



FORM A
(Pursuant to clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Cairn India Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Unqualified Report.
4.	Frequency of observation	Not Applicable
5.	To be signed by-	<p><i>Sudhir Mathur</i></p> <ul style="list-style-type: none"> • Mr. Sudhir Mathur Chief Financial Officer <p><i>Raj Agrawal</i></p> <ul style="list-style-type: none"> • Mr. Raj Agrawal Partner Membership no. 82028 For S. R. Batliboi & Co. LLP Chartered Accountants Firm Registration no. 301003E (Statutory Auditors) <p><i>Aman Mehta</i></p> <ul style="list-style-type: none"> • Mr. Aman Mehta Audit Committee Chairman <p><i>Naresh Chandra</i></p> <ul style="list-style-type: none"> • Mr. Naresh Chandra Director



Raj Agrawal

Aman Mehta

Naresh Chandra





WE FUEL AMAZING



INVESTING FOR GROWTH

Cairn India Annual Report 2013-14

218,651

Average daily gross operated production (boepd)

US\$ 3.1 billion

Revenue in FY2014

US\$ 3.8 billion

Cash & Cash equivalent

>US\$ 4 billion

Gross contribution to the exchequer in FY2014

31

Discoveries in Rajasthan to date

Cairn India is the world's fastest-growing energy company* with 218,651 boepd of average operated production in FY2014. We combine a world-class asset portfolio with proven expertise across exploration, development and production. We deliver best-in-class production growth with one of the lowest operating costs to create significant value for all stakeholders. During FY2014, we made significant achievements in our exploration activities paving the way for exploration led growth opportunities.

Index

Management Speak A

Chairman's Statement 04

Management Discussion & Analysis B

Key Annual Highlights	10
Cairn India's Contribution	12
Rajasthan Block	14
Other Producing Assets	22
Technology Application	26
Indian Asset Portfolio	28
International Asset Portfolio	30
Financial Overview	32
Our Talent	36
Health, Safety, Environment And Sustainability (HSES)	38
Corporate Social Responsibility	42
Business Risks	44
Internal Controls and Their Adequacy	46

Board of Directors C

Board of Directors 48

Corporate Governance D

Report on Corporate Governance	52
Additional Shareholder Information	68
Certificate of the Interim CEO & Whole time Director and CFO	74
Auditors' Certificate	75
Secretarial Audit Report	76
Directors' Report	78

Business Responsibility Report E

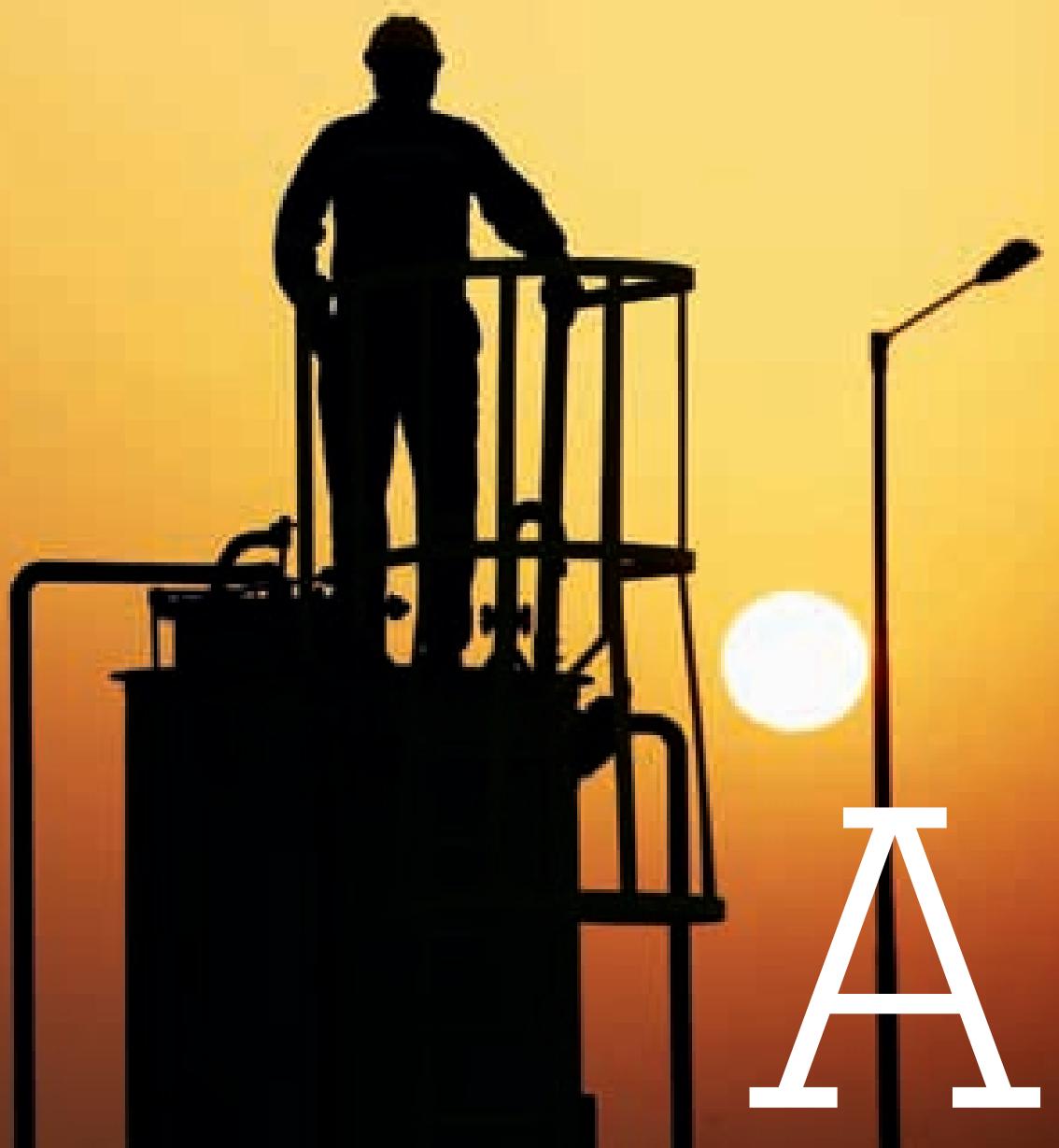
Business Responsibility Report 100

Audited Financial Statements F

Independent Auditors' Report	112
Balance Sheet	115
Statement of Profit and Loss	116
Cash Flow Statement	117
Independent Auditors' Report on Consolidated Financial Statements	152
Consolidated Balance Sheet	153
Consolidated Statement of Profit and Loss	154
Consolidated Cash Flow Statement	155



Management Speak



MANAGEMENT SPEAK

Chairman's Statement

I am pleased to address you again after the completion of another year of significant progress and landmark achievements across our portfolio. Your Company, for the second year in a row, is rated as the world's fastest-growing energy company.

We have continued to be a significant contributor not only to the Indian exchequer, but also to the social and economic fabric of the communities in the areas of our operations.

The achievement of another year of growth should be seen against the backdrop of a weaker international and domestic economy. Whilst India's GDP growth rate slowed to sub 5% levels, oil import bill, equivalent to ~8% of GDP, continues to exert significant pressure on the current account deficit. Cairn India continues to play a key role in helping India close this crucial gap and in meeting its energy needs by operating oil and gas production worth over US\$ 7.5 billion. Our operated crude volumes constituted approximately 30% of domestic oil production.

Despite the transformation that has taken place in the Indian economy in recent decades, over three quarters of the country's basins remain under-explored and the lion's share of the discoveries made to date have been within only six of the country's 26 basins. With a third of India's basinal areas yet to be offered for exploration activity and over 130 billion barrels of resource categorised as 'yet to find', Cairn India is ideally placed to be able to play its part in helping the country take advantage of this vast unclaimed prize.

The Company has contributed over INR 240,000

million (~US\$ 4 bn) in taxes, profit petroleum and royalties in FY2014. Over the past three years the figure is in excess of INR 550,000 million (~US\$ 10 bn), something that few other businesses can claim.

During the year once again our production rose with average daily gross operated production increasing by 6% to 218,651 boepd. As a result our revenues reached a record high of INR 187,617 million (US\$ 3.1 bn) and profit after tax was INR 124,318 million (US\$ 2.1 bn).

We will not rest on our laurels despite these results and our focus remains on investing today for further value accretive growth for tomorrow. To that end we are committed to an investment of US\$ 3 billion for our three year capital expenditure programme. This is primarily aimed at maximizing the economic value from existing production and adding to future production by expanding the Company's resource and reserves base through active exploration and development.

In order to fully optimise the Rajasthan development, it will become increasingly

important to deploy the most innovative technology in our work programmes. A clear example of this is the importing of the very latest techniques being used in North America to maximise recovery from our own tight reservoirs in the planned hydraulic fracturing programme on the Barmer Hill formation.

Similarly, in order to truly maximise the full economic potential of our Rajasthan assets, over time we plan to employ one of the world's largest Enhanced Oil Recovery programmes. This of course represents a significant undertaking requiring substantial capital investment.

However, due to the nature of the assets, we firmly believe it is the right approach and will ultimately lead to the Company's growth thereby enabling India to benefit from the full potential of our acreage in Rajasthan. With much of the Rajasthan block still unexplored, it will be fuelling India for many years to come.

Leveraging the gas potential of the Rajasthan block is a priority for Cairn India. Gas from the basin, represents a unique opportunity to establish Rajasthan as a major player in the Indian natural gas market. We see this as being a key growth area, with the potential to be a significant part of the Company's overall production mix in the years to come. The gas market in India is an attractive market to operate in and as we work to develop the existing gas discoveries in the Barmer Basin, we are also working towards creating an appropriate infrastructure to support this.

Exploration is at the core of our growth strategy as we remain focused on the rapid replacement and growth of our reserves, thus leading to long term sustainable value creation. Our exploration approach is firmly based on a portfolio of potentially high reward prospects right across the spectrum of risk. Since we resumed our exploration activities a little over a year ago, the Company has been highly active with the drill bit,

already targeting 50% of the total gross prospective resource base of over half a billion boe.

The technical capability of the Cairn India team is clearly further borne out by the fact that of 17 exploration wells drilled to date, 14 have shown hydrocarbons. This is a testament not only to the team but also to the high quality hydrocarbon region that we have been entrusted to develop. Five new play types have been opened up and the Rajasthan block discovered resource base has increased by over one billion boe in-place, in addition to the more than four billion existing barrels.

The pace of exploration activity increased with the deployment of additional rigs and this industry leading momentum is fully expected to continue throughout the year ahead and beyond.





Beyond Rajasthan, we have once again seen a solid contribution from both the Cambay (CB) and Ravva blocks in the west and east of India respectively.

Both assets remain as good examples of Cairn India's ability to provide a compelling return on investment. Third party tolling is continuing at CB and ultimate recovery at Ravva is expected to near 50% from the existing producing zones, which is a world class performance by any standard.

Exploration activity in the Krishna-Godavari basin, within the offshore Ravva and onshore KG-ONN-2003/1 blocks, also holds significant potential future value.

Following a discovery in KG-ONN-2003/1, Cairn India is progressing well with an appraisal programme and Field Development Plan in order to enable commerciality of the discovery, expecting first oil in 2017.

Alongside our significant operational progress, I am pleased to report that Cairn India has continued to place Health, Safety and Environment (HSE) at the heart of the way it does business. To that end we have ramped up our exploration and development activities whilst still maintaining the highest standards of care regarding HSE.

I am happy to inform you that Cairn India ranks amongst the top quartile global exploration and production companies for its HSE track record. This is no reason for complacency and we are constantly challenging ourselves and seeking ways to improve further.

None of these achievements would have been possible without the excellent quality of your Company's employees. I thank them for their teamwork, dedication and determination to keep delivering better results across all metrics.

In this context, on behalf of your Board of Directors, I would like to express our appreciation for the contribution made by P. Elango, who was the interim CEO and who resigned on 2 May 2014 after many years of great service to Cairn India. We look forward to continuing to work with Sudhir Mathur, who has stepped into the role.

Our activities, be they in Rajasthan or elsewhere in India and other parts of the world, succeed because of the support and cooperation that we receive from numerous government ministries and agencies, state-held and private sector enterprises, non-governmental organisations and local communities. On behalf of all of us in Cairn India, I thank them for their unwavering support.

With a balanced portfolio, world-class assets, a strong balance sheet and self-funded capital expenditure programme driven by a highly skilled and dedicated workforce, Cairn India remains well positioned for being a trusted provider of future energy supply for India and delivering broader success for all stakeholders in the future.

I thank you for your support.

Navin Agarwal
Chairman

Leveraging
the gas
potential
of the
Rajasthan
block is a
priority for
Cairn India







MANAGEMENT DISCUSSION & ANALYSIS

Key Annual Highlights



Record Revenue

INR 187,617 million (US\$ 3.1 billion), up 7% year-on-year on account of enhanced volumes.

Higher EBITDA

INR 138,765 million (US\$ 2.3 billion), up by 7% over the previous year, with 74% EBITDA margin.

Record Profit After Tax (PAT)

INR 124,318 million (US\$ 2.1 billion), which was 3% higher than the previous year. Diluted EPS of INR 64.95, which was up 3% year-on-year.

Significant Cash Flow From Operations

INR 110,928 million (US\$ 1.8 billion), up 0.3% year-on-year.

Record Gross Capital Expenditure

INR 54,710 million (US\$ 0.9 billion) led by all-time high exploration activity.

Achieved 100% Reserve Replacement Ratio

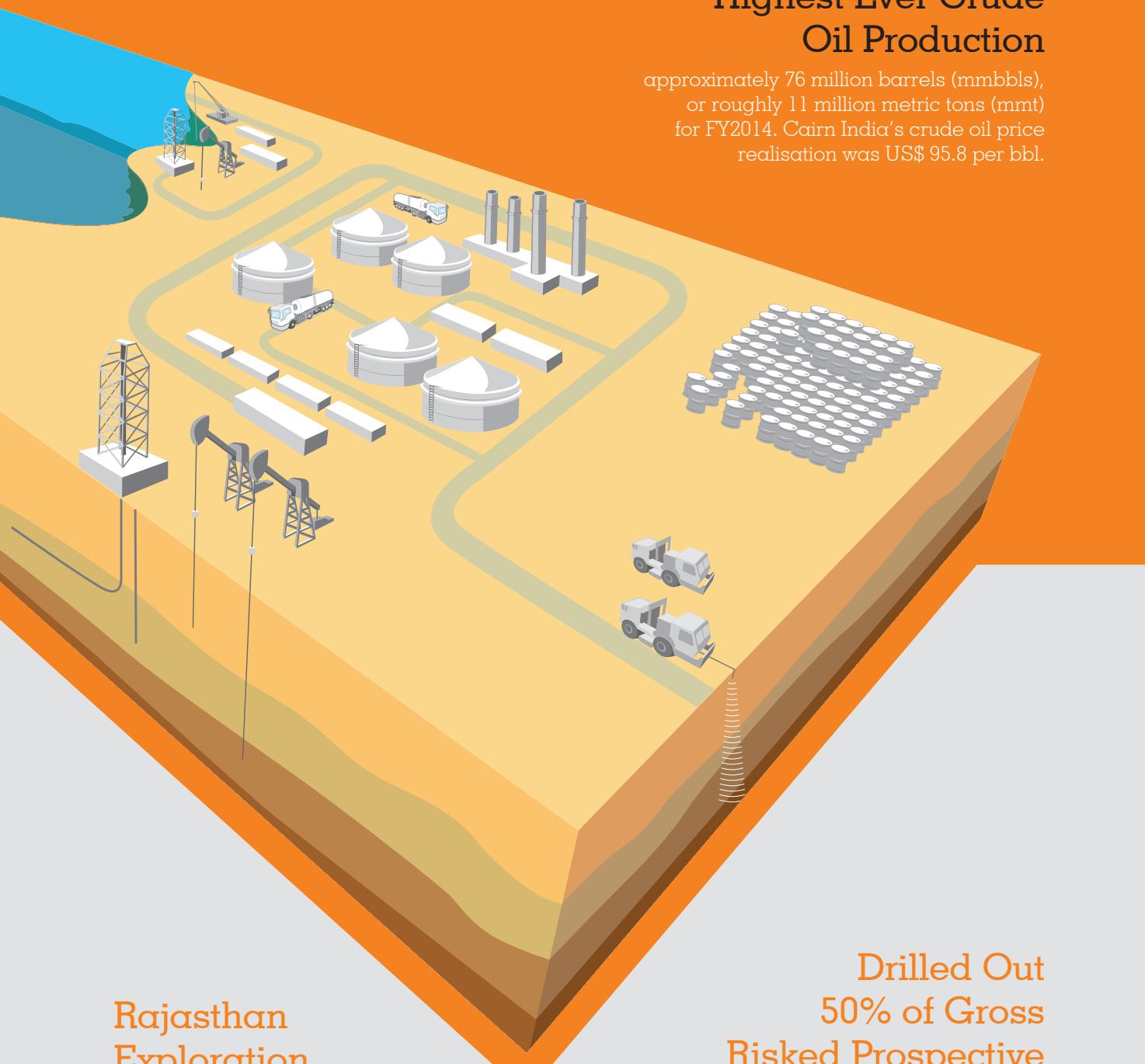
which effectively increases the life of the fields.

Gross Contribution To The Nation's Exchequer

INR 242,990 million (over US\$ 4 billion) during FY2014.

Highest Ever Crude Oil Production

approximately 76 million barrels (mmbbls), or roughly 11 million metric tons (mmt) for FY2014. Cairn India's crude oil price realisation was US\$ 95.8 per bbl.



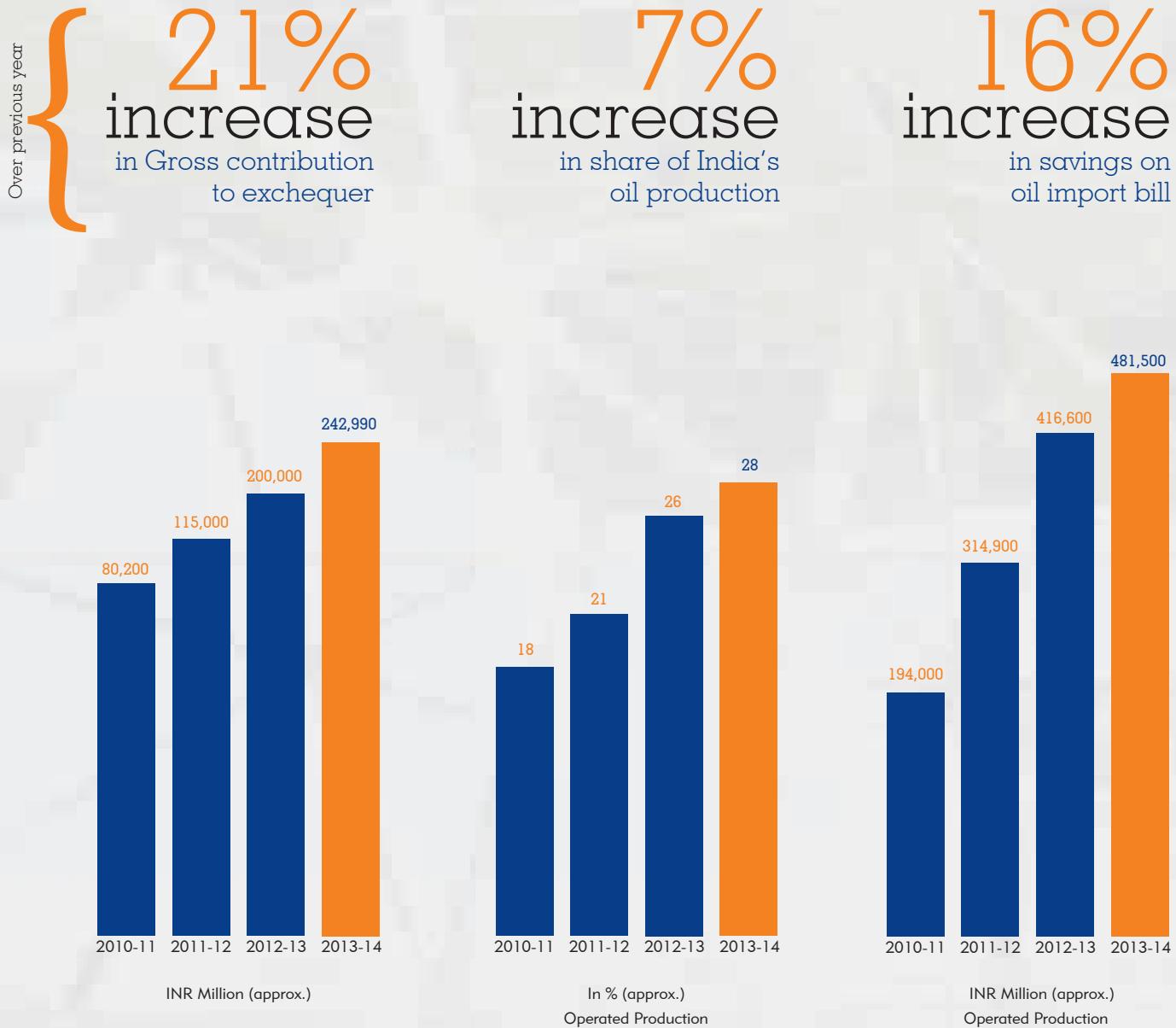
Rajasthan Exploration Established Over 1 Billion boe In-Place Resources

Drilled Out 50% of Gross Risked Prospective Resources In Rajasthan

as planned. Since resumption of exploration last year, 17 exploratory wells have been drilled - of which 14 showed hydrocarbons.

MANAGEMENT DISCUSSION & ANALYSIS

Cairn India's Contribution...

