netherlands
27	Cairn Energy Netherlands Holdings BV	Netherlands
28	Cairn Energy Gujarat BV	Netherlands
29	Cairn Energy Cambay BV	Netherlands
30	Cairn Energy Cambay Holding BV	Netherlands

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

CIHL and CMHPL are wholly owned subsidiaries of the Company. All other above mentioned companies are direct or indirect wholly owned subsidiaries of either CIHL or CMHPL. The Company's percentage holding in these subsidiaries was same in the previous year.

*The Company had a wholly owned step down subsidiary Cairn Energy Development Pte. Limited (Singapore) which was liquidated during the previous year.

Cairn India Group has interest in the following Oil & Gas blocks/fields-

Oil & Gas blocks/fields	Area	Participating Interest
Operated blocks		
Ravva block	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 - Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70.00%
PR-OSN-2004/1	Palar Basin Offshore	35.00%
SL 2007-01-001	North West Sri Lanka Offshore	100.00%
KG-ONN-2003/1	Krishna Godavari Onshore	49.00%
KG-OSN-2009/3	Krishna Godavari Offshore	100.00%
MB-DWN-2009/1	Mumbai Deep Water	100.00%
Non – operated block		
KG-DWN-98/2	Krishna Godavari Deep water	10.00%
(The participating interest is proposed to be assigned outside the Group).		
Following blocks have been relinquished		
Non – operated blocks		
KK-DWN-2004/1 in Mar 2012	Kerala Konkan Basin Offshore	40.00%
GS-OSN-2003/1 in Nov 2010	Gujarat Saurashtra Onshore	49.00%

The participating interests were same in the previous year.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year except for changes in the presentation and disclosures of the financial statements as described in note no. 38 below.

2.1 Summary of significant accounting policies

a) Principles of consolidation:

The consolidated financial statements relate to the Cairn India Group. In the preparation of these consolidated financial statements, investments in subsidiaries have been accounted for in accordance with the provisions of Accounting Standard-21 (Consolidated Financial Statements). The financial statements of the subsidiaries have been drawn up to the same reporting date as of Cairn India Limited. The Consolidated Financial Statements are prepared on the following basis:

i The financial statements of the Company and its subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses in accordance with Accounting Standard-21 (Consolidated Financial Statements).

ii The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of the subsidiaries are adjusted for the accounting principles and policies followed by the Company.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

iii The difference between the cost to the Company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill is tested for impairment by the management on each reporting date.

b) Oil and gas assets

Cairn India Group follows the successful efforts method of accounting for oil and gas assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas Producing Activities".

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license by license basis. Costs are held, undepleted, within exploratory & development work in progress until the exploration phase relating to the license area is complete or commercial oil and gas reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets which cannot be directly related to individual exploration wells is expensed in the period in which it is incurred.

Exploration/appraisal drilling costs are initially capitalised within exploratory and development work in progress on a well by well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well by well basis. Drilling costs are written off on completion of a well unless the results indicate that oil and gas reserves exist and there is a reasonable prospect that these reserves are commercial.

Where results of exploration drilling indicate the presence of oil and gas reserves which are ultimately not considered commercially viable, all related costs are written off to the statement of profit and loss immediately. Following appraisal of successful exploration wells, when a well is ready for commencement of commercial production, the related exploratory and development work in progress are transferred into a single field cost centre within producing properties, after testing for impairment.

Where costs are incurred after technical feasibility and commercial viability of producing oil and gas is demonstrated and it has been determined that the wells are ready for commencement of commercial production, they are capitalised within producing properties for each cost centre. Subsequent expenditure is capitalised when it enhances the economic benefits of the producing properties or replaces part of the existing producing properties. Any costs remaining associated with such part replaced are expensed off in the financial statements.

Net proceeds from any disposal of an exploration asset within exploratory and development work in progress are initially credited against the previously capitalised costs and any surplus proceeds are credited to the statement of profit and loss. Net proceeds from any disposal of producing properties are credited against the previously capitalised cost and any gain or loss on disposal of producing properties is recognised in the statement of profit and loss, to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Amounts which are not being paid by the joint venture partner in oil and gas blocks where Cairn India Group is the operator and have hence been funded by it are treated as exploration, development or production costs, as the case may be.

c) Depletion

The expenditure on producing properties is depleted within each cost centre.

Depletion is charged on a unit of production basis, based on proved reserves for acquisition costs and proved and developed reserves for other costs. Reserves for this purpose are considered on working interest basis which are reassessed atleast annually. Impact of changes to reserves are accounted for prospectively.

d) Site restoration costs

At the end of the producing life of a field, costs are incurred in restoring the site of production facilities. Cairn India Group recognizes the full cost of site restoration as a liability when the obligation to rectify environmental damage arises. The site restoration expenses form part of the exploration & development work in progress or cost of producing properties, as the case may be, of the related asset. The amortization of the asset, calculated on a unit of production basis based on proved and developed reserves, is included in the depletion cost in the statement of profit and loss.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

f) Tangible fixed assets, depreciation and amortization

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management stated below, or at the rates prescribed under Schedule XIV of the Companies Act 1956, whichever is higher.

Vehicles	2 to 5 years
Freehold buildings	10 years
Computers	2 to 5 years
Furniture and fixtures	2 to 5 years
Office equipments	2 to 5 years
Plant and Equipment	2 to 10 years

Leasehold lands are amortised over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease (3 to 6 years) or expected useful economic lives, whichever is shorter.

g) Intangible fixed assets and amortization

Intangible assets, other than oil and gas assets, have finite useful lives and are measured at cost and amortized over their expected useful economic lives as follows:

Computer software 2 to 4 years

Goodwill arising on consolidation is tested for impairment only.

h) Leases

As lessee

Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as an expense in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that Cairn India Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are measured at cost or market value, whichever is lower, determined on an individual investment basis. Long term investments are measured at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

j) Inventory

Inventories of oil and condensate held at the balance sheet date are valued at cost or net realizable value, whichever is lower. Cost is determined on a quarterly weighted average basis.

Inventories of stores and spares related to exploration, development and production activities are valued at cost or net realizable value whichever is lower. Cost is determined on first in first out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k) Joint Ventures

Cairn India Group participates in several Joint Ventures involving joint control of assets for carrying out oil and gas exploration, development and producing activities. Cairn India Group accounts for its share of the assets and liabilities of Joint Ventures along with attributable income and expenses in such Joint Ventures, in which it holds a participating interest.

l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Cairn India Group and the revenue can be reliably measured.

Revenue from operating activities

From sale of oil, gas and condensate

Revenue represents the Cairn India Group's share (net of Government's share of profit petroleum) of oil, gas and condensate production, recognized on a direct entitlement basis, when significant risks and rewards of ownership are transferred to the buyers. Government's share of profit petroleum is accounted for when the obligation (legal or constructive), in respect of the same arises.

As operator from the joint venture

Cairn India Group recognizes revenue from joint ventures for services rendered in the form of parent company overhead based on the provisions of respective PSCs.

Tolling income

Tolling income represents Cairn India Group's share of revenues from Pilotage and Oil Transfer Services from the respective joint ventures, which is recognized based on the rates agreed with the customers, as and when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

Revenue is recognized when the instrument/unit holders' right to receive payment is established by the balance sheet date.

m) Borrowing costs

Borrowing costs include interest and commitment charges on borrowings, amortisation of costs incurred in connection with the arrangement of borrowings, exchange differences to the extent they are considered a substitute to the interest cost and finance charges under leases. Costs incurred on borrowings directly attributable to development projects, which take a substantial period of time to complete, are capitalised within the development/producing asset for each cost-centre.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

n) Foreign currency transactions and translations

Cairn India Group translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

Exchange differences arising on the settlement of monetary items or on reporting Cairn India Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise except those arising from investments in non-integral operations.

All transactions of integral foreign operations are translated as if the transactions of those foreign operations were the transactions of the group itself. In translating the financial statements of a non-integral foreign operation for incorporating in the consolidated financial statements, Cairn India Group translates the assets and liabilities at the rate of exchange prevailing at the balance sheet date. Income and expenses of non-integral operations are translated using rates at the date of transactions. Resulting exchange differences are disclosed under the foreign currency translation reserve until the disposal of the net investment in non-integral operations.

o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income tax laws prevailing in the respective tax jurisdictions where Cairn India Group operates. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier period.

Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various subsidiaries or countries of operation are not set off against each other as Cairn India Group does not have a legal right to do so. Current and deferred tax assets and liabilities are only offset where they arise within the same entity and tax jurisdiction.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If any component of Cairn India Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised by the component only if there is virtual certainty, supported by convincing evidence, that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier periods are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. Cairn India Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. Cairn India Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the individual company will utilize MAT credit during the specified period.

p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, if any.

q) Provisions

A provision is recognised when Cairn India Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

r) **Cash and Cash equivalents**

Cash and cash equivalents comprise of cash at bank and in hand and short term investments, with an original maturity of 90 days or less.

s) **Employee Benefits**

Retirement and Gratuity benefits

Retirement benefits in the form of provident fund and superannuation scheme are defined contribution schemes and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done on projected unit credit method.

Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. Cairn India Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

t) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

u) **Segment Reporting Policies**

Identification of segments

Cairn India Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of Cairn India Group operate.

v) **Derivative Instruments**

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, is done on marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

3. SHARE CAPITAL

	31 March 2012	31 March 2011
Authorised shares (No. in thousand)		
2,250,000 (31 March 2011: 2,250,000) equity shares of INR 10 each	22,500,000	22,500,000
Issued, subscribed and fully paid up shares (No. in thousand)		
1,907,396 (31 March 2011: 1,901,917) equity shares of INR 10 each	19,073,961	19,019,171
Total issued, subscribed and fully paid-up share capital	**19,073,961**	**19,019,171**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

3. SHARE CAPITAL

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	No. thousand	INR thousand	No. thousand	INR thousand
At the beginning of the period	1,901,917	19,019,171	1,896,974	18,969,741
Issued during the period – ESOP	5,479	54,790	4,943	49,430
Outstanding at the end of the period	**1,907,396**	**19,073,961**	**1,901,917**	**19,019,171**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

	31 March 2012	31 March 2011
Subsidiaries of Vedanta Resources Plc., the holding company*		
Twin Star Mauritius Holdings Limited	7,388,736	-
738,874 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
Sesa Goa Limited	3,511,404	-
351,140 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
Sesa Resources Limited	327,000	-
32,700 thousand (31 March 2011: Nil) equity shares of INR 10 each fully paid		
Cairn UK Holdings Limited, the erstwhile holding company*		
415,563 thousand (31 March 2011: 1,183,244 thousand) equity shares of INR 10 each fully paid	4,155,630	11,832,438

* Also refer note 25 below.

(d) Aggregate no. of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31 March 2012	31 March 2011
	No. thousand	No. thousand
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	-	861,765

In addition, the Company has issued total 15,997 thousand equity shares (31 March 2011: 10,518 thousand equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP scheme) wherein part consideration was received in form of employee services.

(e) Details of shareholders holding more than 5% shares in the Company

	31 March 2012		31 March 2011	
	No. thousand	% holding in the class	No. thousand	% holding in the class
Equity shares of INR 10 each fully paid				
Twin Star Mauritius Holdings Limited	738,874	38.74%	-	-
Cairn UK Holdings Ltd	415,563	21.79%	1,183,244	62.21%
Sesa Goa Ltd	351,140	18.41%	-	-
Petronas International Corporation Limited	-	-	283,431	14.90%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownerships of shares.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, please refer note 28.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

4. RESERVES AND SURPLUS

	31 March 2012	31 March 2011
Securities premium account		
Balance as per the last financial statements	301,925,982	301,161,222
Add: additions on employee stock options exercised	510,723	621,050
Add: transferred from stock options outstanding	490,382	143,710
Closing Balance	**302,927,087**	**301,925,982**
Debenture redemption reserve*		
Balance as per the last financial statements	-	-
Add: amount transferred from surplus balance in the statement of profit and loss	439,617	-
Closing Balance	**439,617**	**-**
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	544,385	770,973
Add: gross compensation for options granted during the year	245,756	152,763
Less: deferred employee stock compensation	(189,973)	(225,304)
Less: transferred to securities premium on exercise of stock options	(490,382)	(143,710)
Closing Balance	**109,786**	**554,722**
Surplus in the statement of profit and loss		
Balance as per last financial statements	81,432,381	18,088,381
Profit for the year	79,377,496	63,344,000
Less: Transfer to debenture redemption reserve	(439,617)	-
Net surplus in the statement of profit and loss	**160,370,260**	**81,432,381**
Total reserves and surplus	**463,846,750**	**383,913,085**

*Debenture redemption reserve of INR 1,851,765 thousand (31 March 2011: INR 831,913 thousand) has not been created due to inadequacy of profits of Cairn India Limited.

5. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Debentures (Unsecured)				
Series C - Nil (31 March 2011: 10 thousand) 8.50% non convertible debentures of INR 1,000 thousand each (INR 100 thousand called-up)	-	1,000,000	-	-
Series B - 6.25 thousand (31 March 2011: 6.25 thousand) 8.40% non convertible debentures of INR 1,000 thousand each (fully paid up)	-	6,250,000	6,250,000	-
Series A - 6.25 thousand (31 March 2011: 6.25 thousand) 8.35% non convertible debentures of INR 1,000 thousand each (fully paid up)	-	6,250,000	6,250,000	-
Term loans (foreign currency)				
From banks (secured)	-	10,577,834	-	-
From financial institutions (secured)	-	2,644,458	-	-
Other loans and advances				
Finance lease obligation (secured)	-	15,936	18,410	43,930
	-	**26,738,228**	**12,518,410**	**43,930**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

5. LONG-TERM BORROWINGS CONTINUED

	Non-current portion		Current maturities	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
The above amount includes				
Secured borrowings	-	13,238,228	18,410	43,930
Unsecured borrowings	-	13,500,000	12,500,000	-
Amount disclosed under the head “other current liabilities” (note 7)			(12,518,410)	(43,930)
Net amount	-	26,738,228	-	-

a. Series A debentures are redeemable at par after 21 months from date of allotment viz. 12 October 2010. Series B debentures are redeemable at par after 24 months from date of allotment viz. 12 October 2010. Series C debentures were redeemable at par after 27 months from date of allotment viz. 12 October 2010 on which a coupon rate of 8.50 % was applicable for the first 12 months and thereafter a market determined floating rate subject to a minimum of 8.50 %. The Company during the current year bought back the debentures issued under Series C, after their offer of buy back was accepted by the debenture holders.

b. The debenture holders have a negative lien on the assets of the Company. The Company had the option to prepay the debentures issued under series A and B at the end of 12 months from the date of issue.

c. Finance lease liabilities are secured by way of hypothecation of the office equipments and leasehold improvements acquired under such leases.

d. Term loans as on 31 March 2011 were secured by a common security in the form of hypothecation of the shares of Cairn Energy Hydrocarbons Limited, a wholly owned subsidiary of the Company. The Loan was to be paid in variable installments over a period of 6.5 years and interest rate was Libor +3.25% for first three years and Libor +3.75% thereafter. Cairn India Group prepaid the term loan during current financial year.

6. PROVISIONS

	Long-term		Short-term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for employee stock options (cash settled)**	52,981	175,983	71,879	111,072
Provision for gratuity (note 27)	10,321	7,994	73,503	52,676
Provision for compensated absences	-	-	72,461	24,866
	63,302	183,977	217,843	188,614
Other provisions				
Provision for site restoration*	18,676,552	13,523,349	-	-
Provision for taxation (net of advance tax)	-	-	985,772	2,732,371
Provision for mark-to-market losses on derivative contracts	-	-	2,471	38,876
	18,676,552	13,523,349	988,243	2,771,247
	18,739,854	**13,707,326**	**1,206,086**	**2,959,861**

	31 March 2012	31 March 2011
* Provision for site restoration [refer note 2.1 (d) above]		
Opening balance	13,523,349	4,466,429
Additions for the year	5,153,203	9,056,920
Closing balance	18,676,552	13,523,349
** Provision for employee stock options [cash settled) (refer note 2.1 (s) above]		
Opening Balance	287,055	330,792
Additions for the year	191,352	238,298
Payments during the year	(233,700)	(225,684)
Reversed during the year	(119,847)	(56,351)
Closing Balance	124,860	287,055

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

7. OTHER CURRENT LIABILITIES

	31 March 2012	31 March 2011
Trade payables	6,071,626	4,625,620
Other liabilities		
Current maturities of long-term borrowings (note 5) [Includes current maturity of finance lease obligation INR 18,410 thousand (31 March 2011: INR 43,930 thousand)]	12,518,410	43,930
Interest accrued but not due on borrowings	490,464	638,984
Others		
Revenue received in excess of entitlement interest	113,341	-
Statutory dues payable	1,296,527	890,601
Interest accrued on other than borrowings	552,152	405,000
Profit petroleum payable	492,158	-
Liabilities for exploration and development activities	3,293,088	6,539,522
	18,756,140	8,518,037
	24,827,766	13,143,657

8. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equipments	Furniture & fixtures	Leasehold Improvements	Vehicles	Total
Cost or valuation									
At 1 April 2010	**43,583**	**-**	**10,289**	**777,549**	**469,624**	**29,862**	**281,634**	**11,565**	**1,624,106**
Additions	-	853,800	6,418,017	56,102,680	172,174	54,760	-	52,225	63,653,656
Disposals	-	-	-	-	(41,325)	(178)	-	-	(41,503)
Other adjustments									-
- Borrowing costs [refer (d) below]	-	-	-	516,536	-	-	-	-	516,536
At 31 March 2011	**43,583**	**853,800**	**6,428,306**	**57,396,765**	**600,473**	**84,444**	**281,634**	**63,790**	**65,752,795**
Additions	-	488,400	2,617,020	3,574,517	176,789	19,924	-	7,620	6,884,270
Disposals	-	-	-	-	(20,800)	(688)	-	-	(21,488)
Other adjustments									-
- Borrowing costs [refer (d) below]	-	-	15,112	23,802	-	-	-	-	38,914
At 31 March 2012	**43,583**	**1,342,200**	**9,060,438**	**60,995,084**	**756,462**	**103,680**	**281,634**	**71,410**	**72,654,491**
Depreciation									
At 1 April 2010	-	-	3,115	21,845	291,398	18,714	167,911	5,268	508,251
Charge for the year	-	77,391	397,454	5,543,774	138,632	12,016	57,750	8,754	6,235,771
Disposals	-	-	-	-	(40,518)	(78)	-	-	(40,596)
At 31 March 2011	**-**	**77,391**	**400,569**	**5,565,619**	**389,512**	**30,652**	**225,661**	**14,022**	**6,703,426**
Charge for the year	-	120,877	1,055,433	5,504,421	156,792	13,727	39,750	8,247	6,899,247
Disposals	-	-	-	-	(19,130)	(682)	-	-	(19,812)
At 31 March 2012	**-**	**198,268**	**1,456,002**	**11,070,040**	**527,174**	**43,697**	**265,411**	**22,269**	**13,582,861**
Net Block									
At 31 March 2011	**43,583**	**776,409**	**6,027,737**	**51,831,146**	**210,961**	**53,792**	**55,973**	**49,768**	**59,049,369**
At 31 March 2012	**43,583**	**1,143,932**	**7,604,436**	**49,925,044**	**229,288**	**59,983**	**16,223**	**49,141**	**59,071,630**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

a. Leasehold improvements have been taken on finance lease. Additionally, office equipments of gross book value of INR 100,733 thousand (31 March 2011: INR 100,733 thousand) have been acquired under finance lease. The depreciation charge for the year on these office equipments is INR 17,200 thousand (31 March 2011: INR 19,962 thousand), the accumulated depreciation thereon is INR 80,676 thousand (31 March 2011: INR 63,476 thousand) and the net block is INR 20,057 thousand (31 March 2011: INR 37,257 thousand).

b. The above gross block includes INR 71,875,004 thousand (31 March 2011: INR 65,053,851 thousand) jointly owned with the joint venture partners. Accumulated depreciation on these assets is INR 12,937,664 thousand (31 March 2011: INR 6,216,929 thousand) and net book value is INR 58,937,340 thousand (31 March 2011: INR 58,836,922 thousand).

c. Gross block of leasehold land includes Nil (31 March 2011: INR 23,418 thousand) for which the lease deed is yet to be executed.

d. Borrowing costs capitalized during the year ended 31 March 2012 aggregates to INR 286,971 thousand (31 March 2011: INR 835,525 thousand), of which INR 38,914 thousand (31 March 2011: INR 516,536 thousand) has been included under tangible assets and INR 248,057 thousand (31 March 2011: INR 318,989 thousand) under Exploration, development and capital work in progress.

9. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
Gross block			
At 1 April 2010	**25,192,675**	**603,472**	**253,796,147**
Additions	-	206,659	206,659
Deletions	-	(23,491)	(23,491)
At 31 March 2011	**253,192,675**	**786,640**	**253,979,315**
Additions	-	235,730	235,730
Deletions	-	(37,651)	(37,651)
At 31 March 2012	**253,192,675**	**984,719**	**254,177,394**
Amortization			
At 1 April 2010	**-**	**449,816**	**449,816**
Charge for the year	-	174,037	174,037
Deletions	-	(23,491)	(23,491)
At 31 March 2011	**-**	**600,362**	**600,362**
Charge for the year	-	199,481	199,481
Deletions	-	(37,054)	(37,054)
At 31 March 2012	**-**	**762,789**	**762,789**
Net block			
At 31 March 2011	253,192,675	186,278	253,378,953
At 31 March 2012	**253,192,675**	**221,930**	**253,414,605**

a. The goodwill of Cairn India Group amounting to INR 253,192,675 thousand has arisen on consolidation of financial statements of the Company with its subsidiaries and represents the difference between the cost of its investment in Cairn India Holdings Limited (which largely represent Cairn India Group's operations in India through its subsidiaries) and consolidated net book value of assets in Cairn India Holdings Limited, at the time of acquisition of shares in Cairn India Holdings Limited. The management has carried out the tests for impairment of goodwill at the year-end as per requirements of AS 28 (Impairment of Assets) by computing the value in use of the assets and comparing the same with the carrying amount of the net assets. Value in use is based on the discounted future net cash flows of the oil and gas assets held by the Cairn India Group. For all blocks in the exploration stage, valuation has been carried out using net present value per barrel of oil equivalent after risk adjustments. The result of the impairment tests indicate that the value in use is higher than the carrying amounts and no impairment provision is required to be created at the reporting date.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

10. COST OF PRODUCING FACILITIES (NET)

	31 March 2012	31 March 2011
Opening balance	20,849,582	4,994,770
Add: Additions	5,753,758	499,935
Add: Transferred from exploration, development and capital work in progress	11,214,079	21,171,551
Less: Depletion	(7,610,746)	(5,816,674)
Closing balance	**30,206,673**	**20,849,582**

11. EXPLORATION, DEVELOPMENT AND CAPITAL WORK IN PROGRESS

	31 March 2012	31 March 2011
Opening balance	39,818,769	91,634,579
Add: Additions [refer note 8(d)]	26,716,112	34,965,461
Less: Transferred to cost of producing facilities	(11,214,079)	(21,171,551)
Less: Transferred to fixed assets	(6,480,724)	(63,942,904)
Less: Transferred to other current assets (refer note 14.2)	(850,246)	-
Less: Unsuccessful exploration costs	(2,988,328)	(1,666,816)
Closing balance	**45,001,504**	**39,818,769**

12. DEFERRED TAX LIABILITY (NET)

	31 March 2012	31 March 2011
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	6,799,670	5,635,961
Gross deferred tax liability	6,799,670	5,635,961
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	54,318	16,245
Others	7,842	7,842
Gross deferred tax asset	62,160	24,087
Net deferred tax liability	**6,737,510**	**5,611,874**
Aggregate amount of deferred tax liability (net) in components of Cairn India Group	6,841,363	5,750,251
Aggregate amount of deferred tax assets (net) in components of Cairn India Group	103,853	138,377
	6,737,510	5,611,874

In the absence of virtual certainty in Cairn India Limited (standalone entity), deferred tax assets of INR 1,001,000 thousand (31 March 2011: INR 918,000 thousand) in respect of accumulated tax losses, INR 528,000 thousand (31 March 2011 : Nil) in respect of accumulated long term capital losses and INR 669,000 thousand (31 March 2011 : INR 586,000 thousand) in respect of differences in block of fixed assets/ exploration assets as per tax books and financial books have not been recognized.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

13. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured and considered good				
Capital advances	259,707	260,751	-	-
Security deposit	152,229	123,942	79,001	69,349
Loan and advances to related parties (note 30)	-	-	5,260	-
Advances recoverable in cash or kind	-	-	5,015,921	3,965,515
	411,936	384,693	5,100,182	4,034,864
Unsecured and considered doubtful				
Advances recoverable in cash or kind	-	-	6,575,034	4,904,759
Less: provision	-	-	(6,575,034)	(4,904,759)
	-	-	-	-
Other loans and advances				
(unsecured and considered good)				
Advance income-tax (net of provision)	990,794	-	3,019,990	645
MAT credit entitlement	23,977,118	12,164,292	-	-
Fringe benefit tax paid (net of provision)	-	-	4,329	4,329
Prepaid expenses	-	-	260,251	181,255
	24,967,912	12,164,292	3,284,570	186,229
	25,379,848	**12,548,985**	**8,384,752**	**4,221,093**

14. TRADE RECEIVABLES AND OTHER ASSETS

14.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	73,920
Other receivables	-	-	14,968,428	14,754,724
	-	-	**14,968,428**	**14,828,644**

14.2. OTHER ASSETS

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Unsecured, considered good				
Non-current bank balances (note 17)	3,827,585	577,537	-	-
Non-current inventory of stores and spares (note 16)	3,080,056	2,372,173	-	-
Exploration, development and capital work in progress (note 11)*	-	-	850,246	-
Unamortized premium on forward contracts	-	-	-	39,228
Ancillary cost of arranging the borrowings	-	543,216	10,002	399,388
Interest accrued on deposits and investments	-	-	385,120	347,139
	6,907,641	**3,492,926**	**1,245,368**	**785,755**

* represents carrying value of KG-DWN-98/2 block which is proposed to be assigned outside the Group.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

15. CURRENT INVESTMENTS (valued at lower of cost and fair value)

	31 March 2012	31 March 2011
Quoted mutual funds	9,878,425	5,438,714
Unquoted mutual funds	7,792,415	5,505,775
Unquoted certificate of deposits	684,842	-
	18,355,682	**10,944,489**

16. INVENTORIES (valued at lower of cost and net realizable value)

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Finished goods (crude oil)*	-	-	979,258	716,611
Stores and spares	3,080,056	2,372,173	381,393	188,210
	3,080,056	2,372,173	1,360,651	904,821
Less: amount disclosed under other non-current assets	(3,080,056)	(2,372,173)	-	-
	-	-	**1,360,651**	**904,821**

*includes stock in pipeline INR 728,244 thousand (31 Mar 2011: INR 561,577 thousand).

17. CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	123,751	151,915
– Deposits with original maturity of less than 3 months	-	-	44,339,735	11,315,457
Cash on hand	-	-	445	524
	-	-	44,463,931	11,467,896
Other bank balances				
– Deposits with original maturity for more than 12 months	2,945,023	-	3,559,121	1,502,500
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	22,112,093	31,299,420
– On site restoration fund	882,562	577,537	-	-
	3,827,585	577,537	25,671,214	32,801,920
Less: amount disclosed under other non-current assets	3,827,585	577,537	-	-
	-	**-**	**70,135,145**	**44,269,816**

Deposits above include Nil (31 March 2011: INR 17,662 thousand) pledged with the banks.

18. REVENUE FROM OPERATIONS

	31 March 2012	31 March 2011
Sale of finished goods		
Oil and condensate	141,254,251	106,752,753
Gas	1,546,675	1,702,209
Less: Government share of profit petroleum	(24,672,199)	(6,197,677)
	118,128,727	102,257,285
Sale of services (tolling income)	42,685	50,945
Other operating revenue (income received as operator from joint venture)	435,114	471,047
	118,606,526	**102,779,277**

The price contract for sale of gas with one customer is due for revision with effect from December 2008 and currently the same is under negotiation. Pending finalization of the price contract, revenue has been recognised based on the last agreed prices on a conservative basis, as the management is expecting an upward price revision.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

19. OTHER INCOME

	31 March 2012	31 March 2011
Interest income on		
Bank deposits	2,177,454	563,409
Current investments	8,868	-
Others	20,288	12,774
Dividend income on current investments	300,334	650,667
Gain on sale of current investments (net)	626,474	61,054
Exchange difference (net)*	6,186,095	-
Other non-operating income	60,583	52
	9,380,096	**1,287,956**

* net of loss on derivative contracts of INR 145,112 thousand

20. (INCREASE) IN INVENTORIES OF FINISHED GOODS

	31 March 2012	31 March 2011
Inventories at the end of the year	979,258	716,611
Inventories at the beginning of the year	716,611	453,055
	(262,647)	**(263,556)**

21. EMPLOYEE BENEFIT EXPENSES

	31 March 2012	31 March 2011
Salaries, wages and bonus	4,207,276	4,149,093
Contribution to provident fund	183,632	167,347
Contribution to superannuation fund	112,565	88,175
Employee stock option scheme	129,046	416,401
Gratuity expense (Note 27)	80,858	32,786
Compensated absences	4,882	4,056
Staff welfare expenses	445,138	394,396
	5,163,397	5,252,254
Less: Cost allocated to joint ventures	(4,273,962)	(4,147,621)
	889,435	**1,104,633**

22. OTHER EXPENSES

	31 March 2012	31 March 2011
Cess	12,849,653	9,537,311
Data acquisition and analysis	62,083	94,588
Arbitration costs	32,169	48,098
Royalty	225,882	219,979
Production bonus	63,628	63,121
Legal and professional fees	2,010,122	1,606,788
Exchange difference (net)*	-	1,018,280
Loss on commodity hedging contracts (net)	946,295	27,640
Travelling and conveyance	433,815	441,248
Contract employee charges	401,791	304,389
Rent	321,912	292,763
Rates and Taxes	279,345	197,327
Insurance	175,289	4,621

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

22. OTHER EXPENSES CONTINUED

	31 March 2012	31 March 2011
Repairs and maintenance		
Buildings	86,359	86,076
Others	272,061	230,228
Capital expenditure on assets not owned by the Group	-	230,975
Miscellaneous expenses	587,628	406,963
	18,748,032	14,810,395
Less: Cost allocated to joint ventures	(2,601,237)	(2,100,063)
	16,146,795	**12,710,332**

* previous year includes loss on derivative contracts of INR 137,972 thousand

23. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2012	31 March 2011
Depreciation of tangible assets	6,899,247	6,235,771
Amortization of intangible assets	199,481	174,037
Less: Cost allocated to joint ventures	(306,460)	(296,857)
	6,792,268	6,112,951
Depletion on producing facilities	7,610,746	5,816,674
	14,403,014	**11,929,625**

24. FINANCE COSTS

	31 March 2012	31 March 2011
Interest	1,091,673	2,077,458
Loan facility and management fees	1,122,228	806,042
Bank charges	12,737	5,857
Other finance charges	-	38,363
Exchange difference to the extent considered as an adjustment to borrowing cost	38,337	93,520
	2,264,975	**3,021,240**
Less: Cost allocated to joint ventures	(6,901)	(18,623)
	2,258,074	**3,002,617**

25. CHANGE OF CONTROL OF THE COMPANY

The sale of shares of the Company by Cairn UK Holdings Limited and its holding company, Cairn Energy Plc. to Vedanta Resources Plc. and its subsidiaries (collectively the 'Vedanta group') was completed on 8 December 2011 and resulted in change of control in the management of the Company from that date. Consequently, royalty paid by Oil and Natural Gas Corporation Limited with respect to the RJ-ON-90/1 block has been treated as cost recoverable, as it was one of the pre-conditions imposed by the Government of India for approving the said transaction of sale of shares, resulting in reduction in revenues and profit after tax for the year by INR 30,325,677 thousand (including INR 1,028,461 thousand for the period upto 31 March 2011 which has been disclosed as an exceptional item).

26. EARNINGS PER SHARE (EPS)

	31 March 2012	31 March 2011
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax as per Statement of Profit & Loss	**79,377,496**	**63,344,000**
(used for calculation of both basic and diluted EPS)		
	No. thousand	**No. thousand**
Weighted average number of equity shares in calculating basic EPS	1,903,047	1,898,666
Effect of dilution:		
Stock options granted under employee stock options	4,784	9,040
Weighted average number of equity shares in calculating diluted EPS	1,907,831	1,907,706
Earnings per equity share in INR computed on the basis of profit for the year		
Basic	41.71	33.36
Diluted	41.61	33.20

Notes to Consolidated Financial Statements Continued

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(All amounts are in thousand Indian Rupees, unless otherwise stated)

27. GRATUITY

Cairn India Group has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2012	31 March 2011
Current service cost	47,125	36,446
Interest cost on benefit obligation	16,001	12,951
Expected return on plan assets	(12,938)	(9,119)
Net actuarial (gain) / loss recognized in the year	30,670	(7,492)
Past service cost	-	-
Net benefit expense	**80,858**	**32,786**
Actual return on plan assets	13,052	9,547

Balance sheet

Benefit asset/ liability

	31 March 2012	31 March 2011
Present value of defined benefit obligation	269,810	200,008
Fair value of plan assets	185,986	139,338
Plan asset / (liability)	**(83,824)**	**(60,670)**

Changes in the present value of the defined benefit obligation are as follows

	31 March 2012	31 March 2011
Opening defined benefit obligation	200,008	161,887
Current service cost	47,125	36,446
Interest cost	16,001	12,951
Benefits paid	(24,108)	(4,213)
Actuarial (gains) / losses on obligation	30,784	(7,063)
Closing defined benefit obligation	**269,810**	**200,008**

Changes in the fair value of plan assets are as follows:

	31 March 2012	31 March 2011
Opening fair value of plan assets	139,338	97,008
Expected return	12,938	9,119
Contributions by employer	57,704	36,995
Benefits paid	(24,108)	(4,213)
Actuarial gains / (losses)	114	429
Closing fair value of plan assets	**185,986**	**139,338**

Notes to Consolidated Financial Statements Continued

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(All amounts are in thousand Indian Rupees, unless otherwise stated)

27. GRATUITY CONTINUED

The Group's expected contribution to the fund in the next year is INR 57,616 thousand (31 March 2011: INR 47,771 thousand).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2012	31 March 2011
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2012	31 March 2011
Discount rate	8.00%	8.00%
Future salary increase	10.00%	10.00%
Expected rate of return on assets	9.40%	9.40%
Employee turnover	5.00%	5.00%
Mortality rate	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 Dec 2007
Defined benefit obligation	269,810	200,008	161,887	108,425	66,142
Plan assets	185,986	139,338	97,008	68,854	29,163
Surplus / (deficit)	(83,824)	(60,670)	(64,879)	(39,571)	(36,979)
Experience adjustments on plan assets	114	428	365	3,132	2,970
Experience adjustments on plan liabilities	(30,784)	6,938	(13,839)	(11,964)	(6,960)

The Group is maintaining a fund with the Life Insurance Corporation of India (LIC) to meet its gratuity liability. The present value of the plan assets represents the balance available with the LIC as at the end of the year. The total value of plan assets is as certified by the LIC.