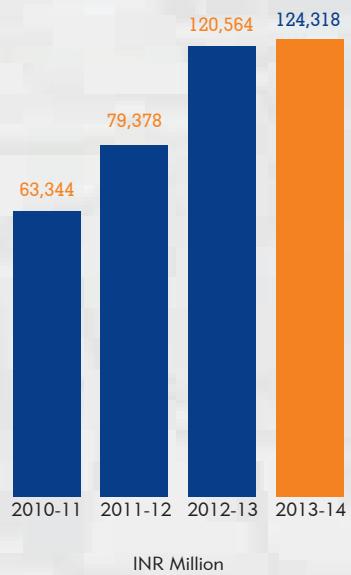
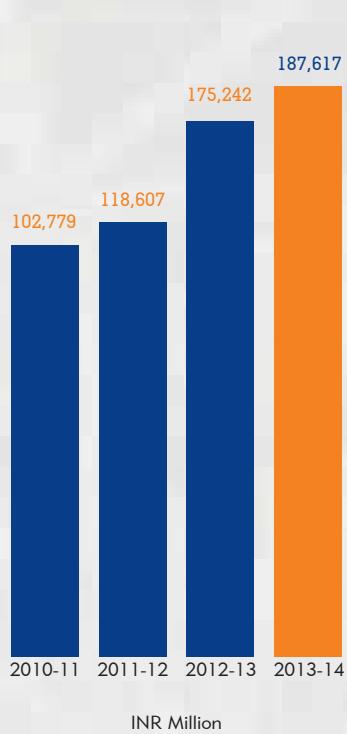
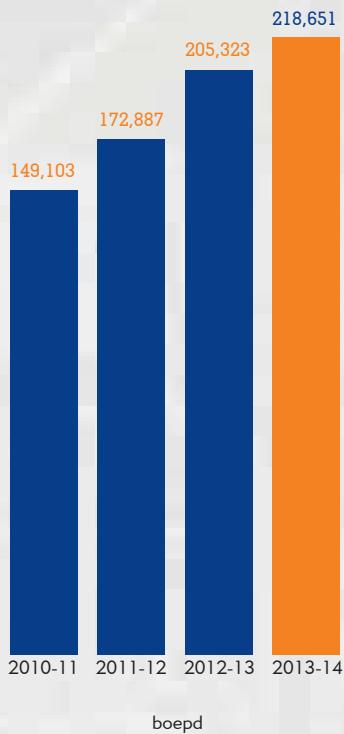


...Operating Metrics

6%
increase
in Gross
operated production

7%
increase
in Income
from operations

3%
increase
in Profit
after tax



MANAGEMENT DISCUSSION & ANALYSIS

Rajasthan Block

The Rajasthan block is a world class asset and of significant national importance.

Production from this asset has considerably reduced India's crude oil import bill.

Cairn India's Rajasthan block contributed ~INR 110,340 million to the national and state government's exchequer in FY2014. The cumulative contribution as at 31 March 2014 was ~INR 302,540 million.

Cairn India, with its 30% joint venture (JV) partner, the Oil and Natural Gas Corporation Limited (ONGC), has invested significantly in the Rajasthan block.

The oil and gas fields in Rajasthan constitute Cairn India's key assets. The Mangala field - the largest onshore oil discovery in India in the previous two decades - was discovered in January 2004. This was followed by Bhagyam and Aishwariya. To date, 31 discoveries have been made in the Rajasthan block. All studies suggest that the Rajasthan block has significant potential for further growth.

Production from the Rajasthan Block

In FY2014, Cairn India successfully achieved its milestone production of 200,000 boepd from Rajasthan. During the year, the Rajasthan block produced a record output of 66.3 mmboe. The cumulative production of the Block as at 31 March 2014 was at approximately 216 mmboe.

DA 1 (Mangala, Aishwariya, Raageshwari and Saraswati) produced on average 156,662 boepd, up 6% year-on-year, with the Mangala field being the largest contributor and Aishwariya field

adding to volume growth. DA 2 (Bhagyam and Shakti fields) through Bhagyam produced an average of 24,867 boepd, up 15% year-on-year as a result of the infill drilling programme.

A total of 129 new wells were brought on production during the year. The new wells

RAJASTHAN BLOCK KEY FACTS

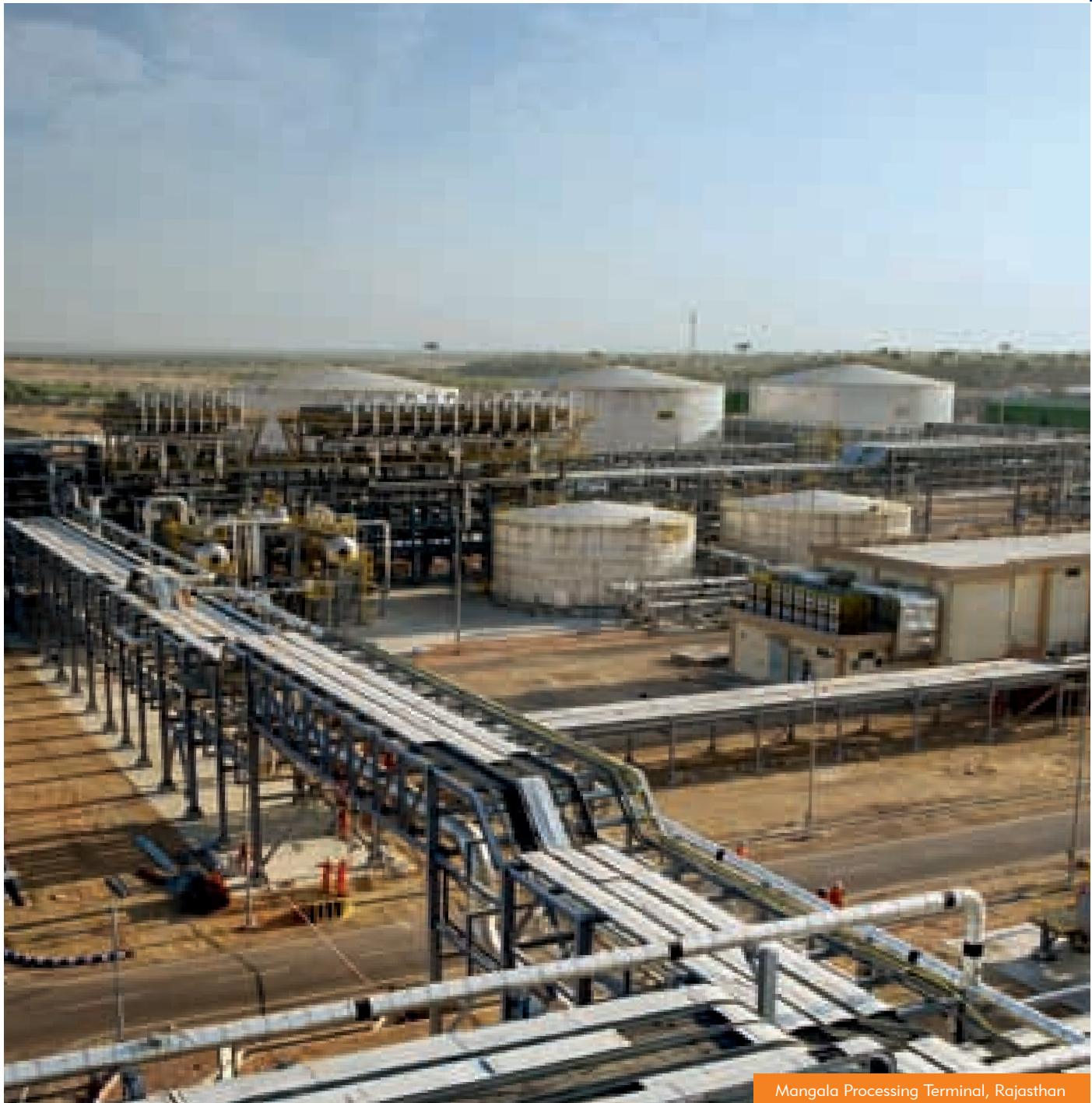
- The Rajasthan block, or RJ-ON-90/1, is spread over 3,111 km² in the Barmer district
- Cairn India is the operator with 70% participating interest. Its joint venture (JV) partner, ONGC, has the remaining 30% participating interest
- In FY2014, the block achieved gross average production of 181,530 boepd. Cairn India achieved its target production of 200,000 boepd in March 2014
- FY2014 saw record production from the block - 66.3 mmboe
- By achieving cumulative production of ~216 mmboe, we crossed a major milestone



The on-going exploration programme has been successful – opened up 5 new play types and established over 1 billion boe in-place resources



Cairn India is embarking on the implementation of three major development projects - Polymer Flood EOR, Barmer Hill and Gas development





Pipeline construction on the Salaya-Bhogat Section, Gujarat

have contributed to a 7% year-on-year growth in production of the Rajasthan block leading to an average of 181,530 boepd for FY2014.

The Company continues to focus on (i) operational excellence with high standards of Health, Safety & Environment (HSE) practices, (ii) reducing development well drilling time, and (iii) making significant improvements in rig movement times. The overall up-time of the facilities in Rajasthan stood at around 98% with an operating cost of US\$ 3.9 per barrel - amongst the lowest onshore in the world. The Aishwariya field completed a year LTI-free production.

The Mangala Processing Terminal (MPT)

Spread over an area of 1.6 km², the MPT is a core facility that processes the crude oil of the Rajasthan block. The crude oil is transported to refineries through a 24" diameter continuously heated and insulated pipeline.

During FY2014, MPT completed 2.5 million man-hours free of lost time injury (LTI). Given the Company's longer term objective of increasing production from the Rajasthan block, there have been continuous investments to effectively expand and de-bottleneck the MPT's facilities and upgrade water injection facilities. Current processing capacity is 6,80,000 bbls of production liquid. Similarly, we are upgrading fluid (oil, gas, water) handling capacities at the MPT to meet anticipated additional requirement.

Currently, the MPT has oil storage capacity of 4,80,000 barrels. Two more tanks are being built which will take the capacity to 7,20,000 barrels of oil. Current power generation capacity is 48 MW and we are commissioning one power generator which would increase the capacity to 60 MW. Similarly, water injection capacity stands at 4,60,000 barrels per day. With an additional power generator and new injection water pumps, this will go up to 5,20,000 barrels.

The Mangala Development Pipeline (MDP)

The MDP is designed to evacuate the crude oil from the Rajasthan block. Beginning at the MPT, it passes through eight districts across two states, Rajasthan and Gujarat, goes through Viramgam and Salaya and ends at the coastal location of Bhogat near

Jamnagar on the western coast of India. The pipeline is the world's longest continuously heated and insulated pipeline of approximately 670 km in length. It is monitored at the MPT, Viramgam and Bhogat terminals for flow, temperature, pressure and other operational parameters.

Given its length, the MDP incorporates a Pipeline Intrusion Detection System - to provide surveillance along its entire length by using a fibre optic system. This is linked to a central control unit via a Distributed Control System (DCS).

During the previous year, the pipeline was successfully de-bottlenecked between the MPT and Salaya section to handle additional crude oil production. This was achieved by using Drag Reducing Agents which helped to deliver higher volumes. It also demonstrated dispatch of ~227,000 bbls.

During FY2014, 100% of the Salaya-Bhogat section of pipeline was laid and final testing and commissioning is now underway. Once fully commissioned, Cairn India will be able to utilise sea routes for the evacuation of Rajasthan crude oil.

Exploration and Development across the Block

As at 31 March 2014, Cairn India has estimated Hydrocarbons Initially In-Place (HIIP) of 6.1 billion barrels of oil equivalent (boe) (5.6 billion boe as at 31 March 2013) and gross proved and probable reserves (2P) and resources (2C) of 1.4 billion boe (1.3 billion boe as at 31 March 2013).

The Company has increased its HIIP by ~413 million boe primarily driven by success in the on-going exploration campaign.

Since resumption of exploration in Rajasthan in March 2013 following the Government of India's approval, Cairn India has drilled out 50% of the gross prospective resource base of 530 million barrels of oil equivalent. The ongoing exploration programme has been successful in opening up five new play types. Over 1 billion boe of in-place resource base has been established of which ~336 million boe of in-place has been added based on testing and evaluation as at 31 March 2014. Further testing and evaluation is underway for the remaining resource base.



Over the next three years, 87% of the planned net capital expenditure would be invested in the Rajasthan block

As at 31 March 2014, Rajasthan block has estimated in-place resources of ~4.6 billion boe (~4.2 billion boe as at 31 March 2013) and gross 2P + 2C of 1.2 billion boe (1.1 billion boe as at 31 March 2013). The prolific MBA fields have HIIIP of ~2.2 billion boe and the Company expects to ultimately recover ~50% of the resource base with water flooding and Enhanced Oil Recovery (EOR) methods. The Other RJ fields have HIIIP of 2.4 billion boe (2.0 billion boe as at 31 March 2013), an increase of ~407 million boe over the previous year driven by addition of ~336 million boe resource base from recent exploration campaign and ~71 million boe from planned commercialisation of Raageshwari Deep Gas field.

Of the 17 exploration wells drilled to date, over 80% have shown hydrocarbons. Six discoveries have been established since resumption of exploration in 2013 and the testing of hydrocarbon bearing wells is underway. The Company is evaluating these discoveries in tight reservoirs which has an estimated overall recovery of around 10-15%.

The first exploration well, post resumption of exploration on the block, led to the 26th discovery - Raageshwari S-1. This was particularly significant since oil was discovered in the Dharvi Dungar formation and opened a new play.

The Company tested the Barmer Hill formation in the Aishwariya 4-Z well at an initial rate of 450 bopd and recognized Aishwariya Barmer Hill as the 27th discovery on the block. The V2Y Channel well opened up a new play type in the low permeability Barmer Hill formation in the eastern margin of the basin. It was tested and flowed oil at ~450 bopd post fracturing from three zones put together, making it the 28th discovery on the block. The Guda South-7 well flowed oil at an initial rate of 92 bopd from two zones - making it the 29th discovery in the region, and establishing a significant play in the southern part of the Rajasthan block. The Barmer Hill formation was tested at NR-3-2100 well, which flowed oil at 62 bopd and was established as the 30th discovery.

In April 2014, the 31st discovery was established: Kaameshwari West 8 in the Dharvi Dungar formation, flowing oil at 117 bopd.

With the addition of higher capacity rigs in the drilling program, Cairn India is drilling two high impact prospects to test potential gas accumulation in the deeper sections. The initial results obtained are encouraging and testing is underway.

The two year 3D seismic data acquisition programme for approximately 1,900 km² that is



Seismic data acquisition in progress, Rajasthan

currently underway, will further help to identify new exploration leads and augment the prospective resource base. As at 31 March 2014, the Company had acquired 266 km² of 3D seismic data.

Cairn India's on-going capital expenditure programme focuses on exploration and development activities across all its assets. 87% of the Company's net capital expenditure in the next three years is planned to be invested in the Rajasthan block. In Rajasthan, the Company is focused on infrastructure development for the early monetisation of exploration success and improved reservoir recovery through enhanced oil recovery (EOR), infill drilling and facilities upgrades.

Plans for redevelopment of the Raageshwari Deep Gas field, implementation of the full field polymer flood EOR at Bhagyam, and better reservoir performance of the Aishwariya field have led to a net addition of around 50 mmboe to 2P reserves. This has resulted in a 2P Reserve Replacement Ratio of approximately 100% with a net addition of ~50 mmboe (~31 mmbbl of Oil and balance being Gas including fuel gas) for FY2014.

Cairn India is embarking on the implementation of three major development projects in the Rajasthan block - Polymer Flood EOR, Barmer Hill (BH) development and Gas development.

Gas potential in the Rajasthan block represents a unique opportunity for Cairn India to unlock value and establish itself as a key player in the Indian natural gas market.

Leveraging gas potential is a priority for Cairn India. We see this as being a key growth area, with the potential to be a significant part of the Company's overall production mix in the years to come. We are working towards creating appropriate infrastructure.

Rajasthan Sales

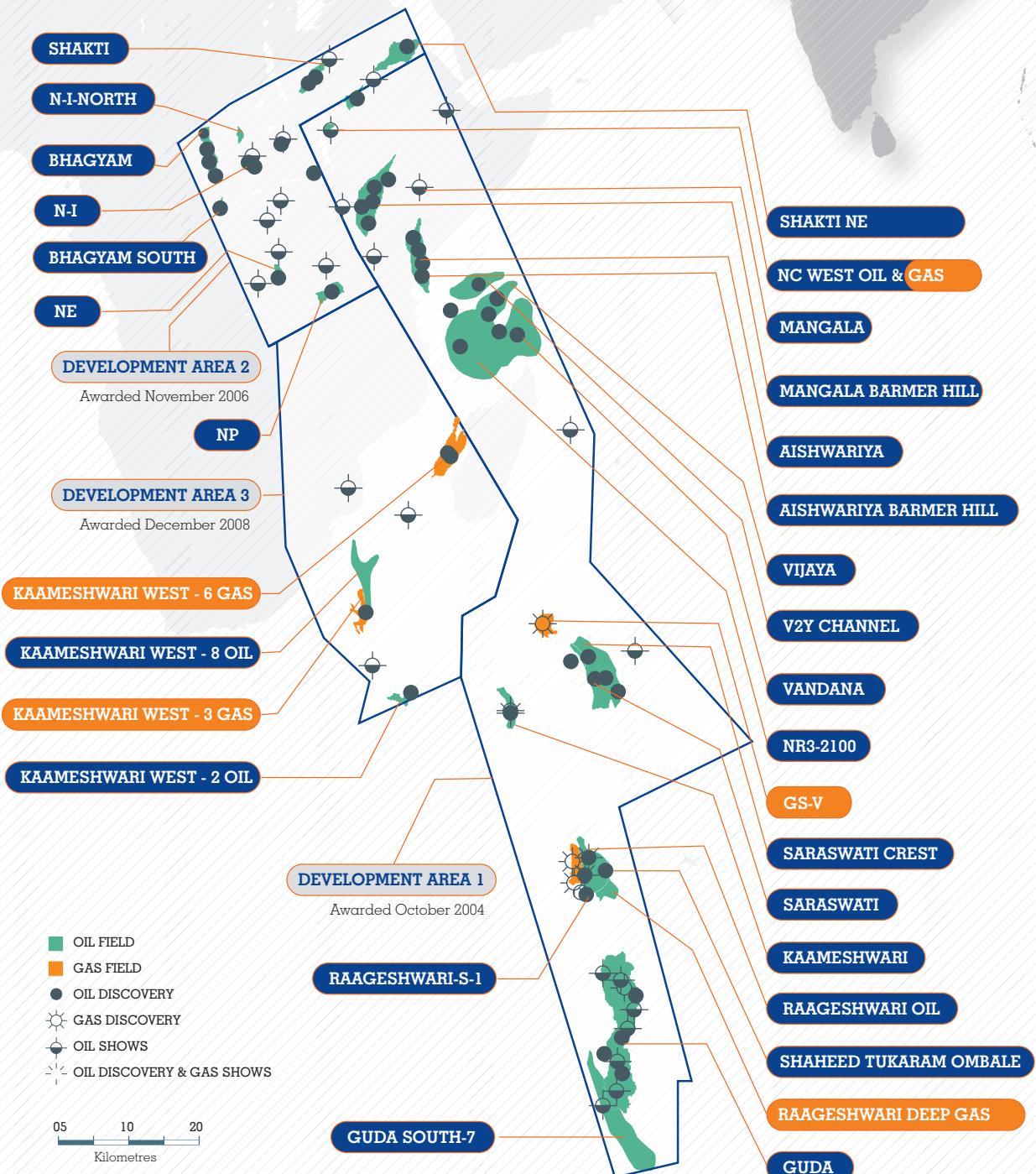
During FY2014, an average of 179,947 bopd of crude oil from Rajasthan, amounting to approximately 66 mmbbls for the year, was sold to the public sector as well as private refiners across India. This was 6% higher compared to the previous year. Record day delivery of 220,000 bbls was achieved through the existing infrastructure. Average crude price realisation for FY2014 was US\$ 95.2 per bbl.

Gas sales during FY2014 were approximately 7 million standard cubic feet per day (mmscfd), aggregating to total sales of around 2.7 billion standard cubic feet (bscf).


Gas potential in the Rajasthan block represents a unique opportunity to unlock value

MANAGEMENT DISCUSSION & ANALYSIS

Rajasthan Block



Three Year Strategic Investment Plan for Growth

MBA FIELDS



US\$ 1.6 bn Net Capex FY2015 -17

- Mangala polymer flood EOR project execution in progress
- First polymer injection in Q4 FY2015
- Bhagyam polymer flood plan in place
- Plans to extend polymer flood to Aishwariya
- ASP pilot commenced at Mangala

BARMER HILL DEVELOPMENT



US\$ 600 mn Net Capex FY2015 -17

- 2 major development opportunities
 - BH North - Oil prone porcellanite rocks
 - BH South - Muddy porcellanites
- Exploration results confirm BH potential across the block
- Permeability of BH reservoir better than shales in order of magnitude
- Application of hydro-fracturing technology - replicating the North American development model

GAS DEVELOPMENT



US\$ 200 mn Net Capex FY2015 -17

- Develop existing Raageshwari Deep Gas (RDG) field and terminal
- Initial success with gas discoveries; additional potential identified
- Upgrade RDG terminal to higher capacity with the first train of 100 mmscf/d
- Plans to create higher capacity pipeline infrastructure and connect to gas grid, ROU in place
- Plans to create infrastructure for the significant NGLs potential in the block

>1 bnboe

Additional resource base established in FY2014

200,000

Gross production milestone in March 2014 (boepd)

50%

Gross risked prospective resources drilled out in FY2014

50%

Success rate of exploration and appraisal drilling

11

Highest ever rig count

129

New wells brought into production in FY2014

6

Discoveries established post resumption of exploration on the block

5

Established new play types

3.9

Operating expenditure (US\$/bbl) for FY2014

MANAGEMENT DISCUSSION & ANALYSIS

Other Producing Assets: Ravva and Cambay

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

Cairn India's production operations in the Krishna-Godavari Basin are centred on the Ravva oil and gas field, lying 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 production sharing contract (PSC) is valid until 2019.

Currently, there are eight unmanned offshore platforms and a 225 acre onshore facility at Surasaniyanam processing the natural gas and crude oil produced from the offshore field. The onshore terminal operates according to internationally recognised environmental standards (ISO 14001), and has the capacity to handle 70,000 bopd, 95 mmscf/d of natural gas and an injection capacity of 110,000 bwpd. The terminal can also store 1 mmbbls of crude oil.

Since inception in 1994, the Ravva block has produced more than 261 mmbbls of crude oil and over 330 billion cubic feet of gas - more than double the initial resource estimates.

During FY2014, Ravva produced 27,386 boepd, with a plant uptime of 99.8% - signifying the Company's emphasis on operational efficiencies. This is a result of Cairn India's focus on life-cycle planning, continuous monitoring, control of operational costs and the innovative application of operating technologies. The direct operating costs at Cairn India are one of the lowest within the peer group.

Ravva recorded 3.81 million LTI free man-hours as at 31 March 2014. Routine production

operations remained uninterrupted last year despite increased cyclonic conditions in the Bay of Bengal and local political disturbances due to the bifurcation of the state of Andhra Pradesh.

In March 2014, Cairn India commenced the fifth phase of the Ravva development drilling using a mat supported jack-up rig. This infill drilling campaign, based on 4D seismic surveys, consists of drilling seven wells. The first well identified unswept oil as predicted by the 4D seismic survey - this demonstrates the Company's ability to successfully apply high end seismic technology. The infill drilling campaign and prudent reservoir management are expected to result in the overall recovery factor of over 50%.

In November 2013, Cairn India commenced drilling of the 'high temperature, high pressure' deep exploration prospect LO110 in Ravva which is intended to test the hydrocarbon potential within the late Oligocene sands. The maximum total depth estimated is 4,140 metres, of which 2,720 metres have been drilled as at 31 March 2014. The drilling campaign has witnessed some weather and operational challenges, however, drilling activities are expected to be completed in CY2014.



Since inception in 1994, the Ravva block has produced over 315 mmboe; more than double the initial resource estimates



Through technology solutions,
Cairn India is working to
maximise value from these
mature fields





Drilling operations, Ravva

~47%

Total recovery from Ravva field upto FY2014

~71%

Year-on-Year increase in gross operated oil production (bopd) from the Cambay block

During the year, Ravva sold ~7.5 mmbbls of crude oil and 13.3 bscf of gas, or a daily average of 20,466 bopd of crude oil and 36 mm scfd of gas.

CB/OS-2 Block, Cambay Basin, Western India

(Cairn India is the operator with 40% participating interest)

Cairn India's operations in CB/OS-2 block are centred on the Lakshmi and Gauri oil and gas fields. Gas production commenced from the Lakshmi gas field in 2002 and from Gauri in 2004. In 2005 Gauri commenced crude oil production. Exploration, development and production in the block is governed by a PSC that runs until 2023, which is in partnership with ONGC and Tata Petrodyne Limited.

An 82-acre onshore processing facility at Suvali processes natural gas and crude oil from the offshore fields. It has the capacity to process 150 mm scfd of natural gas and 10,000 bopd of crude oil; and includes three crude oil tanks with a total storage capacity of 28,300 bbls 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.

Since inception in 2002, the Cambay block has produced approximately 19 mmbbls of crude and over 218 bcf of gas. During FY2014, the Cambay block produced 9,735 boepd, with a plant uptime of 98.6%. The infill drilling campaign carried out in FY2013 continues to help sustain production levels. The asset recorded 1.1 million LTI free man-hours as at 31 March 2014.

In March 2014, crude oil from the block was evacuated for the first time through a sea route via the Hazira port, where the first cargo was loaded, with 211,000 bbls of crude oil transported to a west coast refinery. This was a milestone event in the history of the asset, offering enhanced safety and commercial benefits.

The Cambay block provides an example of optimal asset utilisation, with its infrastructure being used for the tolling and processing of ONGC's gas from its North Tapti field and the Gas Balancing Agreement with Niko and Gujarat State Petroleum Corporation JV.

During the year, approximately 2.7 mmbbls of crude oil and ~4.4 bscf of gas were sold, at an average daily rate of 7,385 barrels of crude oil and around 12 mm scf of gas.



The Cambay block provides an example of optimal asset utilisation with its infrastructure being used for tolling

MANAGEMENT DISCUSSION & ANALYSIS

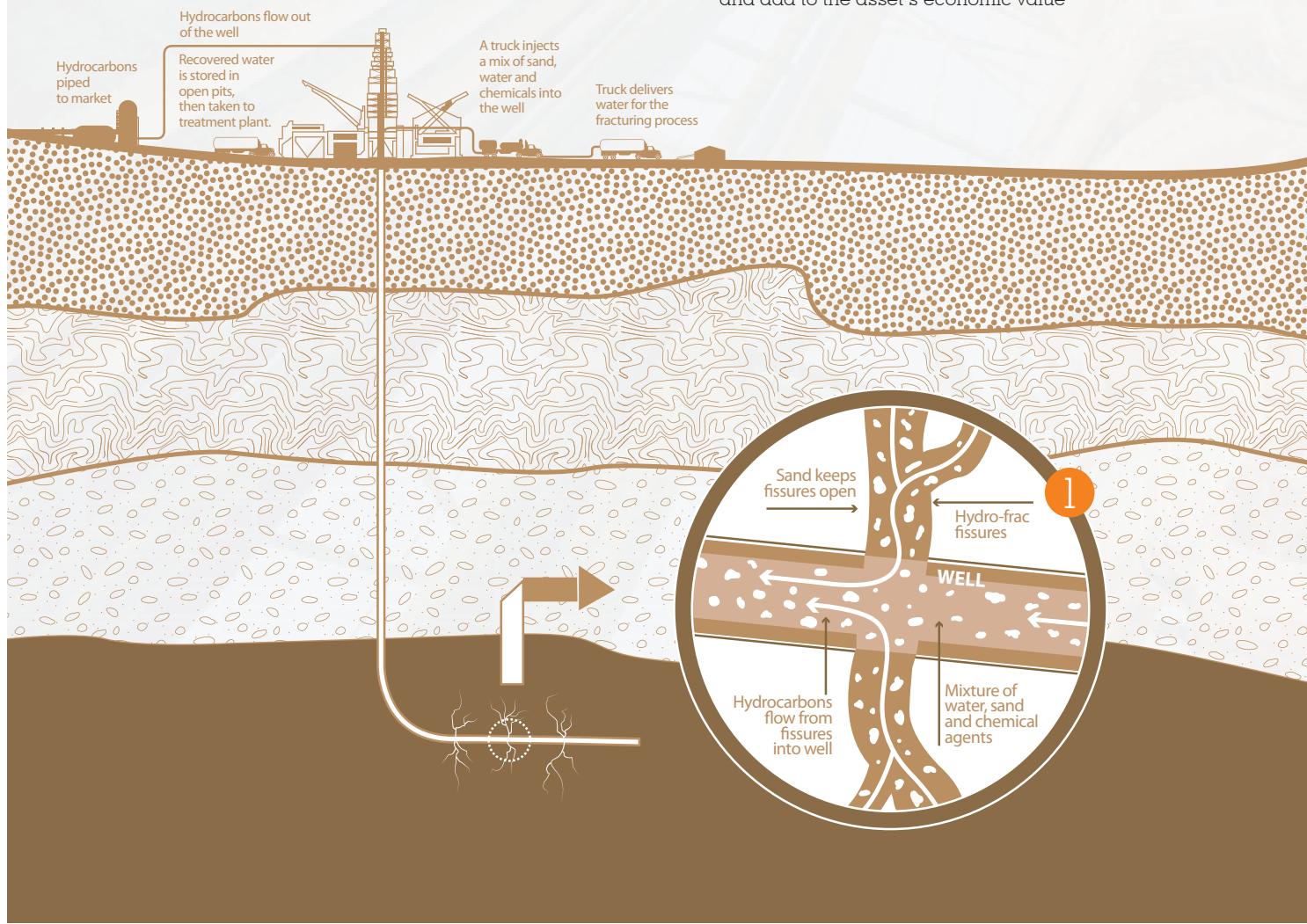
Technology Application

1 HYDRO-FRAC

- Hydraulic fracturing (or fracturing or hydro-frac) is the process of providing a conducive path for hydrocarbons to flow from the reservoir to the wellbore, in low permeability reservoirs
- Hydraulic fracturing is used to stimulate wells in geologic formations that may contain large quantities of oil or gas, but have low permeability (a poor flow rate). Largely this is applied in tight oil and gas bearing sands, shale and coal bed methane formations
- Hydraulic fracturing is one of the key mechanisms to commercially exploit low permeability reservoirs
- Cairn India is using hydraulic fracturing in Barmer Hill and other tight reservoirs

2 4D SEISMIC SURVEY

- 4D seismic is an advanced technique in which seismic surveys are repeatedly acquired over time. These are then differenced to identify locations where hydrocarbons have not been drained by existing production wells
- The seismic responses from the 4D survey are a result of a combination of changes in fluid saturation and pore pressures and they are interpreted both qualitatively and quantitatively
- By integrating this with data from geology, production and reservoir engineering, the technique also helps to:
 - *Track areas of water flood advancement in the field*
 - *Locate areas of remaining and bypassed oil*
- Areas so identified become the targets for new infill wells to sustain production and to improve recovery
- 4D seismic survey can extend the field life significantly and add to the asset's economic value



3 ENHANCED OIL RECOVERY (EOR)

- EOR is a generic term referring to the techniques that are used to increase the amount of crude oil that can be extracted from oil fields
- Important EOR technologies are Thermal (steamflood & in-situ combustion), Chemical (polymer & alkaline-surfactant-polymer flood) and Gas injection (CO_2 , nitrogen or natural gas)
- Polymer flood improves the displacement of oil. The addition of small amounts of polymer to injection water increases the viscosity of the water significantly and brings it closer to oil viscosity. As a result it sweeps the oil much more efficiently leading to an increase in oil recovery
- Addition of alkali and surfactant along with polymer helps to further increase the recovery due to detergent like effect of these chemicals - termed Alkaline-Surfactant-Polymer or ASP flooding
- Application of chemical EOR methods (Polymer/ASP) would result in significantly accelerated oil production and increased ultimate reserves



MANAGEMENT DISCUSSION & ANALYSIS

Indian Asset Portfolio

**MUMBAI OFFSHORE BASIN**
MB-DWN-2009/1

100% *Participating interest*

Post conditional clearance from the GoI, exploration activity has resumed.

In April 2014, Cairn India commenced ~ 2,000 line km of 2D seismic survey and planning for 500 sq. km of 3D seismic survey is underway.

**PALAR-PENNAR BASIN**
PR-OSN-2004/1

35%

Participating interest

The GoI has agreed to shift the restricted boundary. Planning for exploration projects has resumed.

**KRISHNA-GODAVARI BASIN**
KG-OSN-2009/3

100% *Participating interest*

Operations have resumed post GoI conditional approval. Approximately 1,050 km² of 3D sesimic data is anticipated to be acquired over the course of FY2015.

Cairn India is working to build exploration portfolio across multi-play types in the block.

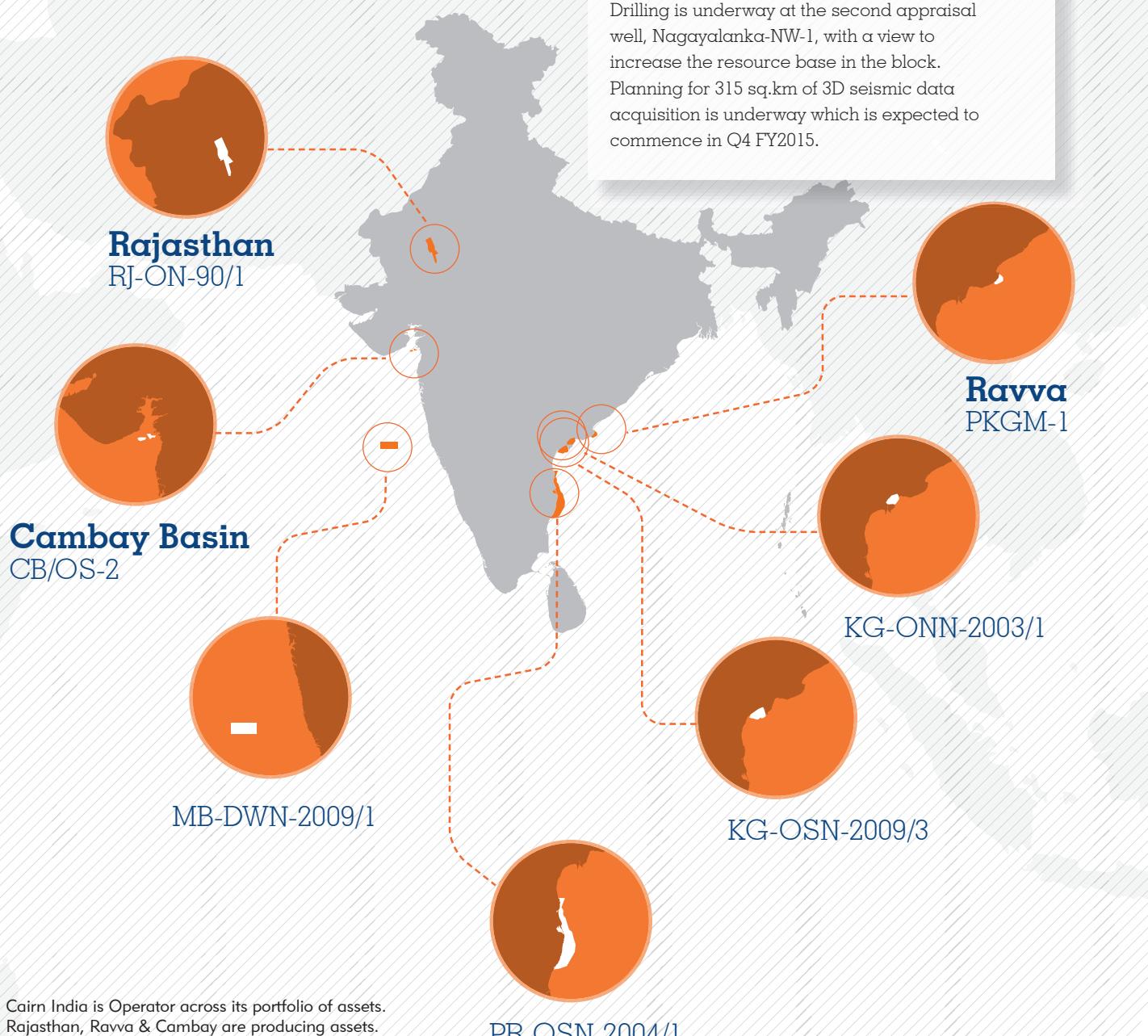


KRISHNA-GODAVARI BASIN KG-ONN-2003/1

49% Participating interest

The Nagayalanka discovery awaits the approval of Declaration of Commerciality from the Management Committee. Preparation of a field development plan is on-going.

Drilling is underway at the second appraisal well, Nagayalanka-NW-1, with a view to increase the resource base in the block. Planning for 315 sq.km of 3D seismic data acquisition is underway which is expected to commence in Q4 FY2015.



Cairn India is Operator across its portfolio of assets.
Rajasthan, Ravva & Cambay are producing assets.
Map not to scale.

MANAGEMENT DISCUSSION & ANALYSIS

International Asset Portfolio

ORANGE BASIN, SOUTH AFRICA 'BLOCK 1'



MANNAR BASIN, SRI LANKA SL 2007-01-001



60%

Participating interest

100%

Participating interest

Following a farm-in and the assignment of a participating interest in the block in early 2013, Cairn India swiftly acquired 1,981 sq.km of 3D seismic data in FY2014. Advanced processing is on-going post initial data processing.

In early March 2014, Cairn India completed acquisition of 3,000 line kilometres of 2D seismic data, which is being processed.

Both the seismic surveys were completed without any incident and on schedule.

In 2013 Cairn India completed appraisal and commercial studies to determine the next steps for the gas discoveries made on the block.

Cairn India is in discussions with the Sri Lankan Government for commercial terms necessary to monetise gas discoveries.



Drillship, Sri Lanka

MANAGEMENT DISCUSSION & ANALYSIS

Financial Overview

- Revenues reached a record high of INR 187,617 million (US\$ 3.1 billion) in FY2014 - a 7% increase over the previous year
- Generated cash flows from operations of INR 110,928 million (US\$ 1.8 billion)
- Continued with strong and debt free balance sheet - with cash and cash equivalents of INR 137,070 million in rupee funds and another US\$ 1.5 billion in dollar funds
- Cairn India's operated assets contributed over US\$ 4 billion to the exchequer in FY2014

Income

Revenue from operations for FY2014, post profit sharing with the GoI and the royalty expense in the Rajasthan block, was INR 187,617 million up 7% year-on-year driven by increases in working interest volume to 137.1 kboepd (FY2013 - 127.8 kboepd) and benefiting from rupee depreciation. This increase has been partly offset by higher profit sharing with GoI in Development Area-1 consequent to tranche change.

Other income excluding gain/loss on exchange fluctuation for the year is up by 6% to INR 7,637 million. The increase is mainly due to booking of gains on maturity of Mutual Funds (Fixed Maturity Plans), redemption of liquid plus funds and increases in income from bonds representing improved yield from investment. The increase is partially offset by the income recognised in FY2013 on assignment of interest in the KG-DWN 98/2 block outside the Group.

Exchange gain (net) for the year increased to INR 7,390 million as against INR 3,134 million in the previous year mainly on account of rupee depreciation of over 10% against the dollar in current year.

Expenses

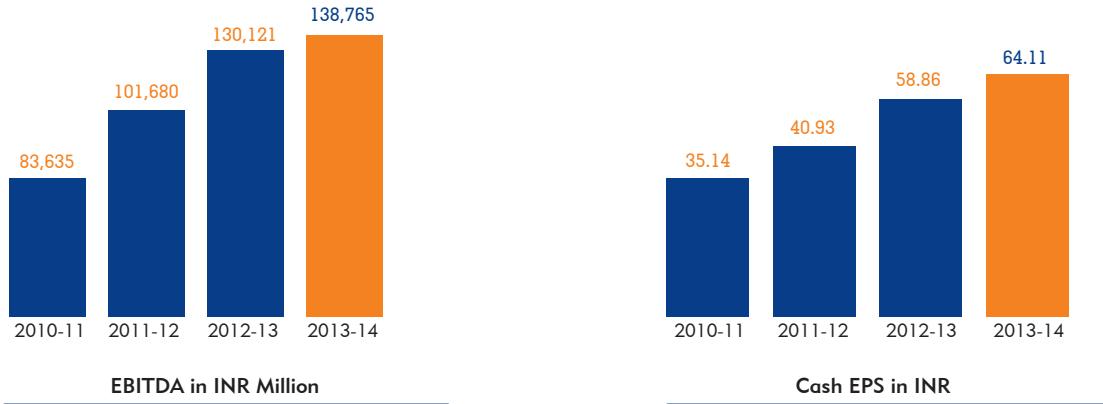
The share of expenses in producing oil and gas blocks including stock adjustments for the year increased to INR 11,600 million, an increase of 41% primarily due to an increase in production from the Rajasthan block and increased maintenance and operational activities.

Depletion, depreciation and amortization expenses increased by 24%, primarily due to increases in production and an increase in capitalisation in the Rajasthan block.

Employee benefit expense includes the stock option charge. During the current year, the Group has decided to measure all its outstanding stock option liabilities using the Fair value method (Black-Scholes) as against the previously followed Intrinsic value method.

Accordingly, the stock option charge for FY2014 is higher by INR 1,704 million (including INR 1,301 million for the period upto FY2013).

Other than this, employee benefit expense for the year is in line with the previous year.



Cairn India's Contribution to the Exchequer

Cairn India's gross operated production has increased over the years leading to a continuous rise in its gross contribution to the exchequer. Profit petroleum, cess and royalty are key heads under which the Company contributes to the Government in addition to other taxes at Central and State level. Cairn India's operated assets contributed over US\$ 4 billion to the exchequer in FY2014.

We are proud to state that more than 75% of the Government of India's profit petroleum revenue comes from Cairn India's operated assets. In addition to profit petroleum, cess paid on crude oil produced by Cairn India is also a key element of the contribution to the Government.

At the state level, Cairn India contributes through royalty payments on the onshore assets. During FY2014, net royalty from Cairn India's Rajasthan block was INR 41,804 million (US\$ 689 million). With increasing production from Rajasthan, Cairn India's contribution is set to grow.

Cess has increased in line with an increase in production. However, during the year, it has been clarified by Central Board of Excise and Customs that 3% education cess and secondary & higher education cess will not be levied on cess on crude oil, consequently cess expense for the year is lower by INR 659 million.

Exploration costs written off represent the costs included and charged to profit and loss as per the accounting policy of the Company in case of "successful efforts method". The charge is lower as the dry well costs written off in previous year were higher.

Finance cost decreased primarily due to a reduction in interest cost on debentures redeemed during the previous year.

Tax Expense

Tax expense increased to INR 4,178 million in FY2014 from INR 2,351 million in FY2013. The effective income tax rate was 3.3% in FY2014 as compared to 1.9% in FY2013.

The effective income tax rate was higher in FY2014 mainly due to higher deferred tax charge on increased exploration and development expenditure in Rajasthan block which is in tax holiday.

Profitability

During FY2014, profit after tax increased by 3% year-on-year to INR 124,318 million compared to INR 120,564 million in previous year.



Ecofriendly ways of plant movement, MPT, Rajasthan

Capital Structure & Reserves and Surplus

Total shareholders' fund as at 31 March 2014 aggregated INR 574,377 million, of which equity capital is INR 19,076 million with 1,907 million shares of INR 10 each.

The Shareholders of the Company approved a proposal for a buy back by the Company of its equity shares at a price not exceeding INR 335 per equity share for an aggregate amount not exceeding INR 57,250 million. The buy back, which commenced on 23 January 2014, is being done from open market other than from promoters and persons in control.

During the year, the Company bought back and extinguished 3,270,549 equity shares of face value of INR 10/- each for a total consideration of INR 1,055 million.

Reserves and surplus aggregated INR 555,301 million. Out of total reserves, INR 201,072 million (36%) pertains to securities premium account, INR 2,080 million of

employee stock options outstanding, INR 33 million of capital redemption reserve transferred on buy back of equity shares and balance is general reserve and surplus in the statement of profit and loss. Reserves and surplus during the year increased by INR 97,409 million, registering a growth of 21.3%.

Non-Current Liabilities

Provision for site restoration increased to INR 31,083 million due to change in estimates mainly on account of new wells drilled during the year and fluctuation in exchange rate.

Deferred tax liability increased to INR 7,356 million due to increased capitalisation as a result of higher spend on account of exploration and development.

Net Fixed Assets

The net fixed assets as at 31 March 2014 were INR 307,727 million compared to INR 289,750 million as at 31 March 2013. The increase is primarily due to increase in

capital expenditure pertaining to exploration and development in all the blocks.

Long-Term Loans and Advances and other Non-Current Assets

As at 31 March 2014, long term loans and advances of the Group aggregated to INR 74,027 million. MAT credit entitlement constitutes 96% of total long term loans and advances. MAT credit entitlement has increased to INR 70,790 million, an increase of 52% due to tax holiday under Section 80-IB of the Income Tax Act, 1961 in Rajasthan block.

Other non-current assets increased to INR 53,827 million primarily due to investments in non-current bank deposits.

Current Assets

Current investment constitutes 74% of total current assets. Current investments increased by INR 59,816 million, an increase of 58% due to increase in investment in bonds and mutual fund.