28. EMPLOYEE STOCK OPTION PLANS

Cairn India Group has provided various share based payment schemes to its employees. During the year ended 31 March 2012, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2012	8,298,713	8,318,283	25,958,972	3,152,331	733,875
Method of Settlement	Equity	Equity	Equity	Cash	Cash
Vesting Period	Refer vesting conditions below	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	18 months from vesting date	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Number of options granted till 31 March 2012

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant					
24-Nov-06	8,298,713	-	-	-	-
01-Jan-07	-	1,708,195	3,467,702	-	-
20-Sep-07	-	3,235,194	5,515,053	-	-
29-Jul-08	-	789,567	3,773,856	822,867	324,548
10-Dec-08	-	-	36,040	-	38,008
22-Jun-09	-	-	-	69,750	-
29-Jul-09	-	994,768	5,405,144	1,230,416*	211,362
27-Jul-10	-	584,144	3,027,463	614,999*	93,572
23-Dec-10	-	-	-	23,645	-
26-Jul-11	-	1,006,415	4,733,714	390,654	66,385
Total	8,298,713	8,318,283	25,958,972	3,152,331	733,875

* includes 169,944 & 260,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during the year.

The Vesting conditions of the above plans are as under-

CISMP plan

(A) 6,714,233 options are to be vested in the following manner-
- 1/3rd of the options will vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges ('admission date'). Listing date was 9 Jan 2007.
- 1/3rd of the options will vest 18 months after the admission date.
- 1/3rd of the options will vest on achieving 30 days' consecutive production of over 150,000 bopd from the Rajasthan Block.

(B) 1,584,480 options are to be vested in the following manner-
- 1/2 of the options will vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges.
- 1/4th of the options will vest on the date on which all major equipment for the start-up of the Mangala field is delivered to site.
- 1/4th of the options will vest on achieving 100,000 bopd from the Mangala Field.

CIPOP plan (including phantom options)

Options will vest (i.e., become exercisable) at the end of a "performance period" which has been set by the remuneration committee at the time of grant (although such period will not be less than three years). However, the percentage of an option which vests on this date will be determined by the extent to which pre-determined performance conditions have been satisfied. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

CIESOP plan (including phantom options)

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

Subsequent to change in control of the Company as stated in note no 25, the remuneration committee approved immediate vesting of all the outstanding options under CISMP plan and prorata vesting upto 8 December 2011 of outstanding options under CIPOP plan as per the provisions of the scheme. This does not have any material impact on these financial statements.

Details of activities under employees stock option plans

CISMP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,238,077	33.70	2,238,077	33.70
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,238,077	33.70	Nil	NA
Forfeited / cancelled during the year	Nil	NA	Nil	NA
Outstanding at the end of the year	Nil	NA	2,238,077	33.70
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 131.50 (31 March 2011: INR 131.50)

Weighted average share price at the date of exercise of stock options is INR 344.15 (31 March 2011: NA)

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIPOP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,147,663	10.00	2,626,830	10.00
Granted during the year	1,006,415	10.00	584,144	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	856,432	10.00	922,043	10.00
Forfeited / cancelled during the year	1,215,306	10.00	141,268	10.00
Outstanding at the end of the year	1,082,340	10.00	2,147,663	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 202.15 (31 March 2011: INR 186.37)
Weighted average share price at the date of exercise of stock options is INR 338.79 (31 March 2011: INR 323.30)

CIESOP Plan	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	12,730,726	246.00	14,646,209	206.43
Granted during the year	4,733,714	327.75	3,027,463	331.25
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,384,498	201.94	4,020,926	164.45
Forfeited / cancelled during the year	1,116,526	280.31	922,020	253.08
Outstanding at the end of the year	13,963,416	278.49	12,730,726	246.00
Exercisable at the end of the year	2,640,232	205.23	1,864,110	164.94

Weighted average fair value of options granted on the date of grant is INR 126.64 (31 March 2011: INR 112.48)
Weighted average share price at the date of exercise of stock options is INR 337.97 (31 March 2011: INR 328.61)

CIPOP Plan – Phantom options	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	1,347,429	10.00	1,728,641	10.00
Granted during the year	820,886	10.00	448,106	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	672,114	10.00	655,600	10.00
Forfeited / cancelled during the year	457,995	10.00	173,718	10.00
Outstanding at the end of the year	1,038,206	10.00	1,347,429	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 341.23 (31 March 2011: INR 341.52)
Weighted average share price at the date of exercise of stock options is INR 310.07 (31 March 2011: INR 327.68)

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIESOP Plan – Phantom options	31 March 2012		31 March 2011	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	381,578	253.96	844,688	195.03
Granted during the year	66,385	327.75	93,572	331.25
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	152,002	227.00	446,354	169.27
Forfeited / cancelled during the year	32,250	329.94	110,328	210.92
Outstanding at the end of the year	263,711	278.79	381,578	253.96
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is INR 149.89 (31 March 2011: INR 161.08)
Weighted average share price at the date of exercise of stock options is INR 308.30 (31 March 2011: INR 319.43)

The details of exercise price for stock options outstanding as at 31 March 2012 are:

SCHEME	Range of exercise price in INR	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in INR
CIPOP Plan	10.00	1,082,340	2.00	10.00
CIESOP Plan	143-331.25	13,963,416	1.01	278.49
CIPOP Plan – Phantom options	10.00	1,038,206	1.40	10.00
CIESOP Plan – Phantom options	240.05-331.25	263,711	0.96	278.79

The details of exercise price for stock options outstanding as at 31 March 2011 are:

CISMP Plan	33.70	2,238,077	0.08	33.70
CIPOP Plan	10.00	2,147,663	1.25	10.00
CIESOP Plan	143-331.25	12,730,726	1.10	246.00
CIPOP Plan – Phantom options	10.00	1,347,429	1.38	10.00
CIESOP Plan – Phantom options	227-331.25	381,578	1.14	253.96

Effect of Employees Stock Option Plans on Financial Position

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

Particulars	31 March 2012	31 March 2011
Total Employee Compensation Cost pertaining to share-based payment plans	129,046	416,401
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	45,445	234,454
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	83,601	181,947
Equity settled employee stock options outstanding as at year end	109,786	554,722
Liability for cash settled employee stock options outstanding as at year end	124,860	287,055
Deferred compensation cost of equity settled options	189,973	225,304
Deferred compensation cost of cash settled options	236,131	220,178

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(All amounts are in thousand Indian Rupees, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Inputs for Fair valuation of Employees Stock Option Plans

The Share Options have also been fair valued using an Option Pricing Model (Black Scholes Model). The main inputs to the model and the Fair Value of the options, based on an independent valuation, are as under:

VARIABLES - CISMP	A	B
Grant Date	**24-Nov-06**	**24-Nov-06**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	160.00
Vesting date	Refer vesting conditions	Refer vesting conditions
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility (Weighted average)	44.08%	46.59%
Risk free rate (Weighted average)	7.05%	6.94%
Time to maturity in years (Weighted average)	2.45	2.00
Exercise price – INR	33.70	33.70
Fair Value of the options (Weighted average) - INR	131.69	130.69

VARIABLES – CIPOP						
Grant Date	**1-Jan-07**	**20-Sep-07**	**29-Jul-08**	**29-Jul-09**	**27-Jul-10**	**26-Jul-11**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	234.75	331.50	322.60
Vesting date	1-Jan-10	20-Sep-10	29-Jul-11	29-Jul-12	27-Jul-13	26-Jul-14
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	41.61%	36.40%	37.49%	43.72%	53.73%	46.39%
Risk free rate	7.33%	7.23%	9.37%	5.78%	6.99%	8.37%
Time to maturity (years)	3.12	3.12	3.12	3.12	3.12	3.12
Exercise price (INR)	10.00	10.00	10.00	10.00	10.00	10.00
Fair Value of the options (INR)	152.05	158.97	221.09	226.40	323.39	316.80

VARIABLES – CIESOP							
Grant Date	**1-Jan-07**	**20-Sep-07**	**29-Jul-08**	**10-Dec-08**	**29-Jul-09**	**27-Jul-10**	**26-Jul-11**
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	150.10	234.75	331.50	322.60
Vesting date	1-Jan-10	20-Sep-10	29-Jul-11	10-Dec-11	29-Jul-12	27-Jul-13	26-Jul-14
Vesting %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Volatility	41.04%	40.24%	39.43%	38.19%	39.97%	53.73%	46.39%
Risk free rate	7.50%	7.65%	9.20%	6.94%	6.91%	6.99%	8.37%
Time to maturity (years)	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Exercise price (INR)	160.00	166.95	227.00	143.00	240.05	331.25	327.75
Fair Value of the options (INR)	87.30	90.72	130.42	79.80	122.24	141.56	190.16