Particulars	Amount in INR million	
	FY 2013-14	FY 2012-13
Revenue from operations	187,617	175,242
Other income	15,027	10,362
Total Income	202,644	185,604
Share of expenses in producing oil and gas blocks including stock adjustments	11,600	8,237
Employee benefit expenses	2,741	1,033
Depletion, depreciation and amortization expenses	22,974	18,459
Cess expense	28,986	28,077
Exploration costs written off	4,124	4,549
Other expenses	3,308	3,015
Finance costs	415	687
Total expenses	74,148	64,056
Profit before tax	128,496	121,548
Tax expense	4,178	2,351
Impact of scheme of arrangement for earlier periods	-	1,367
Profit for the year	124,318	120,564

MANAGEMENT DISCUSSION & ANALYSIS

Our Talent

Cairn India's success story is a result of its ability to attract, engage and develop best-in-class talent. We have been able to blend the best of all cultures whilst retaining our uniqueness where people feel a sense of belonging and accomplishment built on the foundations of accountability, respect and collaboration. The key differentiator has been our ability to nurture top-class talent in an environment where technical excellence delivers operational results.

Talent Management

We have successfully institutionalised world-class talent management practices that help us identify critical talent and emerging leaders for future roles within the business. One of Cairn India's programmes, Talent Map, is a senior leadership-driven approach that ensures a steady pipeline of talent is identified for current and future business needs. Succession planning is an integral part of this process that not only helps reduce business continuity risks but also helps identify a pool of talent that can be developed to take on increased responsibilities and grow. The collaborative nature of this half-yearly exercise ensures important feedback is collated and translated into development plans.

We also launched the Functional Career ladder for the Petrotech functions which articulates the possible career paths for technical talent together with the stages required to progress one's career.

Capability Building

We continued to make significant investments in developing critical capabilities in our people. Technical capability-building in FY2014 saw focused

training for drilling, petroleum engineering, projects, sub-surface, exploration and operations. Capability-building efforts on the non-technical side also saw a significant increase in enrolment and the number of programmes available, achieved through robust development planning and the utilisation of training resources. This year's reach and quality of our capability-building initiatives has been among the highest in the past few years with around 38% increase year-on-year.

Leadership Development

Our leadership development initiatives saw significant investments in the areas of executive education, coaching and on-boarding. We partnered with global institutions to provide structured learning in strategy, change, talent and leadership. Individuals with key leadership talent were exposed to world-class leadership programmes. The number of leaders who underwent at least one leadership intervention has been the highest in recent times.

The above efforts, along with a culture of on-the-job learning, empowerment and mentoring, have ensured that we continue to create value through our human capital and make it our competitive advantage.


Our success is a result of
diverse and inclusive culture.
At Cairn India, we believe in
equal opportunities



The passion for the business, ability to adapt to new technology and commercial acumen have played a vital role in the success of our organisation



Cairn India is proud of its people, their passion and commitment to the Company and the alignment of their aspirations to the Company's shared vision and business objectives



Our multicultural workforce is encouraged to imbibe the best practices from different sectors, enabling a vibrant delivery and execution oriented work culture



MANAGEMENT DISCUSSION & ANALYSIS

Health, Safety, Environment And Sustainability (HSES)

Cairn India's HSES vision is to be a safe operator and a sustainable corporate citizen, leading the industry in HSES standards whilst demonstrating top quartile performance among its global peers. We believe that all injuries and fatalities are preventable and are committed to ensuring all employees and individuals involved in our activities go home safely each day. Our efforts to build a 'just safety culture' are reflected in the way our employees take care of their own safety and that of colleagues at work.

During FY2014, our employees and contractors shared over 40,000 Cairn Observation Cards. These represent safety observations including reports of unsafe acts, unsafe conditions and compliments on work conducted safely. This process has helped in preventing a number of potential incidents.

During the year, Cairn India recorded approximately 60 million man-hours with a total reportable injury rate (TRIR) of 0.68 per million man-hours worked. The lost time injury rate (LTIR), which represents the number of work related injuries preventing an employee from working for more than one day, was 0.16 for FY2014. Both parameters indicate that the Company's performance in FY2014 was comparable to the top quartile in the oil and gas exploration and production industry as per International Association of Oil and Gas Producers (OGP).



The Company's performance in FY2014 is comparable to those in the top quartile of the global oil and gas exploration and production industry

safety awareness to over 12,000 people including employees, contractors, local communities and school children.

Global HSE Conference 2013

Cairn India in association with the Oil Industry Safety Directorate (OISD) of the Ministry of Petroleum and Natural Gas, Government of India and the oil and gas Industry held a Global HSE Conference in October. This was the first international conference on HSE topics held in South Asia. Cairn India's key objective for organising the conference was to raise the leadership awareness in transforming HSE culture across sectors in India. Key outcomes from the discussions have been shared with the GoI to implement international best practices.

Process Safety

At Cairn India, we recognise that ensuring an acceptable level of process safety would enable us to operate our assets safely and help achieve our business objectives.

During FY2014, we instituted leading indicators in process safety which has helped nurture an

Defensive Driving: Road Safety

Cairn India continues to focus on road safety management across all assets. Defensive driving training certification, conducted by a specialist organisation, is mandatory for all drivers. It has facilitated defensive driving training and road



organization-wide process safety culture. Special visits were organised so that Senior Management can incorporate process safety culture through regular interaction at site. The Company encouraged compliance to Management of Change procedures through team work and using suitable technology enablers thereby minimizing the risks from changes to operating assets and securing a good grasp on mechanical integrity by implementing Risk Based Inspection practices at key operations sites.

Sustainability Steering Committee

As reported last year, Cairn India constituted a Sustainability Development Steering Committee (SSC) and rolled out a sustainability framework document. The SSC has played a key role in providing direction and driving the Company's sustainability agenda.

We focused on the following sustainability goals:

Water Conservation

Cairn India's objective is to conserve fresh water by improving reuse and recycling and

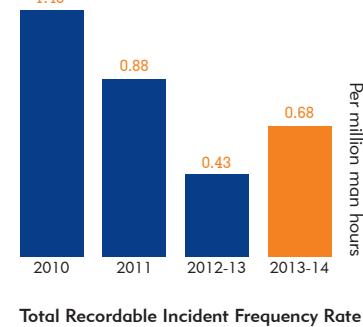
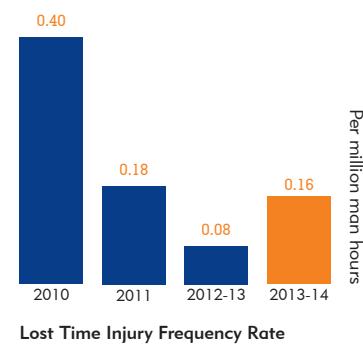
efficient utilisation. We engage with the industry peers, technology providers and academia to learn and adopt the best proven technologies to effectively meet our goal of preserving and conserving water.

Our Rajasthan and Ravva assets meet process water requirements from a saline groundwater aquifer and thereby do not impact the precious fresh water resources of the area. For FY2014, we re-injected approximately 95% of produced water. The balance after treatment was discharged to the sea.

Energy Conservation

The primary source of fuel at all our production facilities is natural gas. Cairn India is committed to adopting effective measures to conserve energy, promote the use of renewable energy and drive energy efficiency across all our operations.

We have focused on reducing the indirect consumption of energy on business travel by installing tele-presence links at all our producing assets and encouraging employees to use tele-presence and video-calling services.



Total Recordable Incident Frequency Rate



Onshore processing terminal, Ravva

This initiative has helped reduce travel time, cost, road travel risk and travel related Greenhouse Gas (GHG) emissions. Cairn India's average energy consumption for production operations during FY2014 was 1.25 giga joule (GJ) per metric ton of crude equivalent produced against a global average of 1.4 GJ per metric ton (OGP 2013 Report).

Gas Flaring and Greenhouse Gas Emissions

We currently use the associated gas at the MPT to generate power for our operational facilities, with the excess gas being flared. We have undertaken a project to compress and condition the excess gas. Post-conditioning, this gas will be co-mingled with Raageshwari gas and exported for sale to the Company's gas customers. This will further conserve energy and reduce GHG emissions.

Cairn India's GHG intensity of 104.1 metric tons of CO₂e per '000 metric tons of hydrocarbon produced is significantly lower than the global average of 160 for the exploration and production industry (OGP 2013).

Renewable Energy

At Cairn India, we are exploring options to utilise renewable energy as part of our captive energy consumption portfolio, and as a result, launched a number of initiatives across our producing assets to reduce our energy footprint in FY2014.

In Rajasthan, we installed solar-powered lighting systems at several operating terminals: 40 such lights at the Raageshwari gas terminal, and 41 at Bhagyam. We have also partially replaced conventional transport vehicles within the processing plant with battery operated vehicles and bicycles. Golf carts have been deployed in MPT and bicycles are in use at the Bhagyam facility for

internal movement of personnel.

Renewables continue to augment the energy required to operate unmanned production platforms at Ravva. Solar panels and a small wind turbine provide power for instrumentation, a telemetry system and navigation lights.

At Suvali, a vapour balancing and nitrogen blanketing system for the crude oil storage tanks were introduced in FY2014 which resulted in reduced GHG emissions.

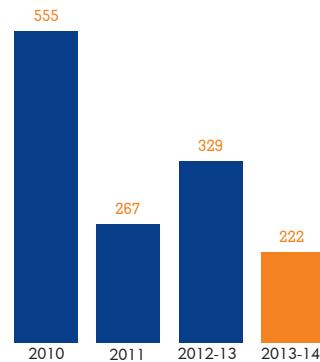
In FY2014, Cairn India also initiated a Solar Home System project to meet the needs of ~2,000 rural households in our Rajasthan block. It plans to fund 35% of the total cost of installation per household with the remaining balance collected from the community and government subsidies.

The Company is also in discussions with technology providers for a solar micro-grid community pilot project that will cover 15-20 villages in our operational areas.

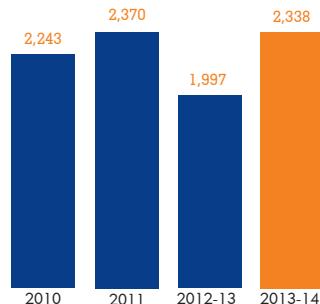
Greenbelt Development

As part of the Company's efforts to contribute to the national mission of increasing India's forest cover, 'Project Shrishti' was launched. Through the project, Cairn India has created social forests and parks in Banaskantha and at the Nal Sarovar area in the Ahmedabad district of Gujarat.

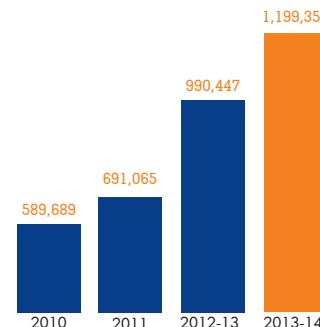
During FY2014, we planted 2,625,000 mangrove trees and about 75,000 tree saplings —bringing the total count under Project Shrishti as at 31 March 2014 to 3,254,215 including over 3 million coastal plants such as mangroves, caesarean and coconuts. These are spread across nearly 500 hectares and provide employment to over 600 local villagers. We plan to continue with this initiative in the years ahead.



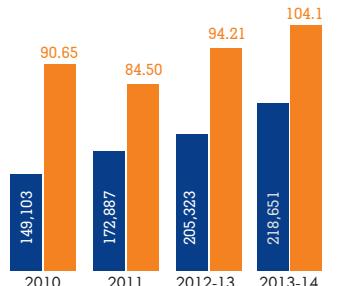
Volatile Organic Compounds in Tonnes



NOx Emissions in Tonnes



Direct GHG Emissions Tonnes CO₂e



Direct GHG Intensity Tonnes CO₂e/1000 Tonnes of HC produced

■ GHG
■ Daily Gross operated production (April-March: 2010-11, 2011-12, 2012-13 & 2013-14)

For all graphs 2010 and 2011 represents calendar year

MANAGEMENT DISCUSSION & ANALYSIS

Corporate Social Responsibility

Cairn India believes that sustainable and inclusive growth is critical to the success of the business. Cairn India's CSR programmes have two interlinked objectives:

1. Improving the socio-economic status of the local community in our areas of operation to create a measurable impact.
2. Developing a relationship of mutual trust with the local communities.

Cairn India's CSR vision is encapsulated in 3R's: Respect, Relationships and Responsibility. The Company respects the rights of all its stakeholders. It recognises the responsibility to deliver on these rights and understands the importance of building lasting goodwill and relationships.

Supporting Inclusive Growth

Sustainable livelihood – Vocational Skill development

Cairn India established the Cairn Enterprise Centre (CEC) in 2007 in Barmer. The CEC is designed to promote and support employability and local economic development through vocational training, development of soft skills and local vendor development. Since inception, the CEC has trained over 9,000 youths of which 70% have already been employed or created their own micro-enterprises.

Similar programmes are also being rolled out in our other operational areas. In the last year, over 700 local youths have been provided employment in companies like HDFC Bank, Hero Honda, Hyundai, Auchan, TCS among others

post training in sectors as diverse as IT, masonry, household electrification, retail and banking across our operating blocks.

With the aim to develop and nurture skills, and provide economic capabilities and opportunities, Cairn India is establishing the Cairn Centre of Excellence (CCoE) at Jodhpur. This is an advanced vocational skill development institute that will provide globally certified courses. The courses will be closely linked to the changing demands of the employment market. CCoE is expected to train 500 youths per year and intends to start the advanced skill training courses by Q3 FY2015.

Sustainable livelihood – Farm based

To provide higher income through sustained livelihoods, Cairn India has initiated a farm-based income enhancement programme. The programme aims to increase the agriculture productivity through innovative water harvesting, improved practices in agriculture, livestock and better market linkages.

The programme is expected to impact over 20,000 farmers in Cairn's operational areas over the next five years. In the on-going initiative, Cairn India's



The CSR activities are designed to improve overall socio-economic indicators of the areas in which Cairn India operates



'Science on wheels' at a village school, Gujarat

Grameen Seva Kendras (Agri Kiosks) have now increased to nine and benefited over 15,000 farmers in 300 villages.

Health, Water & Sanitation

Most of our operations are in rural areas where access to basic healthcare is a challenge. Cairn India runs 19 Mobile Health Vans with specialist doctors and paramedical staff to bring basic healthcare at rural communities' doorsteps. Over 250,000 people benefit from this initiative every year. Cairn India through its healthcare initiative focuses on mother and child to reduce child and maternal mortality and strengthen the health care services.

To address the acute shortage of safe drinking water of the local community, the Company started the Jeevan Amrit Project. 28 new RO-enabled water kiosks have been established in villages across Rajasthan, Gujarat & Andhra Pradesh. These provide safe drinking water to over 20,000 individuals on a daily basis. Many kiosks have provisions of Any Time Water (ATW) card for better service delivery. In addition, Cairn India has helped in building sanitation facilities in 4,500 households across villages.

Education

In order to improve the quality of education in rural villages, Cairn India has initiated a comprehensive education programme for 100 Government schools in Rajasthan. The programme aims to provide supplementary teaching to improve student academic performance, enrolment, reduction in gender gap and drop-out rate.

The education programme in Surat targets students of 20 schools towards raising awareness on ecological and environmental schools. The Mobile Science Vans and Rural School Library programmes continue to provide effective curriculum support in 55 government schools across seven districts in Gujarat.

Local Content

To support inclusive growth, Cairn India encourages the utilisation of local goods and services (subject to requirement and availability) by developing capacity of the local entrepreneurs. In FY2014 we engaged over 600 local vendors.


Protecting stakeholder interests, proactive engagement with the local communities and inclusive development are core values of our CSR initiative

MANAGEMENT DISCUSSION & ANALYSIS

Business Risks

Oil and gas exploration and production activities are subject to significant risks and hazards, and effective management of all uncertainties is of prime importance to Cairn India.

Senior employees and the Board of Directors are aware of the key risks to the business and operations. Management is fully prepared to take measures, when needed, to mitigate and alleviate such risks.

Risk: Crude oil and natural gas reserves are estimates and actual recoveries may vary significantly

There are 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. These cannot be measured in an exact manner. These risks are gradually mitigated through enhanced understanding of the reservoirs, achieved by undertaking additional work. Reserves estimations involve a high degree of judgement and depend upon the quality of 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, actual results may vary substantially. Such variation in results may materially impact Cairn India's actual production, revenue and expenditures.

Risk: There may be execution challenges in respect of the three-year Work Programme

To fully capitalise on the potential of the

Rajasthan block, Cairn India has planned a substantial programme of sustenance and growth for the next three years, up to FY2017. Most of these projects have long execution timelines with interdependencies. To successfully execute the work programme, the Company will have to rely on multiple equipment and services providers and construction contractors across sites spread over a wide geographic area.

Ensuring delivery of such services and equipment according to schedule, of the right quality and budgeted costs, managing security of individuals and materials at remote sites, while simultaneously ensuring that all compliances are met can pose potential challenges. Slippages in any of these aspects could have an adverse impact on project execution, and consequently on operational and financial performance.

Risk: Enhanced Oil Recovery (EOR) project may not achieve all its objectives

Following a successful EOR polymer flood pilot at Mangala, a Field Development Plan for full field application of polymer flood in the Mangala field was approved during the year. In terms of



Best-in-class operational workforce

scale, the project is one of the largest of its kind across the globe.

Risks associated with the project include lower than expected recovery, inadequate processing of produced fluids thereby impacting performance of surface facilities, managing the polymer supply chain, and adhering to the overall project schedule.

In addition, the use of such a recovery technique may significantly increase the operational costs. All these factors could have an adverse impact on Cairn India's production and profitability.

Risk: Maintaining health and safety related performance of contractors / sub-contractors

Cairn India depends on multiple contractors for the delivery of projects, construction, on-going operations and maintenance activities, drilling programmes, seismic survey programmes, and road transportation of individuals and materials. Inadequate health and safety performance of such contractors is a key risk.

Risk: Regulatory uncertainties may impact the Company's business.

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

Risk: Business outlook

Cairn India's exploration campaign, and multiple growth and sustenance projects are expected to result in reserves accretion and production growth over the next few years.

In contrast, delays in obtaining necessary approvals, inherent uncertainty around global crude oil prices, and rising government profit oil share may impact the Company's top-line and profitability.

Cairn India remains cautiously optimistic about FY2015.

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 downturn in the sector, significant changes in political, regulatory and economic environment in India, exchange rate fluctuations, tax laws, litigation and labour relations.

MANAGEMENT DISCUSSION & ANALYSIS

Internal Controls & Their Adequacy

Cairn India continued to strengthen its internal controls by making investments to simplify processes, automating controls and extending IT enablement across functions. The Company rolled out an initiative to review the configuration as well as design of its enterprise resource planning (ERP) software with the objective to adapting to changing business needs.

During the year, the Company initiated a review of the internal controls across processes with the objective of improving controls by mitigating potential weaknesses through process improvements.

Further, the Company significantly enhanced the utilization of the web-based sourcing solution 'ARIBA-Smart Source' which was launched during FY2013, enabling standardization as well as real time monitoring of procurement activities. The supplier portal 'Smart Connect', also launched during the last financial year, is resulting in enhanced online collaboration with suppliers with respect to 'procure to pay' activities.

Business Risk Management & Assurance Process

The Board of Cairn India is responsible for risk management and for ensuring that robust internal controls are implemented to respond to changes in the business environment. Cairn India has in place a robust risk management framework. A Risk Management Committee (RMC) comprising senior executives of the Company, chaired by the CEO, is responsible for review of the risk management processes and overseeing the implementation of the Risk Management Policy.

The RMC provides quarterly updates to the Board on key risks facing the Company, and proposes mitigating actions, as required. The Director of Risk Assurance is the Secretary to the RMC and Head of the risk management function.

The RMC, in turn, is assisted by function-specific risk management sub-committees, which are responsible for overseeing various activities including proactively identifying any emerging risks that may impact the Company.

In addition, the heads of functions make an objective assessment of the internal controls at the entity level, for their respective functions and issue assurance statements, which are in turn consolidated at the organisation level and signed off by the CEO and presented to the Board of Directors annually. The risk assurance team reviews and validates the control assertions made by functions, and agrees on action items emanating from control gaps identified along with an action owner and completion timelines. These actions are then reviewed periodically to ensure appropriate closure. Accordingly, the assurance statements capture the robustness of the internal controls and the action plans that are being taken to further strengthen the controls.

Operating Policies and Procedures

Operating policies are disseminated to appropriate departments and functions to increase awareness and compliance. Cairn India's operational policies, procedures and activities have all been subjected to internal audits and compared to its peer group. Implementation of recommendations arising from the audit reports is regularly monitored by the senior management. During FY2014, the Company implemented a four step process for ensuring labour law compliance by contractors engaged at various operating sites. This is expected to improve labour related statutory compliances by business partners engaged by the Company.

Further, the Company follows an electronic permit to work system that facilitates safe operations through a consistent process across the organization, while providing improved visibility and effective tracking through dashboards.

Legal and Commercial Procedures

Legal and commercial procedures have been actively disseminated throughout the Company. A legal compliance management system developed to track regulatory compliance requirements is used across the organisation. It maps the organization hierarchy and structure into the compliance environment and defines workflows for reviews and self-assessment of processes, risks and associated controls. It has been successful in identifying areas which require immediate legal attention and has reduced instances of non-compliance. The system is periodically reviewed and updated to bring it in line with the changes made in law.

Code of Business Ethics

During the year under review, the Company has made amendments to its Code of Business Ethics (Code) to bring it in line with the current best practices

and applicable laws. Relevant provisions of the US Foreign Corrupt Practices Act were incorporated in the Code to make it more robust and to strengthen it in line with Cairn India business principles. The revised Code was approved by the Board. The Code is applicable to everyone in the Company and its subsidiaries including employees, 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, 2014.

Financial and Management Reporting

Financial policies, standards and delegations of authority have been disseminated to senior management to allocate 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 model compared to actual results achieved. An analysis of the variance between budget and actual is carried out on a periodic basis to ensure full understanding of the variance and adopt any requisite course of 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 is regularly monitored by the senior management. The Company has established an IT enabled application for monitoring and escalating agreed corrective actions based on audit findings. The application provides regular reminders and escalation notifications

to respective stakeholders enhancing the overall effectiveness of compliance. Internal and statutory audit reports and findings, including comments by the management are placed each quarter before the Audit Committee of the Board of Directors.

Performance Setting and Measurement

Objectives and key performance indicators (KPIs) have been aligned with Cairn India's overall vision statement. The KPI elements are owned by the heads of department which provide clear guidance on key priorities to the business teams and ensure execution of Board approved work programme, budget and business plan. A system is in place to monitor the actual performance against each of these KPIs and report progress to the Executive Committee and the Board of Directors on a regular basis.

Business Continuity

Emergency response and disaster management plans are in place for all operations. A business continuity plan covering key risks for the corporate office at Gurgaon as well as operating assets of the Company at Rajasthan, Ravva & Cambay has been developed and implemented in line with requirements of ISO 22301:2012. Training as well as testing of the plan for all locations is currently underway and is expected to be completed during first quarter of FY2015.

Cairn India's strategy for risk management is to ensure that the Company and its employees continue to operate a 'go beyond' compliance approach. This creates an environment where there is an embedded culture of informed risk acceptance, supported by an effective framework to create and foster growth.

BOARD OF DIRECTORS



From left to right: Dr. Omkar Goswami, Mr. Edward T. Story, Ms. Priya Agarwal, Mr. Naresh Chandra,

Mr. Navin Agarwal

Chairman and Non-Executive Director

Mr. Navin Agarwal, 53, is the Chairman of Sesa Sterlite Ltd. and Cairn India Ltd., and Deputy Executive Chairman of Vedanta Resources Plc. Mr. Agarwal plays a key role in developing the strategic thinking and governance framework of the Vedanta Group, and provides leadership for its long-term planning, business development and capital planning. He has been part of the Group for the last 32 years since its inception, and has been instrumental in shaping and executing the strategy of the Group, as it has grown through a combination of inorganic and organic growth, executing projects of global scale.

Mr. Naresh Chandra

Non-Executive and Independent Director

Mr. Naresh Chandra, 79, graduated with Masters' degree in Mathematics from Allahabad University. A former civil servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary of Government of Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), advisor to the Government of Jammu and Kashmir, and successively Secretary to the Ministries of Water Resources, Defence, Home and Justice in the Government of India. In December 1990, he became Cabinet Secretary, the highest post in the Indian Civil Services. In 1992, he was appointed as the Senior Advisor to the Prime Minister of India. He has served as the Governor of the state of

Gujarat during 1995-1996 and Ambassador of India to the United States of America during 1996-2001. He has also chaired the Committee on Corporate Audit and Governance, the Committee on Private Companies and Limited Liability Partnerships and the Committee on Civil Aviation Policy for the Government of India. He has been honoured with the Padma Vibhushan, a high civilian award, by the President of India in 2007.

Mr. Edward T Story

Non-Executive and Independent Director

Mr. Edward T Story, 70, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas, a Masters degree in Business Administration from the University of Texas and an honorary Doctorate degree by the Institute of Finance

and Economics of Mongolia. He is a member of the North America Mongolia Business Council. Mr. Story has 48 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, 67, is an economics graduate from Delhi University. He has over 37 years' experience in various positions with the HSBC Group from where he retired in January 2004 as CEO Asia Pacific. 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



Mr. Navin Agarwal, Mr. Tarun Jain, Mr P. Elango, Mr. Aman Mehta

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.

Dr. Omkar Goswami

Non-Executive and Independent Director

Dr. Omkar Goswami, 57, 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 boards of a number of companies and is an author of 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. Tarun Jain

Non-Executive Director

Mr. Tarun Jain, 54, 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 a Wholetime Director of Sesa Sterlite Limited. Mr. Jain has over 35 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 M&As.

Ms. Priya Agarwal

Non-Executive Director

Ms. Priya Agarwal, 24, 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 and in Strategic Planning with Rediffusion Y&R.

Mr. P. Elango

Interim CEO & Wholetime Director

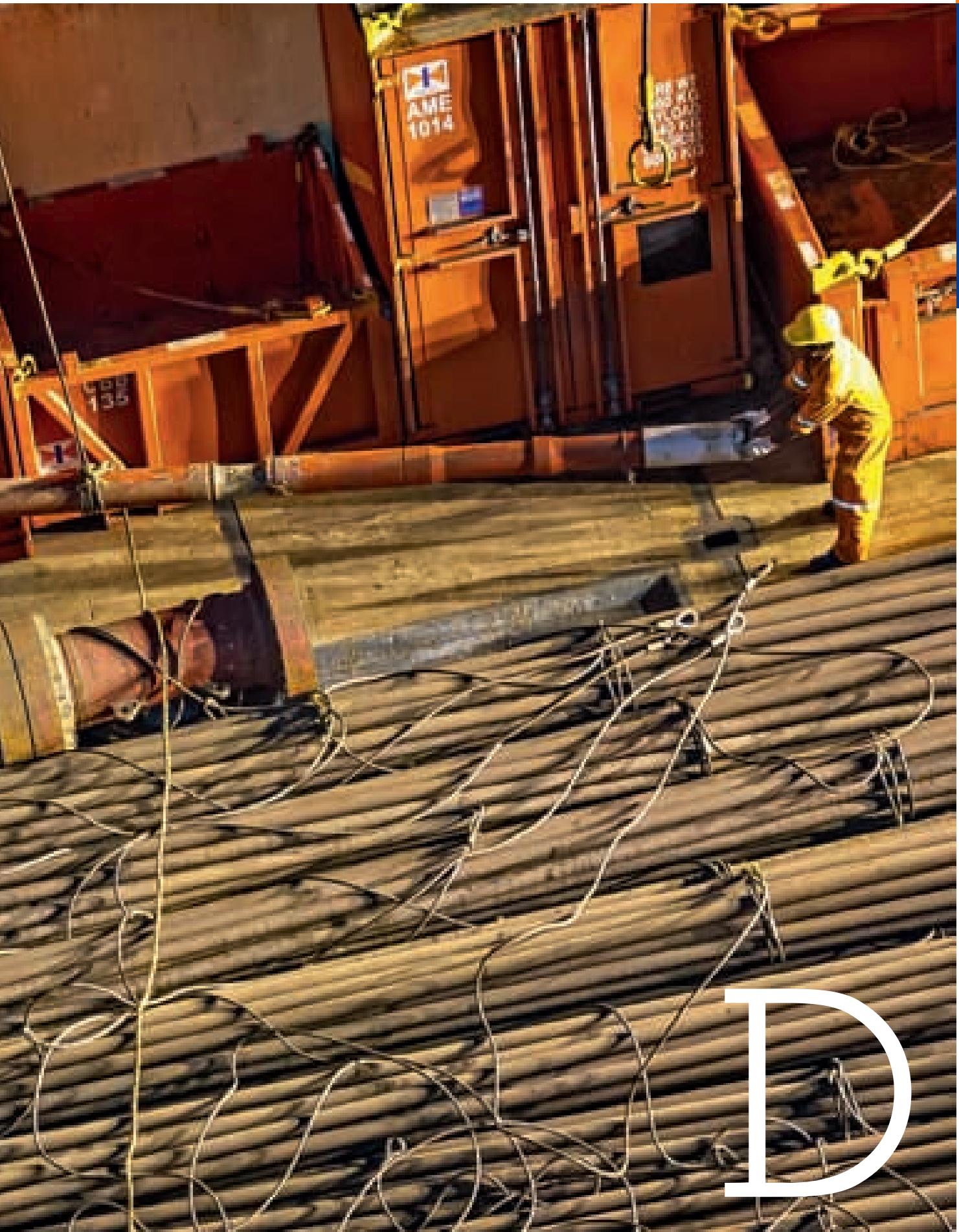
Mr. P Elango, 52, holds a Masters degree in business administration from Annamalai

University, Chennai. He has played a key role in helping develop Cairn India into a leading Oil & Gas company. With a career spanning over 27 years in Upstream Oil & Gas, Mr. Elango has held several leadership roles in different areas of the business and is currently a recognized leader in the industry in India.

Prior to becoming the interim CEO & Wholetime Director, Mr. Elango was the Strategy and Business Services Director for Cairn, responsible for spearheading the strategic planning for the company as well as leading and integrating the business service functions to support the core activities of exploration, development and production. Mr. Elango began his career with ONGC in 1985 and over a span of 10-years, he performed a range of diverse roles. He joined Cairn in January 1996.

Corporate Governance





D

CORPORATE GOVERNANCE

Report On Corporate Governance

The Company believes that sound corporate governance is a key element for enhancing and retaining the trust of investors and various other stakeholders. As a responsible corporate citizen your Company has evolved best practices which are 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.

BOARD OF DIRECTORS

COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD

Your Company endeavours to have judicious mix of executive, non-executive and independent Directors, so as to have independence on the Board and

separate its function of governance from that of management.

As on 31 March, 2014, 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 and the

Chairman's office is separate from that of the Chief Executive Officer. The experience of all Directors, who are renowned professionals, having diverse expertise in finance, economics, oil and gas, general administration and management, has strengthened the governance and management of Company's affairs.

1. COMPOSITION OF THE BOARD AS ON 31 MARCH, 2014

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	Chairman, Non-Executive Director	4	5	-	-
2	Mr. Tarun Jain	Non-Executive Director	2	3	3	-
3	Ms. Priya Agarwal	Non-Executive Director	-	-	-	-
4	Mr. Aman Mehta	Non-Executive Independent Director	5	2	3	3
5	Mr. Naresh Chandra	Non-Executive Independent Director	9	3	10	-
6	Dr. Omkar Goswami	Non-Executive Independent Director	9	2	7	3
7	Mr. Edward T. Story	Non-Executive Independent Director	-	3	2	-
8	Mr. P. Elango	Interim CEO and Wholetime Director	-	13	-	-

* Directorships in private limited companies, foreign companies and not for profit companies under the Companies Act, 1956.

** Only Audit Committee and the Shareholders' / Investors' Grievance Committee of Indian public limited companies have been considered.



Well organised process for seeking Board approval facilitates and provides room for sound decision-making by the Board

2. DIRECTORS' ATTENDANCE RECORD FOR THE YEAR ENDED 31 MARCH, 2014

S.No.	Name of the Director	No. of meetings held during the financial year	No. of meetings attended	Presence at the last AGM
1	Mr. Navin Agarwal	5	4	Yes
2	Mr. Tarun Jain	5	4	Yes
3	Ms. Priya Agarwal	5	3	Yes
4	Mr. Aman Mehta	5	5	Yes
5	Mr. Naresh Chandra	5	4	Yes
6	Dr. Omkar Goswami*	5	4	Yes
7	Mr. Edward T. Story**	5	4	Yes
8	Mr. P. Elango*	5	5	Yes

* Participated in the proceedings of one Board meeting through video conference.

** In addition, also participated in the proceedings of one Board meeting through audio conference.

The composition of the Board as on 31 March, 2014 is given in Table 1. None of the Directors are members of more than ten 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 Director, or to any other employee of the Company except Mr. Navin Agarwal and Ms. Priya Agarwal. Ms. Agarwal is the daughter of Mr. Navin Agarwal's elder brother, Mr. Anil Agarwal.

There is a well organised process for seeking Board approval which facilitates and provides room for sound decision-making by the Board and its Committees. The Board/Committee 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 also passed by circulation. These are often preceded by Board discussions through audio conference. The Directors are also free to recommend inclusion of any matter in the agenda for discussion. Senior management officials are often called to provide additional inputs on the matters being discussed by the Board/ Committee.

The Board has complete access to all the 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 of the listing agreement. 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.

BOARD SUPPORT AND ROLE OF COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS

The Company Secretary plays a key role

in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board for consideration and for the preparation of the agenda as well as convening of the Board meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises/ assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings. Further, the process for the Board/ Committee meetings provides an effective post meeting follow up, review and reporting process for the action taken on the decisions/ instructions of the Board and its Committees. As per Board's decision, the Company Secretary intimates the action points arising out of the deliberations during the meeting to the concerned functional heads who in turn provide updates to the Board at the next meeting. All the Directors of the Company have access to the advice and services of the Company Secretary.

NUMBER OF BOARD MEETINGS AND THE ATTENDANCE OF DIRECTORS

The Board meets atleast once in a quarter to review the quarterly financial results and other items on the agenda. Additional meetings are held as and when required. Video/ tele-conferencing facilities are also provided to enable Directors to participate in Board meetings. During the year ended 31 March, 2014, the Board of Directors met five times viz. on 22 April, 2013, 24 July, 2013, 22 October, 2013, 26 November, 2013 and 23 January, 2014. 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) of the Company held during the year ended 31 March, 2014.

DIRECTORS' REMUNERATION

Table 3 lists the remuneration paid or payable to the Directors for the financial year under review. 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 upto 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, 46,758 stock options were granted to Mr. P. Elango, interim CEO & Wholetime Director under the Cairn India Performance Option Plan (CIPOP). Under the CIPOP scheme, the options are granted at an exercise price of INR 10/- per option and the vesting happens after a period of three years subject to fulfilment of conditions provided in the said scheme. Mr. Elango has not exercised any stock options during the year. Mr. P Elango's

appointment as Wholetime Director is for a tenure to be determined by the Board or its Committee within the limits prescribed under the Companies Act. His appointment is terminable by the Company by giving 1 month notice or salary in lieu thereof.

The remuneration paid to the executive Director is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and macro-economic review on remuneration packages of CEOs of other organizations. Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

The total remuneration also includes the annual performance bonus and is based on Company and individual performance. The annual performance bonus drives high performance culture to achieve the organization's objectives by differentiating rewards based on performance.

SHAREHOLDING OF NON-EXECUTIVE OR INDEPENDENT DIRECTORS

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

CODE OF CONDUCT

During the year under review, the Company has made amendments to its Code of Business Ethics (Code) to bring it in line with the current best industry practices and applicable laws. Relevant provisions of the US Foreign Corrupt Practices Act were incorporated in the Code to make it more robust and to strengthen it in line with Cairn India business principles. The revised Code was approved by the Board. The Code is applicable to everyone in the Company and its subsidiaries including employees,

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, 2014.

COMMITTEES OF THE BOARD

Audit committee

The Company has an adequately qualified Audit Committee. As on 31 March, 2014, the Committee comprised five non-executive Directors viz. 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 Board at its meeting held on 23 April, 2014, has amended and enhanced the terms of reference of the Audit Committee. The current charter of the Audit Committee, after such amendment, is in line with international best practices as well as the regulatory requirements mandated by Companies Act, 2013, SEBI and Clause 49 of the listing agreement. The Chief Financial Officer and Chief Internal Auditor of the Company and the relevant partner of the Statutory Auditor firm are invitees to the meetings of the Audit Committee. Ms. Neerja Sharma, Director - Risk Assurance & Company Secretary is the Secretary to the Committee. During the year ended 31 March, 2014, the Audit Committee met four times viz. on 22 April, 2013, 23 July, 2013, 22 October, 2013 and 23 January, 2014. 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 24 July, 2013.

Terms of Reference

- Overseeing the Company's financial



Company has made amendments to its Code of Business Ethics (Code) to bring it in line with the current best industry practices and applicable laws

3. DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 MARCH, 2014

(in INR lacs)

Name	Salary	Perquisites	Bonus & Performance incentives	Retirement Benefits	Commission	Sitting Fees	Total
Mr. Navin Agarwal	-	-	-	-	-	1.40	1.40
Mr. Tarun Jain	-	-	-	-	-	2.80	2.80
Ms. Priya Agarwal	-	-	-	-	-	0.60	0.60
Mr. Aman Mehta	-	-	-	-	75	2.40	77.40
Mr. Naresh Chandra	-	-	-	-	75	2.00	77.00
Dr. Omkar Goswami	-	-	-	-	75	2.00	77.00
Mr. Edward T. Story	-	-	-	-	75	1.60	76.60
Mr. P Elango	199.89	33.56	251.52	26.33	-	-	511.30

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 approving their audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with management, the annual financial information before submission to the Board for approval, with particular reference to:
 - a. 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.
 - b. changes, if any, in accounting policies and practices and reasons for such changes.
 - c. major accounting entries involving estimates based on the exercise of judgement by the Company's management.
 - d. any significant adjustments made in

the financial information arising out of audit findings.

- e. compliance with listing and other legal or regulatory requirements relating to financial information.
- f. disclosure of any related party transactions.
- g. any qualifications in the draft Audit Report.
- Reviewing, with the 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 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.
- Reviewing the functioning of the Whistle Blower mechanism of the Company.
- Approving the appointment of CFO (i.e. the Wholetime Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate.
- Monitoring the utilisation of funds to be raised pursuant to a public issue.
- Reviewing and monitoring auditors' independence and performance and effectiveness of audit process.
- Approval of all transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.
- Oversee the vigil mechanism of the Company.
- Evaluation of internal financial controls and risk management systems.
- 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:

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

Stakeholders' Relationship Committee

The Board of Directors at its meeting held on 23 April, 2014 has changed the nomenclature of the Shareholders'/ Investors' Grievance Committee to Stakeholders' Relationship Committee to align it with the requirements of the Companies Act, 2013. As on 31 March, 2014, the Committee comprised three Directors: Dr. Omkar Goswami (Chairman), Mr. Edward T. Story and Mr. Tarun Jain. The Chairman of the Committee is an independent Director. Ms. Neerja Sharma, Director - Risk Assurance & Company Secretary, is the compliance officer of the Company and the Secretary of the Committee.

During the year ended 31 March, 2014, the Committee met twice viz. on 24 July, 2013 and 23 January, 2014. The attendance record of the Stakeholders' Relationship Committee is given in Table 5. Dr. Omkar Goswami, Chairman of the Committee, was present at the Company's last AGM held on 24 July, 2013. The Committee normally approves by way of circulation every fortnight, if any, matters pertaining 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 queries and complaints received during the financial year ended 31 March, 2014 by the registrar and share transfer agent is given in Table 6.

Terms of Reference

- To approve/ refuse/ reject registration of transfer/ transmission/ transposition of shares.

- To allot shares on exercise of stock options and to authorize issue of share certificates.
- To authorize:
 - a. issue of duplicate share certificates and issue of share certificates after split/ consolidation/ rematerialisation of shareholding.
 - b. printing of share certificates.
 - c. affixation of common seal on share certificates of the Company.
 - d. Directors/ Managers/ Officers/ signatories for signing/endorsing share certificates.
 - e. necessary applications/ corporate actions to stock exchanges and depositories arising out of and incidental to the exercise of options by the employees.

Nomination & Remuneration Committee

The Board at its meeting held on 23 April, 2014, changed the nomenclature of existing Remuneration Committee to Nomination & Remuneration Committee, revised its terms of reference and dissolved the existing Nomination Committee.

The Nomination & Remuneration Committee is inter-alia responsible for identifying persons who are qualified to become Directors and who may be appointed as part of senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

The Committee comprises of five non-executive Directors viz. Mr. Naresh Chandra (Chairman), Mr. Navin Agarwal,



Aishwariya well pad, Rajasthan

4. ATTENDANCE RECORD OF AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH, 2014

Name	Position	Status	No. of meetings held during the financial year	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	3
Mr. Tarun Jain	Non- Executive Director	Member	4	4
Mr. Edward T Story	Independent Director	Member	4	3

5. ATTENDANCE RECORD OF STAKEHOLDERS' RELATIONSHIP COMMITTEE (ERSTWHILE SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE) FOR THE YEAR ENDED 31 MARCH, 2014

Name	Position	Status	No. of meetings held during the financial year	No. of meetings attended
Dr. Omkar Goswami	Independent Director	Chairman	2	1
Mr. Edward T Story	Independent Director	Member	2	2
Mr. Tarun Jain	Non- Executive Director	Member	2	2

Mr. Tarun Jain, Mr. Aman Mehta and Dr. Omkar Goswami. Three of these members are independent Directors. During the year ended 31 March, 2014, the Nomination & Remuneration Committee (erstwhile Remuneration Committee) met three times viz. on 22 April, 2013, 23 July, 2013 and 22 October, 2013. The attendance record of the Nomination & Remuneration Committee is given in Table 7. Mr. Naresh

Chandra, Chairman of the Committee, was present at the Company's last AGM held on 24 July, 2013.

Terms of Reference

- Reviewing the structure, size and composition of the Board, and making 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 roles and capabilities required for particular appointments.
- Reviewing time required from each non-executive Director, and assessing whether he or she has given sufficient commitment to the role.

- Considering succession planning taking into account the challenges and opportunities faced by 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.
- Identifying persons who are qualified to become Directors and who may be appointed in senior management and recommending to the Board their appointment and removal.
- Formulating the criteria for determining qualifications, positive attributes and independence of a Director.
- Carrying out evaluation of the performance of the Board, individual Directors and of the various Board committees.
- Devising a policy on Board diversity.
- Recommending to the Board a

policy, relating to the remuneration for the Directors, key managerial personnel and other employees. While formulating the policy, the committee must ensure that:

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully.
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c. the remuneration of directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- d. a significant proportion of executive Directors' remuneration is structured so as to link rewards to corporate

- and individual performance.
- e. taking 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.
- Overseeing the Company's share option schemes and long term incentive plans, which include determination of the eligibility for benefits and approval of total annual payments.

Corporate Social Responsibility (CSR) Committee

During the financial year under review, the Board constituted a CSR Committee comprising of 3 Directors with Chairman being an Independent non-executive Director. The Committee comprises Mr. Naresh Chandra (Chairman), Mr. Tarun Jain and Mr. P. Elango.

During the year, the Committee met once on 23 January, 2014. All the members of

6. QUERIES AND COMPLAINTS RECEIVED AND ATTENDED DURING THE FINANCIAL YEAR ENDED 31 MARCH, 2014

Nature of Query/Complaint	No. of Queries/Complaints		
	Received	Attended	Pending
Non-Receipt of refund orders / dividend revalidation	930	930	Nil
Referred by SEBI	14	15*	Nil
Referred by stock exchanges	1	1	Nil
Received from investors	317	317	Nil
Referred by RBI/Ministry of Company Affairs	-	-	Nil
Non receipt of demat credit	2	2	Nil
Non-receipt of the annual report	73	73	Nil
Total	1337	1338*	Nil

*Includes one complaint received on 31 March, 2013, which was resolved by the Company on 1 April, 2013 and closed by SEBI on 4 April, 2013

7. ATTENDANCE RECORD OF NOMINATION & REMUNERATION COMMITTEE (ERSTWHILE REMUNERATION COMMITTEE) FOR THE YEAR ENDED 31 MARCH, 2014

Name	Position	Status	No. of meetings held during the financial year	No. of meetings attended
Mr. Naresh Chandra	Independent Director	Chairman	3	2
Dr. Omkar Goswami	Independent Director	Member	3	2
Mr. Aman Mehta	Independent Director	Member	3	3
Mr. Tarun Jain	Non-Executive Director	Member	3	3
Mr. Navin Agarwal	Non-Executive Director	Member	3	3

the Committee attended the said meeting. In its meeting held on 23 April, 2014, the committee recommended the CSR policy which has also been approved by the Board of Directors of the Company.