VARIABLES – CIPOP Phantom						
Grant Date	**29-Jul-08**	**22-Jun-09**	**29-Jul-09**	**27-Jul-10**	**23-Dec-10**	**26-Jul-11**
Stock Price of the equity shares on the reporting date (INR)	333.90	333.90	333.90	333.90	333.90	333.90
Vesting date	29-Jul-11	22-Jun-12	29-Jul-12	27-Jul-13	23-Dec-13	26-Jul-14
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	22.55%	33.43%	34.18%	30.78%	30.09%	29.66%
Risk free rate	7.62%	8.46%	8.46%	8.48%	8.49%	8.50%
Time to maturity (years)	0.33	0.22	0.33	1.32	1.73	2.32
Exercise price (INR)	10.00	10.00	10.00	10.00	10.00	10.00
Fair Value of the options (INR)	341.20	324.09	345.27	346.06	325.27	325.69

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(All amounts are in thousand Indian Rupees, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

VARIABLES – CIESOP Phantom					
Grant Date	**29-Jul-08**	**10-Dec-08**	**29-Jul-09**	**27-Jul-10**	**26-Jul-11**
Stock Price of the equity shares on the reporting date (INR)	333.90	333.90	333.90	333.90	333.90
Vesting date	29-Jul-11	10-Dec-11	29-Jul-12	27-Jul-13	26-Jul-14
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	22.55%	25.75%	34.18%	30.78%	29.66%
Risk free rate	7.62%	7.49%	8.46%	8.48%	8.50%
Time to maturity (years)	0.33	0.70	0.33	1.32	2.32
Exercise price (INR)	227.00	143.00	240.05	331.25	327.75
Fair Value of the options (INR)	129.57	215.21	101.16	65.66	92.21

Volatility is the measure of the amount by which the price has fluctuated or is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. Time to maturity /expected life of options is the period for which the Cairn India Group expects the options to be live. Time to maturity has been calculated as an average of the minimum and maximum life of the options.

Impact of Fair Valuation Method on net profits and EPS

In March 2005, the Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	31 March 2012	31 March 2011
Profit as reported	79,377,496	63,344,000
Add: Employee stock compensation under intrinsic value method	129,046	416,401
Less: Employee stock compensation under fair value method	(601,924)	(864,945)
Proforma profit	78,904,618	62,895,456
Earnings Per Share (in INR)		
Basic		
- As reported	41.71	33.36
- Proforma	41.46	33.13
Diluted		
- As reported	41.61	33.20
- Proforma	41.61	32.97

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

29. LEASES

Finance lease: as lessee

Fixed assets include office equipments and leaseholds improvements obtained under finance lease. The lease term is for 3 to 6 years and renewable for further period/years at the option of the Cairn India Group. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements and there are no subleases.

31 March 2012	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	19,082	18,410	672
Due in a period between one year and five years	Nil	Nil	Nil
Due after five years	Nil	Nil	Nil
Total	**19,082**	**18,410**	**672**

31 March 2011	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	48,020	43,930	4,090
Due in a period between one year and five years	16,608	15,936	672
Due after five years	Nil	Nil	Nil
Total	**64,628**	**59,866**	**4,762**

Note: The interest rate on finance lease ranges from 3.77 % to 14.61%

Operating Lease: as lessee

Cairn India Group has entered into operating leases for office premises and office equipments, some of which are cancellable and some are non-cancellable. The leases have a life of 3 to 6 years. There is an escalation clause in the lease agreement during the primary lease period. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents. The information with respect to non cancellable leases are as under:

Particulars	31 March 2012	31 March 2011
Lease payments made during the year	44,943	145,179
Within one year of the balance sheet date	28,782	35,361
Due in a period between one year and five years	39,697	Nil
Due after five years	Nil	Nil

30. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding / Ultimate holding company	Vedanta Resources Plc. (w.e.f. 8 Dec 2011)
	Vedanta Resources Holdings Limited (w.e.f. 8 Dec 2011)
	Volcan Investments Limited (w.e.f. 8 Dec 2011)
	Cairn UK Holdings Limited (upto 7 Dec 2011)*
	Cairn Energy Plc. (upto 7 Dec 2011)*

* w.e.f. 8 December 2011 Cairn Energy Plc. and Cairn UK Holdings Limited only have significant influence over the company. Refer note 25.

Related parties with whom transactions have taken place

Fellow subsidiaries	Capricorn Energy Limited, UK (upto 7 Dec 2011)**
	Cairn Energy Search Limited, UK (upto 7 Dec 2011)**
	Sterlite Industries (India) Limited (w.e.f. 8 Dec 2011)

** w.e.f. 8 December 2011 they continue to be related parties as they are subsidiaries of Cairn Energy Plc.

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(All amounts are in thousand Indian Rupees, unless otherwise stated)

30. RELATED PARTY DISCLOSURES CONTINUED

Key management personnel	Rahul Dhir, Managing Director and Chief Executive Officer
	Winston Frederick Bott Jr., Executive Director and Chief Operating Officer
	(upto 15 Jun 2011)
	Indrajit Banerjee, Executive Director and Chief Financial Officer
	(upto 23 Aug 2011)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of the Transactions	Related Party	31 March 2012	31 March 2011
Reimbursement of expenses to related party	Cairn Energy Plc.	1,300	7,857
	Sterlite Industries (India) Limited	1,123	-
	Total	**2,423**	**7,857**
Expenses incurred on behalf of related party	Cairn Energy Search Limited	-	13,954
	Cairn Energy Plc.	4,195	119,303
	Capricorn Energy Limited	3,097	49,517
	Total	**7,292**	**182,774**
Shares issued including premium and stock option charge	Indrajit Banerjee	4,852	21,074
	Rahul Dhir	282,669	Nil
	Total	**287,521**	**21,074**
Remuneration	Rahul Dhir	517,751	99,779
	Winston Frederick Bott Jr.	47,848	68,545
	Indrajit Banerjee	9,266	16,791
	Total	**574,865**	**185,115**

In addition to the above remuneration, incentives and bonus of INR 30,986 thousand (31 March 2011: INR 23,234 thousand), INR 81,277 thousand (31 March 2011: INR 16,060 thousand) and INR 16,415 thousand (31 March 2011: INR 11,538 thousand) were paid to Rahul Dhir, Winston Frederick Bott Jr. and Indrajit Banerjee respectively. Remuneration to the key management personnel does not include provisions made for gratuity and leave benefits, as the same is determined on an actuarial basis for the Cairn India Group as a whole. However, a sum of INR 759 thousand (31 Mar 2011: Nil) was paid to Indrajit Banerjee towards leave benefits on cessation of employment.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2012	31 March 2011
Other current liabilities including trade payables	Cairn Energy Plc.	-	5,087
	Capricorn Energy Limited	20,233	23,912
	Sterlite Industries (India) Limited	1,011	-
	Total	**21,244**	**28,999**
Loans & Advances	Cairn Energy Plc.	5,260	-

31. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Cairn India Group's share of Joint Ventures' Exploration activities and Development activities – INR 384,714 thousand (31 March 2011: – INR 4,405,446 thousand) and INR 8,742,748 thousand (31 March 2011: – INR 13,627,203 thousand) respectively.

Other commitments

Cairn India Group's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - INR 4,080,670 thousand (31 March 2011: – INR 10,344,366 thousand).

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

32. CONTINGENT LIABILITIES

a. Ravva Joint Venture Arbitration proceedings : Base Development Cost

Ravva joint venture had received a claim from the Director General of Hydrocarbons (DGH) for the period from 2000-2005 for USD 166.4 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Cairn India Group's share will be USD 37.4 million (approximately INR 1,688,000 thousand) [31 March 2011: USD 37.4 million (approximately INR 1,688,000 thousand)] plus potential interest at applicable rate (LIBOR plus 2% as per PSC).

This claim relates to the Indian Government's allegation that the Ravva JV has recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV has also allowed these excess costs in the calculation of the Post Tax Rate of Return (PTRR). Joint venture partners initiated the arbitration proceedings and Arbitration Tribunal published the Award on 18 January, 2011 at Kuala Lumpur, allowing Claimants (including Cairn) to recover the Development costs spent to the tune of USD 278 million and disallowed over run of USD 22.3 million spent in respect of BDC along with 50% legal costs reimbursable to the Joint venture partners. Government of India has appealed before High Court in Malaysia against the Award. Hearing scheduled for week commencing 26 / 27 April 2012. Also, Government of India filed another application before High Court of New Delhi to set aside the part of the Award. Hearing before High Court of Delhi scheduled on 20 April 2012.

b. Service tax

One of the constituent company of the Cairn India Group has received five show cause notices from the tax authorities in India for non payment of service tax as a recipient of services from foreign service providers.

These notices cover periods from 1 April 2006 to 31 March 2011. A writ petition has been filed with Chennai High Court challenging the scope of some services in respect of first show cause notice (1 April 2006 to 31 March 2007).

The replies to the first, second, third, fourth and fifth show cause notices have already been filed before the authorities.