Terms of Reference

- Review, agree and establish the Company's CSR policy and to ensure that Company's social, environmental and economic activities are aligned with each other.
- Develop and recommend for acceptance by the Board, policies on all aspects of CSR including environmental sustainability, eradication of hunger and poverty, upliftment of society, promotion of education, reducing child mortality and improving maternal health, employment, enhancing vocational skills etc. and other CSR related matters as may be determined by the CSR Committee from time to time.
- Monitor compliance with the CSR policy and to review performance against agreed targets.
- Review the integration of CSR processes with business risk management policy of the Company.
- Establish link between the Company's financial performance and its social and environmental performance.
- Recommend to the Board the amount of expenditure to be spent on CSR activities.
- Consider such other matters and issues in relation to CSR as may be stipulated by the Board from time to time.

Buy back Committee

The Board of Directors on 26 November, 2013 while approving the Buy back of its equity shares by the Company, constituted the Buy back Committee consisting of three Directors of which two are independent. The Committee comprises Mr. Naresh Chandra (Chairman), Dr. Omkar Goswami and Mr. P. Elango.

The role of the Buy back Committee

is to do all operational acts, deeds and things in order to implement and oversee the Buy back process/ activity. Amongst others, the Committee is also responsible for appointment of agencies, finalization and execution of important documents, certificates, information etc., and representing the Company before the statutory and regulatory bodies.

During the financial year ended 31 March, 2014, the Committee approved certain matters by circulation.

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis report on the operations of the Company as required under the listing agreement with stock exchanges has been given separately and forms part of this report.

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. Further, the Company has also followed the Cost Accounting Records (Petroleum Industry) Rules, 2011. 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 exchanges, the SEBI or any statutory authority on any matter related to capital markets, during the last three years.

CODE FOR PREVENTION OF INSIDER TRADING

In compliance with the SEBI regulations and Companies Act, 2013 on prevention of insider trading, the Company has instituted a code of Insider Trading for its Directors and employees in designated role/function. 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 occurrence of any material events as per the code. An annual disclosure is also taken from all the Directors and designated employees of the Company confirming their annual holding at the year end.

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. Details of such transactions are given in the accompanying financial statements.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Central Government promulgated in December, 2009, a set of Voluntary Guidelines on Corporate Governance "Corporate Governance Voluntary Guidelines 2009" ("Voluntary Guidelines") for all companies to serve as benchmark



Offshore Platform, Ravva



To simplify and consolidate
multilayered structure,
12 subsidiary companies
were deregistered

8. SUBSIDIARY COMPANIES Deregistered During the Financial Year Ended 31 March, 2014

S. No.	Name of the Company	Country of incorporation	Effective date of dissolution/deregistration
1.	Cairn Petroleum India Limited	Scotland	21 March, 2014
2.	Cairn Exploration (No.4) Limited	Scotland	21 March, 2014
3.	Cairn Energy Cambay Holding B.V	Netherlands	26 March, 2014
4.	Cairn Energy Gujarat Holding B.V	Netherlands	26 March, 2014
5.	Cairn Energy India West Holding B.V	Netherlands	26 March, 2014
6.	Cairn Energy India Holdings B.V	Netherlands	26 March, 2014
7.	Cairn Energy Group Holdings B.V	Netherlands	26 March, 2014
8.	Sydney Oil Company Pty Limited	Australia	24 February, 2014
9.	Cairn Energy Investments Australia Pty Limited	Australia	24 February, 2014
10.	Wessington Investments Pty Limited	Australia	24 February, 2014
11.	Cairn Energy Asia Pty Limited	Australia	31 March, 2014
12.	CEH Australia Pty Limited	Australia	31 March, 2014

for the corporate sector and help them to achieve the highest standards of corporate governance. The Company has implemented and is following various provisions of the Voluntary Guidelines.

CEO / CFO CERTIFICATION

The CEO's and 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, 2014 is enclosed with 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 the subsidiary companies and

regularly monitors the performance of such companies. During the financial year under review, in order to simplify and consolidate the multi layered structure comprising subsidiaries in various foreign jurisdictions, 12 subsidiary companies were deregistered. Details of such companies are provided in Table 8.

Further, in terms of the provisions of Clause 49 of the listing agreement with stock exchanges, minutes of Board meetings of subsidiary companies along with summary of key decisions are regularly placed before the Board.

SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

Mr. Naresh Chandra, Non-Executive and Independent Director

Mr. Naresh Chandra, 79, graduated with a Masters' degree in Mathematics from Allahabad University. A former civil servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary of Government of Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), advisor to the Government of Jammu and Kashmir, and successively Secretary to the Ministries of Water Resources, Defence, Home and Justice in the Government of India.

In December 1990, he became Cabinet Secretary, the highest post in the Indian Civil Services. In 1992, he was appointed as the Senior Advisor to the Prime Minister of India. He has served as the Governor of the state of Gujarat during 1995-96 and Ambassador of India to the United States of America during 1996-2001. He has also chaired the Committee on Corporate Audit

and Governance, the Committee on Private Companies and Limited Liability Partnerships and the Committee on Civil Aviation Policy, for the Government of India. He has been honoured with the Padma Vibhushan, a high civilian award, by the President of India in 2007.

Mr. Edward T Story, Non-Executive and Independent Director

Mr. Edward T Story, 70, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas, a Masters degree in Business Administration from the University of Texas and an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia.

He is a member of the North America Mongolia Business Council. Mr. Story has 48 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.

Dr. Omkar Goswami, Non-Executive and Independent Director

Dr. Omkar Goswami, 57, 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 boards of a number of companies and is an author of 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. Aman Mehta, Non-Executive and Independent Director

Mr. Aman Mehta, 67, is an economics graduate from Delhi University. He has over 37 years' experience in various positions with the HSBC Group from where he retired in January 2004 as CEO Asia Pacific. 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.

Mr. Tarun Jain, Non-Executive Director

Mr. Tarun Jain, 54, 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 a Wholetime Director of Sesa Sterlite Limited. Mr. Jain has over 35 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 M&As.

Ms. Priya Agarwal, Non-Executive Director

Ms. Priya Agarwal, 24, 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 and in strategic planning with Rediffusion Y&R.

The directorships and committee positions of these Directors as on 31 March, 2014 are given in Table 9.

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 viz.

www.cairnindia.com and posted on the Corporate Filing and Dissemination System (CFDS) at www.corpfiling.co.in, NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (the Listing Centre).

Further, as a good corporate governance practice, the Company sends its quarterly financial results to shareholders whose email ids are registered with the depository participants through email after they are approved by the Board and disseminated to the stock exchanges.

Chairman Communiqué

Printed copy of the Chairman's speech is distributed to all shareholders at the annual general meeting. The same is also placed on the website of the Company.

Corporate Filing and Dissemination System (CFDS)

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to file information by the listed companies. All disclosures and communications disseminated and physically filed with BSE & NSE, are also electronically filed through the CFDS portal.



As a good Corporate Governance Practice, the company sends quarterly financial results to shareholders through e-mail

9. DIRECTORSHIPS AND COMMITTEE POSITIONS OF DIRECTORS AS ON 31 MARCH, 2014

Name of Director	Mr. Naresh Chandra	Mr. Aman Mehta	Dr. Omkar Goswami	Mr. Edward T Story	Mr Tarun Jain	Ms. Priya Agarwal
Directorship held in other companies	<ul style="list-style-type: none"> • Electrosteel Castings Ltd. • Bajaj Auto Ltd. • Bajaj Finserv Ltd. • Bajaj Holdings & Investments Ltd. • Balrampur Chini Mills Ltd. • Gammon Infrastructure Project Ltd. • EROS International Media Ltd. • AVTEC Limited • Sesa Sterlite Limited • G4S Corporate Services (India) Pvt. Ltd. • Emergent Ventures India Pvt. Ltd. • EROS International Plc 	<ul style="list-style-type: none"> • Tata Consultancy Services Limited • Wockhardt Limited • Jet Airways Limited • Godrej Consumer Products Ltd. • Max India Limited • Vedanta Resources Plc • PCCW Limited 	<ul style="list-style-type: none"> • Dr. Reddy's Laboratories Ltd. • Infosys Ltd. • IDFC Ltd. • Crompton Greaves Ltd. • Ambuja Cements Ltd. • Godrej Consumer Products Ltd. • Bajaj Finance Ltd. • Max Healthcare Institute Ltd. • Infosys BPO Ltd. • CERG Advisory Pvt Ltd. • DSP Black Rock Investment Managers Pvt. Ltd. 	<ul style="list-style-type: none"> • SOCO International Plc • Baanthong Properties • TMB- Mongolian Health Clinic 	<ul style="list-style-type: none"> • Bharat Aluminium Company Ltd. • Sterlite (USA) Inc. • Sterlite Infra Ltd. • Vedanta Medical Research Foundation (under section 25 of the Companies Act, 1956) • Rajtaru Charity Foundation (Under Section 25 of the Companies Act, 1956) 	None
Committee* position in Cairn India Ltd.	<ul style="list-style-type: none"> • Audit Committee - Member 	<ul style="list-style-type: none"> • Audit Committee - Chairman 	<ul style="list-style-type: none"> • Audit Committee -Member • Stakeholders' Relationship Committee-Chairman 	<ul style="list-style-type: none"> • Audit Committee - Member • Stakeholders' Relationship Committee-Member 	<ul style="list-style-type: none"> • Audit Committee - Member • Stakeholders' Relationship Committee-Member 	None

Membership/Chairmanship of Committees* of other Indian public companies :

Audit Committee	<ul style="list-style-type: none"> • Bajaj Auto Ltd.- Member • Bajaj Holdings & Investments Ltd.- Member • Bajaj Finserv Ltd.- Member • Electrosteel Castings Ltd.- Member • Gammon Infrastructure Project Ltd.- Member • EROS International Media Ltd.- Member • Sesa Sterlite Ltd. - Member 	<ul style="list-style-type: none"> • Jet Airways Limited- Chairman • Godrej Consumer Products Ltd.- Member • Wockhardt Ltd.- Member • Tata Consultancy Services Ltd.- Chairman 	<ul style="list-style-type: none"> • Dr. Reddy's Laboratories Ltd.- Member • IDFC Ltd.- Member • Crompton Greaves Ltd.- Chairman • Ambuja Cements Ltd.- Member • Godrej Consumer Products Ltd. - Member • Bajaj Finance Ltd. - Member • Infosys BPO Ltd. – Member 	None	<ul style="list-style-type: none"> • Bharat Aluminium Company Ltd.- Member 	None
Shareholders'/ Investors' Grievance Committee	<ul style="list-style-type: none"> • Sesa Sterlite Ltd.- Member • Bajaj Auto Ltd..- Member 	<ul style="list-style-type: none"> • Wockhardt Ltd.- Member 	<ul style="list-style-type: none"> • Infosys Ltd.- Chairman 	None	None	None

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

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, press releases, announcements, corporate actions etc. are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the "Listing Centre")

The Listing Centre of BSE is a web based application designed by BSE for corporates. All periodical compliances filings like shareholding pattern, corporate governance report, press releases etc. are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web based complaints redress system. The system enables centralized database of all complaints, online uploading of action taken reports (ATRs) by the concerned companies and online viewing by investors of actions taken on their complaint and current status.

Designated & Exclusive email-ids

The Company has designated the following email ids exclusively for investor servicing:

- a. Queries on Buy back-
buyback@cairnindia.com
- b. Queries by retail investors-
[- investor.complaints@cairnindia.com](mailto:investor.complaints@cairnindia.com)
[- rmt.helpdesk@linkintime.co.in](mailto:rmt.helpdesk@linkintime.co.in)
- c. Queries by institutional investors-
cilr@cairnindia.com
- d. The investors can also lodge their queries on the platform on the company's website www.cairnindia.com under the "Investors" section.

News Releases, Analyst Presentation, etc.

The quarterly and annual results are generally published in the The Financial Express and Nav Shakti. Official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website viz. www.cairnindia.com

Website

The Company's website (www.cairnindia.com) contains a separate dedicated section 'Investors' where shareholders' information is available. The full annual report, shareholding pattern, press release, quarterly reports, corporate governance reports, details of unpaid/unclaimed dividend amounts and other related information is available on the website.

Further, various forms like Nomination Form, Affidavit and Indemnity format are also available on the website. In view of ongoing buy back of shares, the Company also provides the details of shares bought back on daily basis from the open market through National Stock Exchange of India Limited and BSE Limited.

GENERAL BODY MEETINGS

Since its incorporation, the Company has had seven annual general meetings and four extraordinary general meetings. The forthcoming AGM is scheduled to take place on 23 July, 2014. The details in respect of last three AGMs and special resolutions passed thereat are given in Table 10.

Resolutions passed through postal ballot in last three years

The details of special and ordinary resolutions passed through postal ballot in last three years are given in Table 11.

The notice containing the resolutions along with the postal ballot form and a postage pre-paid envelope was sent to the registered addresses of all the shareholders of the Company, containing the address of the Scrutinizer appointed by the Board for carrying out the ballot process. The e-voting facility was also provided by the Company to the shareholders whose email ids were registered with the depositories. The details of the voting pattern for the resolutions passed in financial year 2013-14 are provided in Table 11.1 and 11.2.

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 of special resolution through postal ballot.

Procedure of Postal Ballot

The notice containing the proposed resolutions and explanatory statement thereto is sent to the registered addresses of all the shareholders of the Company along with 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 e-voting facility is provided by the Company to all shareholders which enable them to cast their vote electronically. The Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for providing the e-voting facility to its shareholders. Under this facility, shareholders are provided an electronic platform to participate and vote on the postal ballots of the Company.

The step-wise process and manner for e-voting is provided in the postal ballot form and also the email which is sent to shareholders along with the postal ballot notice. The scrutineer submits his reports

10. LOCATION AND TIME OF ANNUAL GENERAL MEETINGS

Financial Year	Venue	Date	Time	Special Resolution passed at the AGM
2010-11	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	18 August, 2011	11.00 a.m.	Payment of Commission to Non- Executive Directors.
2011-12	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	22 August, 2012	11.00 a.m.	<ul style="list-style-type: none"> Appointment of Mr. Rahul Dhir as Managing Director and Chief Executive Officer. Issuance of stock options to the employees and Directors of the subsidiary Companies of Cairn India Limited. Amendments/substitutions to the Articles of Association of the Company.
2012-13	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	24 July, 2013	10.30 a.m.	None

11. RESOLUTIONS PASSED THROUGH POSTAL BALLOT IN LAST THREE YEARS

S.No.	Subject Matter	Record Date of Register of Members for Dispatch of Notice	Last Date and time for receipt of Postal Ballot Forms	Date of passing Resolution/Type of Resolution	Scrutinizer
1	To consider the conditions imposed by the Government of India vide letter dated 26 July, 2011 for the proposed 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.	26 July, 2011	5.30 p.m. on 10 September, 2011	14 September, 2011/ Ordinary	Mr. Nesar Ahmed Practicing Company Secretary
2	Amendments in Cairn India Performance Option Plan (CIPOP) in terms of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999	22 April, 2013	5.30 p.m. on 7 June, 2013	12 June, 2013/ Special	Mr. Nesar Ahmed Practicing Company Secretary
3	Purchase by the Company of its fully paid-up equity shares from the open market through the Stock Exchanges as prescribed under Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998, read with Sections 77A, 77B(2), 192A and other applicable provisions, if any, of the Companies Act, 1956 and Sections 68, 69, 70, 110 and other provisions and Rules, if any, applicable or notified from time to time under Companies Act, 2013	26 November, 2013	5.30 p.m. on 2 January, 2014	6 January, 2014/ Special	Mr. Nesar Ahmed Practicing Company Secretary

11.1. VOTING PATTERN - SPECIAL RESOLUTION DATED 12 JUNE, 2013

Promoter/Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	1,122,713,999	1,122,713,999	100.00	1,122,713,999	-	100.00	-
Public – Institutional holders	495,821,089	229,595,645	46.31	229,221,926	373,719	99.84	0.16
Public-Others	291,721,294	197,581,968	67.73	197,433,902	148,066	99.93	0.07
Total	1,910,256,382	1,549,891,612	81.14	1,549,369,827	521,785	99.97	0.03

Note: Total 4,255 postal Ballot forms/e-votes received out of which 4,200 were valid forms/e-votes while 55 were invalid forms/e-votes.

11.2. VOTING PATTERN - SPECIAL RESOLUTION DATED 6 JANUARY, 2014

Promoter/Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	1,122,713,999	-	-	-	-	-	-
Public – Institutional holders	505,058,214	82,702,858	16.37	82,702,858	-	100	-
Public-Others	282,915,752	198,007,311	69.99	197,824,802	182,509	99.91	0.09
Total	1,910,687,965	280,710,169	14.69	280,527,660	182,509	99.93	0.07

Note: Total 3,415 postal Ballot forms/e-votes received out of which 3409 were valid forms/e-votes while 6 were invalid forms/e-votes.

to the Chairman/ Director or person authorized by the Board, who on the basis of the report announces the results.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

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

Non-Mandatory Requirements

The Board

All independent Directors have diversified experience and requisite qualification. None of the independent Directors' tenure exceeded a period of nine years on the Board of the Company.

Remuneration Committee

The Board at its meeting held on 23 April, 2014, changed the nomenclature of existing Remuneration Committee to Nomination & Remuneration Committee, revised its terms of reference and dissolved the existing Nomination Committee, details of which have been given earlier.

Shareholder Rights

The quarterly results are published on our website, www.cairnindia.com and in widely circulated newspapers.

The Company sends quarterly results by email to those shareholders who have provided their e-mail ids.

Audit qualifications

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

Training of Board Members

Periodic presentations and documents are made available to the Board and its Committees on business and performance updates of the Company, business environment, business model and strategy and risks involved therein.

Mechanism for evaluating Non-Executive Board Members

The Company benefits from diverse professional expertise and experience of non-executive Directors. The Directors make contributions at the Board/Committee meetings, review the operations and advise on the major issues and strategy of the Company from time to time. The Company also benefits from the advice of non-executive Directors sought by the management on critical issues from time to time. The contributions made and the time devoted by the non-executive Directors is recognised by the Company. The Company will adopt a formal mechanism for evaluating individual performance of non-executive Directors.

Whistleblower Policy

The Company has in place a Whistleblower Policy, to support the Code of Business Ethics. The policy is designed to enable employees, Directors, consultants and contractors to raise concerns 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.

The Director – Risk Assurance & Company Secretary and the Chief Internal Auditor are appointed as the Ethics Counsellors and are authorised

by the Board of Directors of the Company for the purpose of receiving all complaints under the policy and in ensuring appropriate action. Individuals must raise their concern to any one of the Ethics Counsellors by sending an e-mail message at the dedicated address viz. ethicscounsellors@cairnindia.com. Individuals can also raise their concerns directly to CEO or chairman of Audit Committee.

The Ethics Counsellors periodically submit the report on complaints received, if any and the action taken therein to the Audit Committee.



Onshore terminal in Bhogat, Gujarat

CORPORATE GOVERNANCE

Additional Shareholder Information

ANNUAL GENERAL MEETING

Date: 23 July, 2014

Time: 10.30 a.m.

Venue: Rangsharda Auditorium,
K C Marg, Bandra Reclamation,
Bandra West, Mumbai - 400 050

E-voting facility would be provided in terms of Companies Act, 2013, and rules made thereunder. Members are requested to refer to the AGM notice for e-voting instructions.

Financial Calendar

For the year ended 31 March, 2014, results were announced on

- 24 July, 2013: First quarter
- 22 October, 2013: Second quarter
- 23 January, 2014 : Third quarter
- 23 April, 2014: Fourth (last) quarter and the financial year's results

For the year ending 31 March, 2015, results will be announced by

- Last week of July 2014: First quarter
- Last week of October 2014: Half yearly
- Last week of January 2015: Third quarter
- Last week of April, 2015: Fourth quarter and full financial year's results.

Interim Dividend

The Board of Directors of the Company declared an interim dividend of INR 6.00 per equity share on a face value of INR 10 per share on 22 October, 2013. The record date for the purpose of payment of interim dividend was 28 October, 2013 and the interim dividend was paid to the shareholders on 31 October, 2013.

Final Dividend

The Board of Directors of the Company has recommended a final dividend of INR 6.50 per equity share. The dividend recommended by the Directors for the year ended 31 March, 2014, if declared at the annual general meeting, will be paid by Monday, 11 August, 2014 to those members, whose names appear on the Register of Members/ Depository records as on the closing hours of business on 10 July, 2014.

Unclaimed Dividend

Companies Act mandates companies to transfer dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). In accordance with the said provisions, the

dividends already declared and paid by the Company, if remaining unclaimed and unpaid for a period of seven years, will be transferred to IEPF, as per the details mentioned in Table 1.

The shareholders are requested to write to the registrar and share transfer agent/ Company to claim the unpaid dividend of previous years due to them after completing necessary formalities.

Transfer of Unclaimed IPO Refund amount to Investor Education and Protection Fund

Pursuant to Section 205C of the Companies Act, 1956, application money received by the Company for allotment of shares and due for refund, is required to be transferred to Investor Education and Protection Fund (IEPF) of the Central Government after such amount remained unclaimed and unpaid for a period of seven years from the date it became due for payment.