Should future adjudication go against Cairn India Group, it will be liable to pay the service tax of approximately INR 1,124,795 thousand (31 March 2011: INR 1,117,612 thousand) plus potential interest of approximately INR 660,333 thousand (31 March 2011: INR 439,445 thousand), although this could be recovered in part, where it relates to services provided to Joint Venture of which constituent company of the Cairn India Group is operator.

c. Tax holiday on gas production

Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

Cairn India Group filed a writ petition to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately INR 2,425,774 thousand (31 March 2011: INR 2,400,000 thousand).

Based on the legal opinions received, the management is of the view that the liability in the cases mentioned in (a) to (c) above are not probable and accordingly no provision has been considered necessary there against.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

33. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Cairn India Group has taken USD put/INR call options aggregating to USD 515,000 thousand, equivalent to INR 24,300,000 thousand (31 March 2011: USD 135,000 thousand, equivalent to INR 6,000,000 thousand) and forward contracts for sale of USD 10,000 thousand, equivalent to INR 503,200 thousand (31 March 2011: USD 10,000 thousand, equivalent to INR 466,000 thousand).

Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet date

Particulars	31 March 2012	31 March 2011
Borrowings	-	13,222,292
Trade receivables	14,968,428	14,828,644
Investments	142,271	127,197
Cash and bank balances	55,859,339	34,881,550
Other assets	3,128,861	97,347
Loans and advances	23,685,497	20,358,028
Other current liabilities including trade payables	6,483,697	6,147,870

Cairn India Group had also taken certain derivative contracts to hedge the discount percentage on sale / purchase of crude oil. Quantity of crude oil hedged as at 31 March 2012 is Nil mmbbls (31 March 2011: 1.5 mmbbls).

34. SCHEME OF ARRANGEMENT

The shareholders of the Company have approved a Scheme of Arrangement between the Company and some of its wholly owned subsidiaries, to be effective from 1 January 2010. The Scheme of Arrangement has been approved by the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay. However, it is pending for approval from other regulatory authorities. Pending receipt of such approvals, no accounting impact of the scheme has been given in these financial statements. After the implementation of the scheme, the Company will directly own the Indian businesses, which are currently owned by some of its wholly owned subsidiaries and as contemplated in the scheme, any goodwill arising in the Company pursuant to the scheme, shall be adjusted against the securities premium account.

35. The Board of Directors, subject to the approval of the shareholders, have reappointed the Managing Director of the Company for a period of five years w.e.f. 22 August 2011.

36. OIL & GAS RESERVES AND RESOURCES

Cairn India Group's gross reserve estimates are based on forecast production profiles over the remaining life of the field, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The management's internal estimates of hydrocarbon reserves and resources at the year end is as follows-

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Rajasthan MBA Fields	2,090	2,054	636	656	445	459
Rajasthan MBA EOR	-	-	308	308	216	216
Rajasthan Block Other Fields	2,088	1,976	178	152	125	107
Ravva Fields	690	709	70	88	16	20
CBOS/2 Fields	182	180	13	15	5	6
Other fields*	792	707	426	364	99	40
Total	**5,842**	**5,626**	**1,631**	**1,583**	**906**	**848**

*includes KG-DWN-98/2, participating interest of which is proposed to be assigned outside the Group.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

36. OIL & GAS RESERVES AND RESOURCES CONTINUED

Cairn India Group's net working interest in proved and probable reserves is as follows-

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil (mmstb)	Gas (bscf)	Oil (mmstb)	Gas (bscf)
Reserves as at 1 April 2010*	335.91	26.68	62.06	26.68
Additions / revision during the year	(2.21)	1.69	105.98	1.69
Production during the year	29.10	8.20	29.10	8.20
Reserves as at 31 March 2011**	**304.60**	**20.17**	**138.94**	**20.17**
Additions / revision during the year	59.96	2.21	94.10	2.21
Production during the year	35.92	7.22	35.92	7.22
Reserves as at 31 March 2012***	**328.64**	**15.16**	**197.12**	**15.16**

* Includes probable oil reserves of 57.61 mmstb (of which 14.75 mmstb is developed) and probable gas reserves of 11.13 bscf (of which 11.13 bscf is developed)

** Includes probable oil reserves of 55.93 mmstb (of which 26.7 mmstb is developed) and probable gas reserves of 9.45 bscf (of which 9.45 bscf is developed)

*** Includes probable oil reserves of 87.03 mmstb (of which 51.39 mmstb is developed) and probable gas reserves of 6.40 bscf (of which 6.40 bscf is developed)

mmboe = million barrels of oil equivalent
mmstb = million stock tank barrels
bscf = billion standard cubic feet
1 million metric tonnes = 7.4 mmstb
1 standard cubic meter =35.315 standard cubic feet
MBA = Mangala, Bhagyam & Aishwarya
EOR = Enhanced Oil Recovery

37. SEGMENTAL REPORTING

Business segments

The primary reporting of Cairn India Group has been prepared on the basis of business segments. Cairn India Group has only one business segment, which is the exploration, development and production of oil and gas and operates in a single business segment based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems. Accordingly, the figures appearing in these financial statements relate to the Cairn India Group's single business segment.

Geographical segments

The operating interests of the Cairn India Group are confined to the Indian sub-continent in terms of oil and gas blocks and customers. Accordingly, the figures appearing in these financial statements relate to Cairn India Group's single geographical segment, being operations in the Indian sub-continent.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2012

(All amounts are in thousand Indian Rupees, unless otherwise stated)

38. PREVIOUS YEAR FIGURES

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, became applicable to Cairn India Limited, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Cairn India Group has also presented its financial statements largely in accordance with the requirements of revised Schedule VI and has hence reclassified and regrouped the previous year figures to confirm to this year's classification.

As per our report of even date

For S. R. Batliboi & Co.
Firm Registration No.:301003E
Chartered Accountants

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman

Rahul Dhir
Managing Director and
Chief Executive Officer

Aman Mehta
Director

Place: Gurgaon
Date: 20 April 2012

Sunil Bohra
Deputy Chief Financial Officer

Neerja Sharma
Company Secretary

Financial Information of Subsidiary Companies

(All amounts are in thousand Indian Rupees, unless otherwise stated)

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8 February 2011 and 21 February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries is given below:

Sr. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investments in Subsidiaries)	Details of Investment	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
1	Cairn Exploration (No.7) Limited	-	1,014	-	-	-	-	-	14,222	-	14,222	NIL
2	Cairn Exploration (No.4) Limited	-	(97)	-	-	-	-	-	339	-	339	NIL
3	Cairn Exploration (No.2) Limited	-	(2,086)	-	-	-	-	-	35,760	-	35,760	NIL
4	Cairn Energy Discovery Limited	1,956	(71,694)	-	-	-	-	-	(9,193)	-	(9,193)	NIL
5	Cairn Energy Hydrocarbons Limited	21,399,502	60,247,029	114,134,312	114,134,312	52,692	Mutual Funds	54,717,043	37,387,629	618,291	36,769,338	NIL
6	Cairn Energy Petroleum India Limited	-	-	-	-	-	-	-	-	-	-	NIL
7	Cairn Energy Holdings Limited	19,026,756	8,384,922	27,666,637	27,666,637	8,060	Mutual Funds	347,154	482,688	97,865	384,823	NIL
8	Cairn Energy Netherlands Holdings B.V.	28,304	23,432,415	23,485,424	23,485,424	2,983	Mutual Funds	-	(7,095)	-	(7,095)	NIL
9	Cairn Energy Group Holdings B.V.	22,790	26,113,686	26,132,724	26,132,724	1,896	Mutual Funds	-	(1,683)	-	(1,683)	NIL
10	Cairn Energy India Holdings B.V.	790	6,991	4,432	4,432	1,246	Mutual Funds	-	24	-	24	NIL
11	Cairn Energy Gujarat Holding B.V.	790	(9)	790	790	-	-	-	6	-	6	NIL
12	Cairn Energy Gujarat B.V.	790	1,344,624	2,360,535	2,360,535	6,402	Mutual Funds	643,510	480,204	198,597	281,607	NIL
13	Cairn Energy India West Holding B.V.	791	(9)	790	790	-	-	-	6	-	6	NIL
14	Cairn Energy India West B.V.	790	1,805,536	3,322,406	3,322,406	1,641	Mutual Funds	849,437	649,092	248,876	400,216	NIL
15	Cairn Energy Cambay Holding B.V.	789	52	859	859	-	-	-	5	-	5	NIL
16	Cairn Energy Cambay B.V.	790	1,387,317	2,377,143	2,377,143	5,157	Mutual Funds	649,913	474,973	178,342	296,630	NIL
17	Cairn Energy Australia Pty Limited	36,944,178	5,757,657	42,797,642	42,797,642	12,083	Mutual Funds	-	(24,668)	-	(24,668)	NIL
18	CEH Australia Limited	6,345,740	-	6,343,395	6,343,395	-	-	-	-	-	-	NIL
19	CEH Australia Pty Limited	6,345,740	-	6,343,395	6,343,395	-	-	-	-	-	-	NIL
20	Cairn Energy Asia Pty Limited	20,028,474	1,712,233	21,647,009	21,647,009	4,978	Mutual Funds	-	7,030	-	7,030	NIL
21	Wessington Investments Pty. Limited	194,543	(194,543)	-	-	-	-	-	-	-	-	NIL
22	Cairn Energy Investments Australia Pty Limited	22,419,091	(1,494,807)	20,924,284	20,924,284	-	-	-	-	-	-	NIL
23	Sydney Oil Company Pty. Limited	20,992,104	971,727	21,963,830	21,963,830	-	-	-	-	-	-	NIL
24	Cairn Energy India Pty Limited	35,505,924	90,249,162	171,171,493	171,171,493	34,171	Mutual Funds	61,310,651	46,869,647	3,479,932	43,389,715	NIL
25	Cairn India Holdings Limited	35,555,407	34,356,466	69,547,796	69,547,796	10,962	Mutual Funds	-	12,355,428	-	12,355,428	NIL
26	Cairn Energy Gujarat Block 1 Limited	46	74,295	-	-	-	-	-	20,373	-	20,373	NIL
27	Cairn Exploration (No.6) Limited	-	(202)	-	-	-	-	-	497	-	497	NIL
28	Cairn Lanka Private Limited	8,087,068	(2,973,520)	5,583,095	5,583,095	-	-	857	(2,122,353)	-	(2,122,353)	NIL
29	CIG Mauritius Holding Pvt Limited	8,109,792	(8,705)	2,661	2,661	-	-	-	(1,811)	-	(1,811)	NIL
30	CIG Mauritius Private Limited	8,099,515	(5,328)	8,109,576	8,109,576	-	-	-	(2,844)	-	(2,844)	NIL

Exchange Rate As on 31 March 2012, 1 USD = INR 51.12

For and on behalf of the Board of Directors

Navin Agarwal Chairman

Rahul Dhir Managing Director and Chief Executive Officer

Aman Mehta Director

Sunil Bohra Deputy Chief Financial Officer

Neerja Sharma Company Secretary

Place: Gurgaon Date: 20 April 2012

Glossary

2D, 3D, 4D	Two Dimensional, Three Dimensional, Four Dimensional
2P	Proved plus Probable
3P	Proved plus Probable and Possible
ADR	American Depository Receipt
AGI	Above Ground Installation
AGM	Annual General Meeting
AS	Accounting Standard
ASP	Alkali Surfactant Polymer
bcf	billion standard cubic feet
bn bbls	billion barrels
bn boe	billion barrels of oil equivalent
Board	The Board of Directors of Cairn India Limited
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
BSE	Bombay Stock Exchange Ltd
CAGR	Compounded Annual Growth Rate
Cairn	Cairn India Limited and its subsidiaries
CEA	Central Environmental Authority
CEC	Cairn Enterprise Centre
CEIL or CEIPL	Cairn Energy India Pty Limited
CIESOP	Cairn India Employee Stock Option Plan
CIG	Cairn India Group
CIHL	Cairn India Holdings Limited
CIL or Company	Cairn India Limited
CIMS	Cairn Incident Management System
CIPOP	Cairn India Performance Option Plan
CISMP	Cairn India Senior Management Plan
CO_2	Carbon Dioxide
CR	Corporate Responsibility
CRMS	Corporate Responsibility Management System
CSR	Corporate Social Responsibility
CY	Calendar Year
DCS/SCADA	Distributed Control Systems/Supervisory Control and Data Acquisition
D&M	DeGolyer and MacNaughton
DA	Development Area
DGH	Directorate General of Hydrocarbons
DGMS	Directorate General of Mines Safety
DOF	Digital Oil Field
DISHA	Driving Implementation for Simplicity, Harmonisation and Agility
DMP	Discharge Management Plan
DoC	Declaration of Commerciality
DTE	Directorate of Technical Education
E & P	Exploration and Production
EGM	Extraordinary General Meeting
EIA	Environmental Impact Assessment
EMP	Environment Management Plan
EMS	Environment Management System
EOR	Enhanced Oil Recovery
EPS	Earnings per share
ERP	Emergency Response Plan
ESOP	Employee Stock Option Plan
EUR	Expected Ultimate Recovery
FBT	Fringe Benefit Tax
FDP	Field Development Plan
FY	Financial Year
FY2012	Financial Year ending 31 March, 2012
FY2013	Financial Year ending 31 March, 2013
GBA	Gas Balancing Agreement
GDR	Global Depository Receipt
GHG	Green House Gas
GIIP	Gross Intial In-Place
GoI	Government of India
GSK	Gramin Suvidha Kendra
H1	First Half
HSE	Health, Safety and Environment
HSEA	Health, Safety, Environment & Assurance
ICAI	Institute of Chartered Accounts of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
INR	Indian Rupees
IOCL	Indian Oil Corporation Limited
IPO	Initial Public Offering
ISO	International Organisation for Standardization
ITI	Industrial Training Institute
JV	Joint Venture
Km	Kilometre
Km^2	Square Kilometre
KPI	Key Performance Indicator
LIBOR	London Inter Bank Offered Rate
LTI	Loss Time Injury
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long Term Incentive Plans
MARS	Mangala, Aishwariya, Raageshwari and Saraswati
MAT	Minimum Alternate Tax
MBA	Mangala, Bhagyam and Aishwariya
MBARS	Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati
MDP	Mangala Development Pipeline
MEPA	Marine Environment Protection Agency

Glossary

ML	Mining Lease
mm bbls	million barrels
mm boe	million barrels of oil equivalent
mm scfd	million standard cubic feet of gas per day
MoPNG	Ministry of Petroleum and Natural Gas
MPT	Mangala Processing Terminal
MCX	Multi Commodity Exchange of India Ltd
MW	Mega Watt
MWh	Mega Watt Hour
MWP	Minimum Work Programme
NARA	National Aquatic Resources Research and Development Agency
NCD	Non-convertible debentures
NELP	New Exploration Licensing Policy
NGO	Non-Governmental Organisation
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
OGP	International Association of Oil & Gas Producers
OHSAS	Occupational Health & Safety Advisory Services
OISD	Oil Industry Safety Directorate
ONGC	Oil and Natural Gas Corporation Limited
OSCP	Oil Spill Contingency Plan
PEL	Petroleum Exploration Licence
PMS	Performance Management System
PRA	Petroleum Resources Agreement
PSC	Production Sharing Contract
PRS	Production Reporting System
PSU	Public Sector Undertaking
PTRR	Post Tax Rate of Return
PWRI	Produced Water Re Injection
Q	Quarter
QMS	Quality Management System
R&D	Research and Development
RoU	Right of Use
SBPL	Salaya-Bhogat Pipeline
SEBI	Securities and Exchange Board of India
SEHMS	Skin Effect Heat Management System
SPM	Single Point Mooring
STOIIP	Stock Tank Oil Initially in Place
TRCFR	Total Recordable Case Frequency Rate
US$	United States Dollar
WAT	Wax Appearance Temperature

Notes

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Company Information

BOARD OF DIRECTORS
Navin Agarwal (Chairman)
Tarun Jain
Priya Agarwal
Naresh Chandra
Dr. Omkar Goswami
Aman Mehta
Edward T Story
Rahul Dhir (Managing Director & Chief Executive Officer)

BOARD COMMITTEES

Audit Committee
Aman Mehta (Chairman)
Naresh Chandra
Dr. Omkar Goswami
Edward T Story
Tarun Jain

Remuneration Committee
Naresh Chandra (Chairman)
Aman Mehta
Dr. Omkar Goswami
Navin Agarwal
Tarun Jain

Nomination Committee
Navin Agarwal (Chairman)
Tarun Jain
Rahul Dhir
Edward T Story

Shareholders'\Investors' Grievance Committee
Dr. Omkar Goswami (Chairman)
Edward T Story
Rahul Dhir
Tarun Jain

COMPANY SECRETARY
Neerja Sharma

STATUTORY AUDITORS
S.R. Batliboi & Co.
Golf View Corporate Tower B
Sector 42, Sector Road
Gurgaon 122 002, India

BANKERS
State Bank of India I Deutsche Bank I Citibank

STOCK EXCHANGES LISTED ON
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Tel +91 22 2272 1233/4
Fax +91 22 2272 1919

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra (E),
Mumbai- 400 051
Tel +91 22 2659 8100-8114
Fax +91 22 2659 8120

REGISTERED OFFICE
101, West View
Veer Savarkar Marg
Prabhadevi
Mumbai 400 025, India
Tel +91 22 2433 8306
Fax +91 22 2431 1160

CORPORATE OFFICE
3rd & 4th Floors, Vipul Plaza
Suncity, Sector 54
Gurgaon 122 022, India
Tel +91 124 459 3000
Fax +91 124 288 9320

REGISTRAR & SHARE TRANSFER AGENT
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West)
Mumbai 400 078, India

Cairn India Limited
3rd & 4th Floors, Vipul Plaza, Sun City
Sector 54, Gurgaon 122 002, India
+91 124 459 3000

www.cairnindia.com

Designed by Corporate Communication Department, Cairn India Limited & Printed at HT Burda Media Ltd.