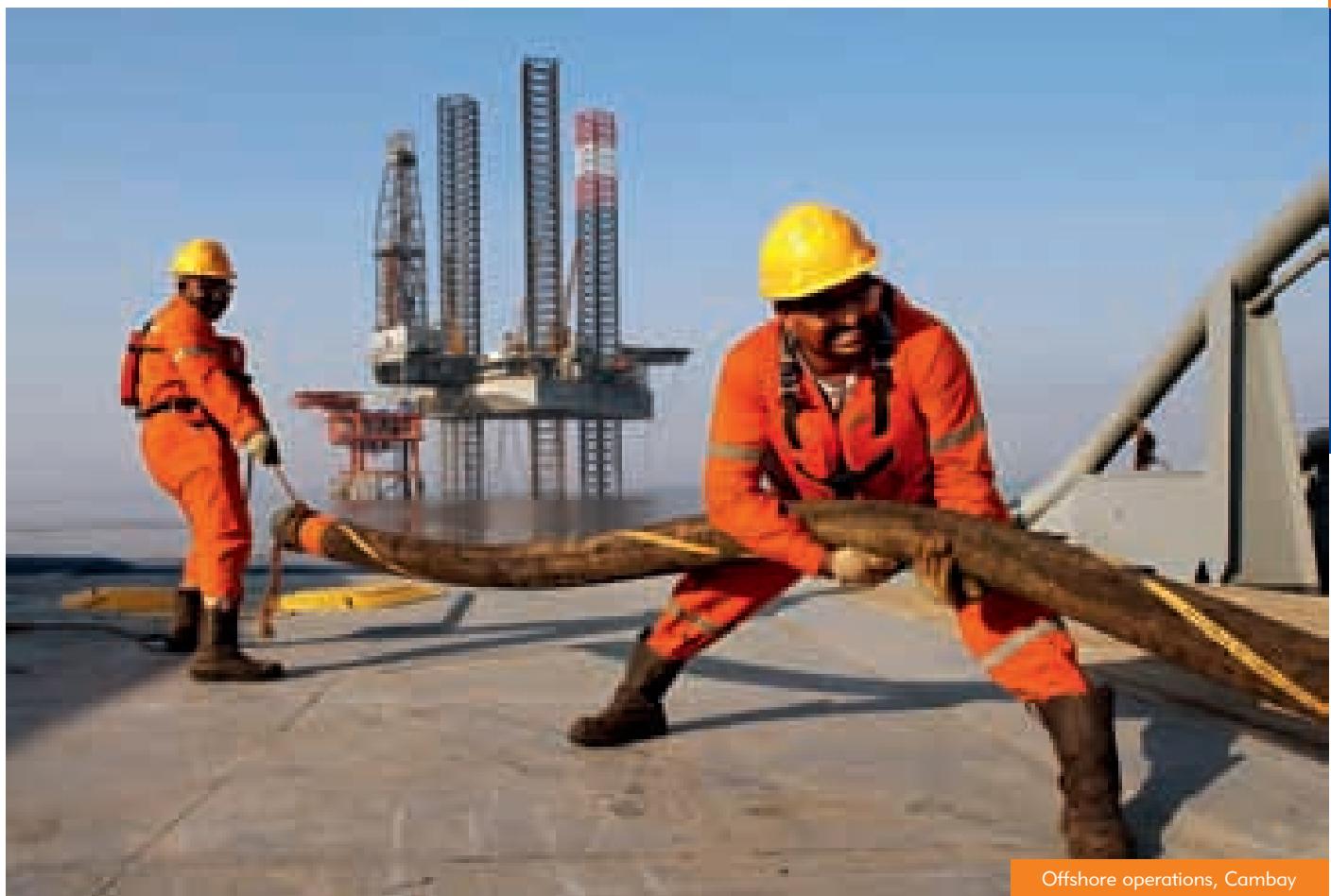
During the year, the Company transferred an amount of INR 16.03 lacs to IEPF being the unclaimed refund pertaining to the IPO of the Company made during 2006.

1. UNCLAIMED DIVIDEND

S.No.	Financial Year	Type of Dividend	Dividend/equity share (INR)	Date of declaration	Due date of transfer
1	2012-13	Interim	5.00	31 October, 2012	7 December, 2019
2	2012-13	Final	6.50	24 July, 2013	24 August, 2020
3	2013-14	Interim	6.00	22 October, 2013	28 November, 2020

2. STOCK EXCHANGE CODES

Name of the Stock Exchange	ISIN	Stock Code	Website
The National Stock Exchange of India Limited	INE910H01017	CAIRN	www.nseindia.com
BSE Limited	INE910H01017	532792	www.bseindia.com



Offshore operations, Cambay

Book Closure

The register of members and the share transfer books of the Company will remain closed from Friday, 11 July, 2014 to Wednesday, 23 July, 2014 (both days inclusive).

National ECS Facility

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. NECS mandate will help to avoid the loss of warrant in transit or non-receipt of dividend warrant. In this regard, shareholders holding shares in electronic form are requested to furnish the 10-digit bank account number allotted to them by their bank (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their depository participant (DP) or send these details to the Company/registrars, if the shares are held in physical form to avail NECS facility for receiving dividend.

If your bank particulars have changed for any reason, please arrange to register the NECS with the revised bank particulars.

Listing

The equity shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2014-15 has been paid to BSE and NSE. The Company has also paid annual custody/ issuer fee for the year 2014 -15 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The stock codes are given in Table 2.

Secretarial Audit

As a measure of good governance, the Company engaged M/s. Nesar & Associates, practicing company secretaries, to conduct secretarial audit for the financial year 2013-14. The secretarial audit report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956,

applicable provisions of Companies Act, 2013, depositaries act, 1996, listing agreements with the stock exchanges and all the regulations and guidelines of the Securities and Exchange Board of India as applicable to the company.

Buy - Back of Equity Shares of the Company

The Board of Directors on 26 November, 2013 approved the buy back of equity shares of the Company from its existing shareholders, other than Company's promoters, promoter group, persons in control and persons acting in concert. The buy back is being done from the open market through the stock exchanges, at a price not exceeding INR 335 per equity share, up to an aggregate amount not exceeding INR 5,725 crores. Within the said limit of buy back, the indicative maximum number of equity shares of INR 10 each that could be bought back would be 170,895,522, resulting in the reduction of equity capital by approximately 8.9%.

The approval of shareholders for buy back was obtained through postal ballot

on 6 January, 2014 and the Public Announcement in terms of SEBI (Buy back of Securities) Regulations, 1998, as amended, was made on 14 January, 2014 followed by a corrigendum to Public Announcement on 21 January, 2014. The buy back activity has commenced from 23 January, 2014.

The buy back is being made out of the free reserves and/or the securities premium account of the Company, from the open market through National Stock Exchange of India limited and BSE limited, as per the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

The details of the shares bought back and extinguished are provided in Directors' Report.

Shareholders' Satisfaction Survey

The Company has sent feedback forms seeking shareholders' views on various matters relating to investor services and information sharing. The feedback received from the shareholders was placed before the Stakeholders' Relationship Committee (erstwhile Shareholders'/Investors' Grievance Committee). The Company welcome

the suggestions of shareholders and will endeavour to implement wherever required and feasible.

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., a Company Secretary in Practice confirming due compliance of share transfer formalities by the Company. Audits were also carried out by M/s. S. Rajwanshi & Co., to reconcile the total admitted capital with NSDL and CDSL and reports of which were submitted with stock exchanges. 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 3 and Chart A give the details.

Distribution of Shareholding

Tables 4 and 5 list the distribution of the shareholding and shareholding pattern of the Company by size and by ownership

class as on 31 March, 2014. Further details of top twenty shareholders are given in Table 6.

Dematerialisation of Shares

Cairn India's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories of India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31 March, 2014, 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

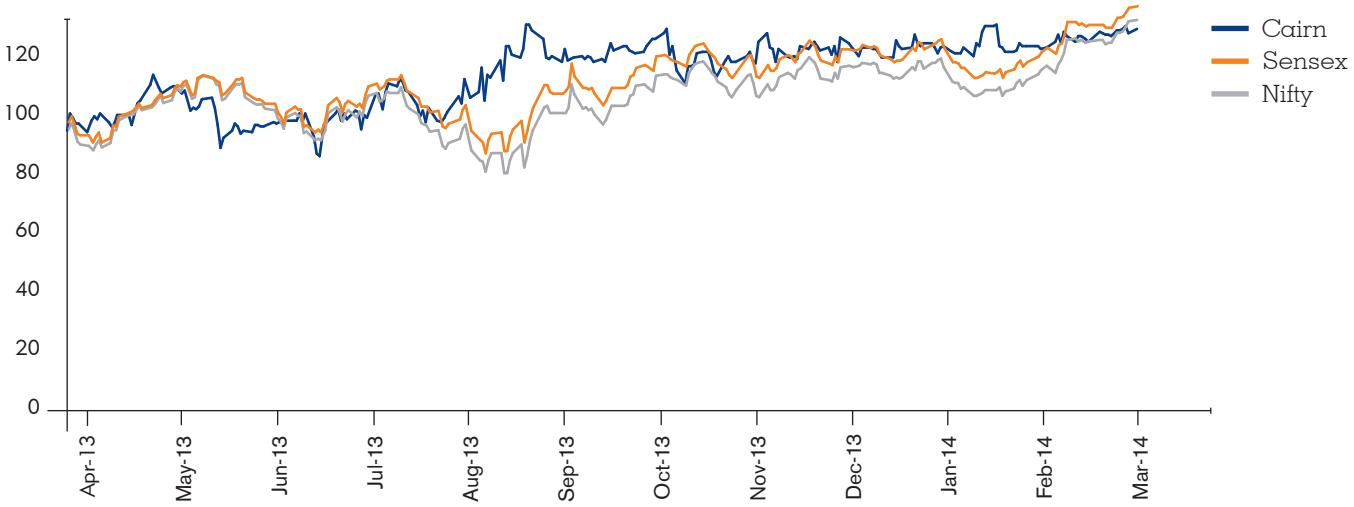
There are no outstanding GDRs / ADRs / warrants or any convertible instruments issued by the Company. However, the Company has outstanding employee stock options, the details of which as on 31 March, 2014 are given in Table 7.

Share Suspense Account

As per Clause 5A of the listing agreement,

3. HIGH AND LOW PRICE AND VOLUME OF COMPANY'S SHARES TRADED ON BSE AND NSE DURING THE FINANCIAL YEAR ENDED 31 MARCH, 2014

Months	BSE			NSE		
	High Price (INR)	Low Price (INR)	No. of Shares traded	High Price (INR)	Low Price (INR)	No. of Shares traded
Apr-13	312.90	273.00	6,437,201	313.30	274.20	59,441,636
May-13	311.00	276.85	3,053,850	310.80	276.00	40,693,920
Jun-13	300.00	273.40	3,333,673	300.00	272.55	34,094,630
Jul-13	312.65	284.35	2,980,382	312.90	284.25	37,111,586
Aug-13	331.25	286.85	4,289,606	331.50	287.10	47,462,952
Sep-13	338.55	313.80	4,008,268	339.30	313.65	57,811,418
Oct-13	337.80	306.00	4,007,739	337.40	306.20	57,888,070
Nov-13	333.40	309.50	3,104,656	333.65	309.50	42,060,555
Dec-13	330.00	317.05	2,091,726	330.45	316.60	32,420,491
Jan-14	332.70	316.00	1,954,654	332.65	318.40	51,703,608
Feb-14	336.50	317.75	3,526,358	336.70	317.05	51,327,469
Mar-14	336.00	322.10	1,402,525	335.80	324.05	34,111,483

Chart A: Share Performance vs. Nifty & Sensex

Note: Share prices, Nifty and Sensex indexed to 100 as on the first working day of the financial year 2013-14 i.e. 1 April, 2013.

4.DISTRIBUTION OF SHAREHOLDING, AS ON 31 MARCH, 2014

Number of Shares	No. of Shareholders	% of Shareholders	Number of Shares	% of Shares
Up to 500	221,762	92.39	24,236,940	1.27
501-1000	12,554	5.23	8,146,255	0.43
1001- 2000	2,718	1.13	3,923,245	0.20
2001- 3000	820	0.34	2,098,675	0.11
3001- 4000	374	0.16	1,336,283	0.07
4001- 5000	279	0.12	1,308,477	0.07
5001-10000	467	0.19	3,379,034	0.18
10001 and above	1,047	0.44	1,863,200,962	97.67
Total	240,021	100	1,907,629,871	100

5. SHAREHOLDING PATTERN AS ON 31 MARCH, 2014

	No. of Equity Shares of face value INR 10/- each	Shares held %
A PROMOTERS HOLDING		
1 Indian Promoters	383,840,413	20.12
2 Foreign Promoters	738,873,586	38.73
3 Persons acting in concert	-	-
B NON-PROMOTER HOLDINGS		
a) Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non-Government Institutions)	172,266,152	9.04
b) Foreign Institutional Investors	339,759,538	17.81
c) Public	44,658,016	2.34
d) Qualified Foreign Investors	50	0.00
e) Mutual Funds	15,717,957	0.82
f) NRI (Repatriable)	1,249,698	0.07
g) NRI (Non-Repatriable)	429,057	0.02
h) Bodies Corporate	23,143,109	1.21
i) Foreign Bodies Corporate	184,125,764	9.65
j) Clearing Member	2,773,130	0.15
k) Directors/relatives	177,746	0.01
l) Trusts	615,655	0.03
Grand Total	1,907,629,871	100.00

6. TOP TWENTY SHAREHOLDERS AS ON 31 MARCH, 2014

S.No.	Promoters Holding	No. of Equity Shares	Shares held %
1	Twin Star Mauritius Holdings Ltd	738,873,586	38.73
2	Sesa Sterlite Limited	351,140,413	18.41
3	Cairn UK Holdings Limited	184,125,764	9.65
4	Life Insurance Corporation of India	170,359,722	8.93
5	Sesa Resources Limited	32,700,000	1.71
6	Stichting Pensioenfonds ABP	12,570,715	0.66
7	HSBC Global Investment Funds A/C HSBC GIF Mauritius Limited	10,119,043	0.53
8	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	8,370,756	0.44
9	Dimensional Emerging markets Value Fund	7,356,472	0.39
10	Abu Dhabi Investment Authority-Gulab	7,011,262	0.37
11	Robeco Capital Growth Funds	6,804,350	0.36
12	Barclays Capital Mauritius Limited	6,008,247	0.32
13	Swiss Finance Corporation (Mauritius) Limited	5,889,690	0.31
14	Morgan Stanley Asia (Singapore) Pte.	5,272,608	0.28
15	DB International (Asia) Ltd	4,860,790	0.25
16	Government of Singapore	4,540,455	0.24
17	ICICI Prudential Life Insurance Company Ltd	4,402,801	0.23
18	Mondrian Focused Emerging Markets Equity Fund LP	4,298,500	0.23
19	Blackrock Institutional Trust Company, National Association (BTC) A/C MSCI Equity Index Fund B – India	4,160,475	0.22
20	Mondrian Emerging Markets Equity Fund L.P.	4,159,377	0.22

the status of the equity shares lying in the suspense account is given in Table 8. As a part of good governance, the Company has sent reminders to the shareholders for shares lying in suspense account.

Debt Securities

As on 31 March, 2014, there are no outstanding debt securities of the Company.

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 Stakeholders' Relationship Committee (erstwhile Shareholders'/Investors' Grievance Committee) for redressing the complaints/queries of shareholders and investors.

Address for Investor Correspondence

Either of the following:

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 25946970
Fax +91 22 25946969

Or

Director – Risk Assurance & 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

The web link to the email ID investor.complaints@cairnindia.com is also available on Company's website www.cairnindia.com under the 'Investors' section.



The Company has a dedicated Investor Relations department which helps foreign and domestic institutional investors in taking informed decisions

Investor Relations

The Company has a dedicated Investor Relations department which helps foreign and domestic institutional investors in taking informed decisions. This team maintains close liaison with capital market participants including brokers, investment

bankers, research analysts, portfolio managers and updates them about the Company strategy, business operations and financial performance. Information is shared through emails, periodic meetings, video and audio calls and participation in events such as investor and industry conferences.

Investors and analysts also get updated information on the 'Investors' section of the Company's website (www.cairnindia.com). It provides the latest information on investor-related events, presentations, transcripts of quarterly calls by the leadership team, financial statements, annual reports and shareholding pattern thus helping existing and potential investors. Contact details of Investor Relations department are separately given to enable institutional investors to directly reach out to the team.

7. OUTSTANDING ESOPS

ESOP Scheme	No. of Outstanding options	Last date for exercise	Exercise Price (INR)
CIESOP	108,893	31 December, 2016	160
	251,308	19 September, 2017	166.95
	875,656	28 July, 2018	227
	2,224,588	28 July, 2019	240.05
	2,038,673	26 July, 2020	331.25
	3,545,497	25 July, 2021	327.75
	3,478,463	22 July, 2022	326.85
	610,155	25 October, 2014	10
CIPOP	655,132	22 October, 2015	10
	3174026	22 October, 2016	10
	Total		16,962,391

As per respective ESOP schemes, if all the outstanding stock options granted get vested and exercised, the number of equity shares will increase by 16,962,391.

8. 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, 2013	49	8,400
2	No. of shareholders who approached for transfer of shares from suspense account during the 12 months year ended 31 March, 2014	2	455
3	No. of Shareholders to whom shares were transferred from suspense account during the 12 months year ended 31 March, 2014	2	455
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March, 2014	47	7,945

Operational Locations

The Company's oil and gas fields are located at:
Barmer (Rajasthan)
Ravva (Andhra Pradesh)
Cambay Basin (Gujarat)

Registered Office Address

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

CORPORATE GOVERNANCE

Certificate Of The Interim Chief Executive Officer & Whole Time Director And Chief Financial Officer

The Board of Directors
 Cairn India Limited
 101, West View,
 Veer Savarkar Marg,
 Prabhadevi,
 Mumbai- 400 025

Dear Sirs,

We, P Elango, Interim Chief Executive Officer & Whole Time Director and Sudhir Mathur, 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, 2014 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. There 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, 2014.

P. Elango
 Interim CEO & Whole Time Director

Date: 23 April, 2014
 Place: Gurgaon

Sudhir Mathur
 Chief Financial Officer

CORPORATE GOVERNANCE

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, 2014, 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, 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. LLP

Chartered Accountants
Firm registration number: 301003E

per Raj Agrawal

Partner
Membership No.: 82028

Place: Gurgaon
Date: April 23, 2014

CORPORATE GOVERNANCE

Secretarial Audit Report

The Board of Directors
 Cairn India Limited
 101, West View
 Veer Savarkar Marg
 Prabhadevi
 Mumbai-400025

I have examined the registers, records and documents of Cairn India Limited ("the Company") for the financial year ended on March 31, 2014 according to the provisions of:

- The Companies Act, 1956 and the Rules made under that Act and applicable provisions of Companies Act, 2013;
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
 - The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 as amended.
 - The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited .
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, applicable provisions of Companies Act, 2013 and the Memorandum and Articles of Association of the Company, with regard to:
- a. maintenance of various statutory registers and documents and making necessary entries therein;
 - b. closure of the Register of Members;
 - c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - d. service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - e. notice of Board meetings and Committee meetings of Directors;
 - f. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - g. the 7th Annual General Meeting held on July 24, 2013;
 - h. minutes of proceedings of General Meetings and of the Board and its Committee meetings;
 - i. approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
 - j. constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
 - k. payment of remuneration to Directors including the Whole-time Directors;
 - l. appointment and remuneration of Auditors;
 - m. Transfers of the Company's shares. However, there was no request for transmission of the Company's shares and issue and dispatch of duplicate certificates of shares;
 - n. payment of interest on debentures and redemption of debentures;
 - o. borrowings and registration, modification and satisfaction of charges wherever applicable;
 - p. investment of the Company's funds including inter corporate loans and investments and loans to others;

- q. giving guarantees in connection with loans taken by subsidiaries and associate companies;
 - r. form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
 - s. Directors' report;
 - t. contracts, common seal, registered office and publication of name of the Company; and
 - u. Generally, all other applicable provisions of the Act and the Rules made under the Act.
2. I further report that:
- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
 - b. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Ethics for Directors and Management Personnel;
 - c. the Company has obtained all necessary approvals under the various provisions of the Act; and
 - d. there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation/ rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited ;
 - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - d. the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects;
 - e. the Company has complied with the provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended.

For Nesar & Associates
Company Secretaries
Mohd Nazim Khan
Practicing Company Secretary
FCS: 6529 (CP: 8245)

Date: 16.04.2014

Place: New Delhi

CORPORATE GOVERNANCE

Directors' Report

The Members,

Your Directors have pleasure in presenting the eighth annual report on the business and operations of the Company and the audited financial accounts for the year ended 31 March, 2014.

COMPANY'S PERFORMANCE

During the year under review, Cairn India delivered highest revenue of INR 1,876,170 lacs. This was driven by robust production growth of 6% year on year, with gross operated average production at 218,651 barrels of oil equivalent for the fiscal. During the year, the Rajasthan block achieved a landmark oil production of 200 million

barrels and a 200,000 boepd production milestone in March 2014 by combining a world class asset with proven technical expertise and disciplined approach to execution. The production increase has helped to reduce the India's crude oil import dependence and strengthen the energy security of the country. Currently, Cairn contributes about 30% to India's domestic crude oil production as per MoPNG's March 2014 statistics. The

Company continues to be one of the low cost producers in the world resulting in EBITDA margin of 74% and strong cash flow from operations of INR 1,109,276 lacs for the year.

Since resumption of exploration in 2013, Cairn India has established over 1 billion boe in-place resources by delivering a rapid exploration and appraisal drilling program. The Company continues to focus

FINANCIAL HIGHLIGHTS

In INR lacs

	Standalone		Consolidated	
	For the financial year ended		For the financial year ended	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Total income	1,182,917	1,010,065	2,026,441	1,856,039
Total Expenditure	405,372	335,555	741,482	640,557
Profit before tax	777,545	674,510	1,284,959	1,215,482
Taxes	32,112	26,445	41,780	23,508
Profit/(loss) after tax	745,433	648,065	1,243,179	1,191,974
Impact of scheme	-	826,612	-	13,665
Profit/ (loss) for the year	745,433	1,474,677	1,243,179	1,205,639

The consolidated statements provide the results of Cairn India Limited together with those of its subsidiaries for the financial year ended 31 March, 2014.



on exploration in prolific Rajasthan block, execute multiple projects including one of the world's largest polymer flood EOR programme at Mangala for future growth.

DIVIDEND

Your Directors are pleased to recommend a final dividend of INR 6.50 per equity share of face value of INR 10 each for the year ended 31 March, 2014, subject to approval of shareholders at the ensuing annual general meeting of the Company.

INTERIM DIVIDEND

In addition to the proposed final dividend of INR 6.50 per equity share, your Company had already distributed an interim dividend of INR 6 per equity share of face value of INR 10 each, to shareholders, who were on the register of members of the Company as at closing hours of 28 October, 2013, being the record date fixed by the Board of Directors for this purpose. Interim dividend was paid on 31 October, 2013.

TRANSFER TO RESERVES

Your Company proposes to transfer INR 74,543 lacs to the general reserve. An amount of INR 1,286,048 lacs is proposed to be retained in the statement of profit and loss.

Further, pursuant to buy back of equity shares, your Company has transferred INR 327 lacs to capital redemption reserve account, which is equal to nominal amount of equity shares so bought back and extinguished till 31 March, 2014.

MEETINGS OF BOARD OF DIRECTORS

Annual calendar of meetings of the Board/ Committees is usually finalized well before the beginning of the year after seeking concurrence of all Directors. The meetings are scheduled only if most of the directors agree for the same. In case any of the directors have a subsequent change of plan and are not available for the meeting, effort is made to re-schedule the meeting provided the other Directors are available and willing to re-schedule. Where circumstances preclude the chairman from attending the meeting, he entrusts an independent Director or a non-executive Director to chair the meeting. Wherever possible, Directors who are not able to attend the meetings, join the proceedings through video conference or audio conference. Further, in order to facilitate the smooth functioning of the company, the board, if necessary, also approves resolutions by circulation between two board meetings.

During the year ended 31 March, 2014, the Board of Directors met five times viz. on 22 April, 2013, 24 July, 2013, 22 October, 2013, 26 November, 2013 and 23 January, 2014. The maximum gap between any two meetings was less than four months.

DECLARATION OF INDEPENDENCE BY DIRECTORS

The independent non-executive Directors of the Company, viz. Mr. Naresh Chandra, Dr. Omkar Goswami, Mr. Aman Mehta and Mr. Edward T. Story have affirmed that they continue to meet all the requirements specified under Clause 49(I)(A)(iii) of the listing agreement in respect of their position as an "Independent Director" of Cairn India Limited.

DIRECTORS

During the period under review, there were no changes to the composition of the Board.

According to the Section 149 of the Companies Act, 2013 ("new Act"), an independent Director can hold office for a term upto five consecutive years on the Board of the Company and would not be liable to retirement by rotation. Further, 2/3rd of the total number of Directors (other than Independent Directors) shall be liable to retirement by rotation pursuant to Section 152 of the new Act.

Accordingly, in light of the aforesaid provisions and the articles of association of the Company, provided below is the positions w.r.t appointment and reappointment of Directors at the ensuing annual general meeting of the Company:

- Ms. Priya Agarwal retires by rotation at the ensuing annual general meeting and is eligible for re-appointment.
- Mr. Naresh Chandra, Dr. Omkar Goswami, Mr. Aman Mehta and Mr. Edward T. Story are proposed to be appointed for a period upto 31 March, 2017 and their term of appointment will not be liable to retirement by rotation.
- Presently, the term of Mr. Tarun Jain is not liable to retirement by rotation. It is proposed to appoint Mr. Tarun Jain as a Director whose term of office will be liable to retirement by rotation.

A brief profile of the above-named Directors seeking appointment and re-appointment at the ensuing annual general meeting has been provided in the corporate governance report.

The Company has received the notices in writing from members proposing the candidature of the above mentioned persons for the office of Directors.

BUY BACK OF EQUITY SHARES OF THE COMPANY

Your Directors on 26 November, 2013 approved the buy back of equity shares of the Company from its existing shareholders, other than Company's promoters, promoter group, persons in control and persons acting in concert. The buy back is being done from the open market through National Stock Exchange of India Limited and BSE Limited, at a price not exceeding INR 335 per equity share, up to an aggregate amount not exceeding INR 5,725 crores. Within the said limit of buy back, the indicative maximum number of equity shares of INR 10 each that could be bought back would be 170,895,522, resulting in the reduction of equity capital by approximately 8.9%.

The approval of shareholders for buy back was obtained through postal ballot on 6 January, 2014 and the Public Announcement in terms of SEBI (Buy back of Securities) Regulations, 1998, as amended, was made on 14 January, 2014 followed by the corrigendum to Public Announcement on 21 January, 2014. The buy back activity commenced from 23 January, 2014.

The buy back is being made out of the free reserves and/or the securities premium account of the Company, as per the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998. The details of the shares bought back, shares extinguished, amount

spent on buy back till 31 March, 2014 are provided below in Table 1.

Subsequent to 31 March, 2014 and till the date of this report, no shares have been bought back by the company through buy back. Daily buy back report is also placed on the website of the company at www.cairnindia.com.

CHANGES IN CAPITAL STRUCTURE

During the financial year under review, 662,266 equity shares of INR 10/- each were allotted on exercise of employee stock options by the employees of the Company and its subsidiaries. Further, pursuant to buy back, your company has bought back and extinguished 3,270,549 equity shares of INR 10/- each till 31 March, 2014. Accordingly, the issued and paid up capital of the Company has been reduced to INR 19,076,298,710 divided into 1,907,629,871 equity shares of INR 10/- each.

Subsequent to the close of the financial year, the Company bought back nil equity shares. Accordingly, the issued and paid up capital of the Company as on the date of this report remain same as was on 31 March, 2014 i.e. INR 19,076,298,710 divided into 1,907,629,871 equity shares of INR 10/- each.

EMPLOYEE STOCK OPTION SCHEMES

Your Company has established share incentive schemes viz., Cairn India Performance Option Plan (CIPOP) and Cairn India Employee Stock Option Plan (CIESOP) pursuant to which options to acquire shares could be granted to selected employees and executive Directors of the Company and its subsidiaries. During the year, with the

approval of shareholders taken through postal ballot, the CIPOP scheme was amended to align with best practices in the global oil & gas industry and other industry best practices. The Company also used to have Cairn India Senior Management Plan (CISMP) as a share incentive scheme, however, the number of stock options that can be granted under CISMP has been exhausted and the same is no longer in force. 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 scheme. 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, 662,266 equity shares of INR 10 each were allotted pursuant to the exercise of stock options.

TRANSFER OF UNCLAIMED IPO REFUND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to section 205C of the Companies Act, 1956, application money received by the Company for allotment of shares and due for refund, is required to be transferred to Investor Education

1. SHARES BOUGHT BACK TILL 31 MARCH, 2014

No. of shares bought back	No. of shares extinguished	Amount spent on buy back in INR lacs (excluding transaction cost)
3,270,549	3,270,549	10,553



and Protection Fund (IEPF) of the Central Government after such amount remained unclaimed and unpaid for a period of seven years from the date it became due for payment.

During the year, the Company transferred an amount of INR 16.03 lacs to IEPF being the unclaimed refund pertaining to the IPO of the Company made during 2006.

LOANS AND INVESTMENTS BY THE COMPANY

Details of loans and investments by the Company, to other body corporates or persons are given in notes to the financial statements.

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 part of this Annual Report.

RISK MANAGEMENT

Cairn India follows well-established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

The Risk Management Committee assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework. Further, the Company has a dedicated risk assurance team interfacing between the risk management Committee and the Board to facilitate risk reporting and updates, risk policy compliances and provide overall guidance and support to business risk owners.

The heads of businesses/ functions of Cairn India are required to make an objective assessment of the internal controls within their respective functions annually, and issue assurance statements on the effectiveness of such controls. These statements are consolidated at the entity level by way of an assurance statement from the CEO to the Board, summarizing the robustness of the internal controls at an entity level, and action plans proposed to

be taken to address the gaps, if any.

INTERNAL CONTROL SYSTEM

Cairn India continuously invests in strengthening its internal control processes. The Company has put in place an adequate system of internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

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 has a Chief Internal Auditor with a dedicated internal audit team which is commensurate with the size, nature & complexity of operations of the Company. Internal audit reports functionally to Audit Committee of Board which reviews and approves risk based annual internal audit plan. Audit

Committee periodically reviews the performance of internal audit function.

The Company has a rigorous business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

The Audit Committee reviews adherence to internal control systems and internal audit reports. Further, the board annually reviews the effectiveness of the Company's internal control system.

SUBSIDIARY COMPANIES

During the financial year under review, in order to simplify and consolidate the multi-layered structure, twelve subsidiary companies were deregistered, details of which are given in Table 2.

As on 31 March, 2014, the Company had 19 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 accounts of the subsidiaries are also available on the website of the Company viz. www.cairnindia.com. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies.

CORPORATE GOVERNANCE

Your Company strives to ensure that best corporate governance practices are identified, adopted and consistently followed. Your Company believes

2. SUBSIDIARY COMPANIES Deregistered DURING THE FINANCIAL YEAR ENDED 31 MARCH, 2014

S. No.	Name of the Company	Country of incorporation	Effective date of deregistration/ dissolution
1.	Cairn Petroleum India Limited	Scotland	21 March, 2014
2.	Cairn Exploration (No.4) Limited	Scotland	21 March, 2014
3.	Cairn Energy Cambay Holding B.V	Netherlands	26 March, 2014
4.	Cairn Energy Gujarat Holding B.V	Netherlands	26 March, 2014
5.	Cairn Energy India West Holding B.V	Netherlands	26 March, 2014
6.	Cairn Energy India Holdings B.V	Netherlands	26 March, 2014
7.	Cairn Energy Group Holdings B.V	Netherlands	26 March, 2014
8.	Sydney Oil Company Pty Limited	Australia	24 February, 2014
9.	Cairn Energy Investments Australia Pty Limited	Australia	24 February, 2014
10.	Wessington Investments Pty Limited	Australia	24 February, 2014
11.	Cairn Energy Asia Pty Limited	Australia	31 March, 2014
12.	CEH Australia Pty Limited	Australia	31 March, 2014



The Company has an adequate system of internal control commensurate with its size and nature of business

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. LLP, 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.

RELATED PARTY TRANSACTIONS

All the related party transactions are done on arm's length basis. The Company presents a statement of all related party transactions before the Audit Committee. Details of such transactions are given in the accompanying financial statements.

SECRETARIAL AUDIT

In line with the high standards of corporate governance adopted by the Company and also to ensure proper compliance with the provisions of various corporate laws, regulations and guidelines issued by the Securities and Exchange Board of India, the listing agreement, the Company has voluntarily got secretarial audit conducted from a practicing Company Secretary.

An audit report issued by M/s. Nesar & Associates, Company Secretaries, in respect of the secretarial audit of the Company for the financial year ended 31 March 2014, is provided separately in the Annual Report.

AUDITORS & AUDITORS' REPORT

S. R. Batliboi & Co. LLP, chartered accountants, auditors of the Company, retire at the conclusion of the ensuing annual general meeting. They have confirmed that they are eligible for appointment and not disqualified for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder and there are no proceedings against them or any partner of the audit firm pending with respect to professional matters of conduct.

The Audit Committee at its meeting held on 23 April, 2014 has also recommended the re-appointment of S. R. Batliboi & Co. LLP as Statutory Auditors of the Company. Your directors also recommend their re-appointment from the conclusion of this annual general meeting till the conclusion of the next annual general meeting.

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

COST AUDITORS

In terms of the Cost Accounting Records (Petroleum Industry) Rules, 2011, issued by Ministry of Corporate Affairs on 7 December, 2011, vide G.S.R. 870(E), the Company is required to maintain cost accounting records and get them audited every year.

The Board appointed M/s. Shome & Banerjee, cost accountants, as Cost Auditors of the Company for the financial year 2014-15 at a fee of INR 8,85,000/- (Rupees eight lacs eighty five thousand

only) plus applicable taxes and out of pocket expenses subject to the ratification of the said fees by the shareholders at the ensuing annual general meeting pursuant to section 148 of the Companies Act, 2013, read with Cost Accounting Records (Petroleum Industry) Rules, 2011.

The cost audit report would be filed with the Central Government within prescribed timelines.

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 old Act') and corresponding Section 197 of the Companies Act, 2013 ('the new Act') and rules thereunder, form part of this report. However, as per the provisions of Sections 219(1)(b)(iv) and 136(1) of the old and new Act respectively, the report and accounts are being sent to the shareholders of the Company excluding the particulars of employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary for the same.



Processing installations at MPT, Rajasthan

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 judgements 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, 2014 and of the profit of the Company for the year ended 31 March, 2014.

- 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.
- v. The Company has devised proper systems to ensure compliances of all laws applicable to the Company.
- vi. Internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

Cairn India is committed to the highest standards of Corporate Social Responsibility. We are committed to create value through leadership

in corporate responsibility. It is our conviction that continuous business growth and sustainable communities go hand-in-hand while creating value for our stakeholders.

Cairn India has always taken a lead in developing linkages, relationships and interfaces between 'Business' and 'Society' from its inception, and has garnered support from all stakeholders including the society at large. It has paved the way for a new paradigm in CSR by not limiting itself to 'Philanthropy' but moving itself towards a new vision of 'Emancipation of communities through empowerment and enabling choices' build upon the Cairn's ideology of 'Respect, Relationship and Responsibility'. Cairn pro-actively engages with communities and stakeholders to arrive at the collective vision and joint implementation plan. Our goal is to make a positive social impact in every area in which we operate.

During the year under review, the Board

constituted a CSR committee consisting of 3 Directors, of which two are non-executive Directors, with the Chairman being independent Director.

The CSR Committee at its meeting held on 23 April, 2014, recommended the CSR policy which was also approved by Board of the Company. The composition, terms of reference etc. of the CSR Committee are provided in Corporate Governance Report which forms part of this Annual Report.

Detailed information on the initiatives of the Company towards CSR activities is provided elsewhere in the Annual Report. Further, the CSR policy of the Company is also placed on the website of the Company i.e. www.cairnindia.com.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for financial year 2013-14 is attached and forms part of the Annual Report.

AWARDS AND RECOGNITIONS

During the year, your Company earned a number of awards and honours from different bodies and trade organisation, the summary of which is as under:

- FICCI Corporate Social Responsibility Award – 2013 under 'Category: Private Sector Companies with INR 3,001 crore per annum and above turnover'.
 - With a three-year CAGR of 121%, Cairn India Ltd was named as the world's fastest growing energy company, for the second year in a row, in the Platts Top 250 Global Energy Company Rankings 2013.
 - Government of Gujarat awarded the certificate of recognition in honour of Project Shrishti (Green initiative by plantation, gardening and park for public) at Nalsarovar Bird Sanctuary, Ramsar Site in the year 2013.
 - Cairn India was conferred the ET Now Talent Leadership Conference and Awards 2013 under two categories for
- the most 'Innovative HR practices' and for 'Best Talent Management Strategy'.
- Cairn India's Mangala Oil & Gas Field unit won the Second prize in the large scale manufacturer category at the 3rd FICCI Safety Systems Excellence Awards for Manufacturing, 2013.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Cairn India's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

A policy on Prevention of Sexual Harassment at Workplace was released during the last financial year. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. A five member Internal Complaints Committee (ICC) was set up from the senior management with women employees constituting majority. The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended 31 March 2014, the ICC received two complaints pertaining to sexual harassment. Detailed investigations were carried out and appropriate action was taken by the ICC.

RELEVANT EXTRACT OF THE ANNUAL RETURN TO BE FILED WITH REGISTRAR OF COMPANIES

Relevant extract of annual return to be

filed with the Registrar of Companies for financial year 2013-14 is given in Annexure III to this 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 2014-15 to BSE 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 continuous 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**

**Mr. Navin Agarwal
Chairman**

Place: Gurgaon
Date: 23 April, 2014

CORPORATE GOVERNANCE

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 2013- March 2014	Nil	3,290,997	Nil
2.	The Pricing Formula	INR 33.70 per share	INR 10 per share price	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 2013- March 2014	NIL	NIL	2,136,212
4.	Options Exercised during April 2013- March 2014	NIL	NIL	662,266
5.	Total number of shares arising as a result of exercise of options during April 2013- March 2014	NIL	NIL	662,266
6.	Options lapsed during April 2013- March 2014	NIL	357,047	786,472
7.	Variation of terms of options	None	Yes*	None
8.	Money realized by exercise of options during April 2013- March 2014 (Amount in INR)	NIL	NIL	148,121,661.90
9.	Total number of options in force as on 31 March 2014	NIL	4,439,313	12,523,078
10.	Employee wise details of options granted during the year to:			
	i) Senior Managerial Person	None	P. Elango- 46,758 Ananthakrishnan B.- 30,182 Ganesan Rajgopalan-38,344 Neerja Sharma- 29,097 Hari Kumar Polavarapu-49,569 Sanjay Singh- 33,872 Sudhir Mathur-47,808 Venkatesan T.K- 26,984	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	None	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	38.95	38.95	38.95
12.	i) Method of calculation of employee compensation cost	Fair 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 (INR in lacs)		NA	

S.No.	Particulars	Cairn India Senior Management Plan	Cairn India Performance Option Plan (2006)	Cairn India Employee Stock Option Plan (2006)
	iii) The impact of this difference on profits and on EPS of the Company	-	NA	-
	Profit after Tax (PAT) (INR in lacs)	-	745,433	-
	Less: Additional employee Compensation cost based on fair value (INR in lacs)	-	NA	-
	Adjusted PAT (INR in lacs)	-	745,433	-
	Adjusted EPS Basic (INR)	-	39.03	-
	Adjusted EPS Diluted (INR)		38.95	-
13.	Weighted-average exercise prices of options granted during April 2013- March 2014	NA	10	NA
	Weighted-average fair value of each option outstanding as on 31 March 2014	NA	280.44	162.76
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	8.47	NA
ii.	expected life (in years)	NA	3.13	NA
iii.	expected volatility	NA	28.30	NA
iv.	expected dividends	NA	NA	NA
v.	price of the underlying share in market at the time of option grant	NA	306.7	NA

*During the year 2013-14, with the approval of shareholders taken through postal ballot, CIPOP scheme was amended to align with best practices in the global oil & gas industry and other industries.

ANNEXURE II

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

Conservation of Energy

Energy conservation measures taken

Cairn India operates in a safe and environmentally responsible manner for the long-term benefit of all stakeholders. We work towards minimizing the impact of our operations on the environment and are committed to take effective measures to conserve energy, promote the use of renewable energy and drive energy efficiency in our operations.

Last year, we launched number of initiatives in our producing assets towards reducing our energy footprint. In Rajasthan block we have installed solar-powered lighting systems at several operating terminals. Renewable energy continues to

augment the energy required to operate the unmanned production platforms at Ravva and Suvali. In the year 2013-14, your Company completed a renewable energy strategy study with TERI; several recommendations of which are under further techno-commercial evaluation. A significant initiative emerging out of the above is the potential for using solar thermal technologies for high and medium pressure steam generation in our Rajasthan processing facilities. Discussions are underway with technology providers to assess the possibility of such an option.

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:

Rajasthan upstream operations

- We currently use the associated gas at Mangala Processing Terminal (MPT) to generate power for our operational facilities and the excess associated gas is flared. An initiative to compress and condition the excess gas and to make it saleable is currently underway. Post-conditioning, this gas will be commingled and exported with the Raageshwari gas for sale to our gas customers.
- We are in the process of installing solar-powered lighting at our facilities. In the 2013-14, 46 solar powered lights

were installed at our Raageshwari Gas Terminal (RGT). Another 41 solar powered lights were installed at our Bhagycam facility in Rajasthan. This has resulted in sourcing 6,130 KWH during the reporting period from renewables.

- We have also installed 32 light-controlled timers at the Bhagycam facility to save electricity. This initiative has resulted in electricity savings of 48,162 KWH during the reporting period.
- We have completed a feasibility study for the installation of a Solar PV based captive power plant at Saraswati S1 well pad area. A statement of work has been initiated for a power plant that will generate about 235,000 KWH of electricity per annum.
- We have also completed a feasibility study for the installation of a solar energy based drip irrigation system for use in our greenbelt area.
- We have partially replaced conventional transport vehicles within the processing plant facilities in MPT and RGT with battery operated vehicles and bicycles. Golf carts have been deployed in MPT and bicycles are in use at our Bhagycam facility for internal plant movement of personnel.

Ravva operations

- Each unmanned offshore platform has solar panels and a wind turbine that provides power for instrumentation, telemetry system and navigation lights. Hot water for laundry at living quarters is generated from solar water heater. The estimated value of renewable energy used at Ravva in the year 2013-14 is 43.48 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.
- Fuel gas flow meters installed in gas turbines and gas engines which are major fuel consuming equipments for performance monitoring.

Midstream operations

The energy requirement for heating the crude oil pipeline and powering our sites is met by the gas we produce from Raageshwari fields in Rajasthan. This year we are committed to reduce this fuel gas consumption by energy audit/management and target setting. Rooftop solar panels at our Above Ground Installations (AGIs) were trialled on pilot basis in the year 2013-14.

Suvali (CB/OS-2) operations

- Approximately 13,709 KWH/ year of power is generated by the solar power system installed at the offshore platforms.
- The gas condensate produced at the onshore processing facility was being transferred to the storage tanks, resulting in flash vapours which could not be recovered. The condensate has been therefore re-routed to the oil processing system, wherein the flash vapours were recovered by the gas ejectors (~45.0 to 50 scm/hr) and injected back into the sales gas stream.
- Air-conditioning system of the control room building has been replaced with non-ODS (Ozone Depleting Substance) type refrigerant (R-407C). With the new system we were able to achieve reduction in refrigerant usage by 13 % and save electrical energy up to 14%.
- Natural Gas has been now substituted with nitrogen system for blanketing of storage tanks to minimize the natural gas consumption. Post usage of Nitrogen as a blanketing gas, GHG emission has reduced and has also reduced the operational hazards. Further, vapor balancing was introduced to utilize the vapour generated from tank in receipt to tank under dispatch mode which further reduces emission to atmosphere. This has helped in reducing the fuel gas consumption by ~1200 to 1500 scm/day.

Additional investments and proposals being implemented for conservation of energy

During the year 2013-14, Cairn India initiated a Solar Home System project to cover over 2,000 rural households in Rajasthan block. As part of this project, Cairn India plans to fund 35% of the total cost of installation per household. The balance funds will be collected from the community and government subsidies. In Phase-I, installation has commenced for 500 households.

The company is also in talks with technology providers to install a solar micro-grid community pilot project that will cover 15-20 villages near its areas of operation.

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Research & Development (R&D) Specific areas in which R&D was carried out by the Company

- Subsurface as a discipline has engaged in various R&D work throughout the year in field of enhanced oil recovery and exploiting the low permeability tight reservoirs. Cairn continued its study with research institutes towards field scale implementation EOR (Enhanced Oil Recovery) program. Cairn has been conducting a field pilot to demonstrate the applicability of EOR in the Mangala field in FM1, the uppermost unit of the Mangala reservoir which contains around 45% of the total STOIP.

The pilot was planned with small area of 100 x100 mts to expedite timely results while allowing all pilot objectives to be met. Production and water injection in the pilot started in the year 2010 which was followed by polymer injection in 2011. Completion of polymer injection period resulted in additional oil recovery over water flood



Offshore drilling operations, Sri Lanka

from the pilot area STOIIIP. Next phase of ASP flooding is currently under progress in the field.

- In Ravva, the Company looked at the opportunity of increased oil recovery through state of the art 4D seismic study. Under this study seismic data was repeatedly acquired over time and differenced to identify locations where hydrocarbons have not been drained by existing production wells. Implementation of the Ravva 4D program was carefully and methodically done, from feasibility modelling through data acquisition, processing and analysis. The first of these areas were successfully tested by a well drilled in March 2014; the well tested and flowed at ~ 3,000 bopd.
- Your Company has established the successful trial of SOBM cuttings dryers.
- A well GA-6 had a potential of ~1,000 bopd but oil zone ceased to flow due to severe sanding issues. Hence, a resin based sand consolidation treatment job was planned in the well. Lab test of the resin on the sand samples from the well

was conducted and showed positive results.

- Continuing on our earlier feasibility studies of utilizing Synthetic Based Mud (SDM) contaminated drill cuttings in cement kilns, during the year 2013-14, we have obtained approvals from the Central Pollution Control Board for recycling by co-processing of the drill cuttings. We are now in the process of commercial scaling-up of this initiative.
- Mangala EOR project has resulted in additional power requirement from the grid power thereby reducing the use of gas for power generation. This concept of using grid and solar power to meet the power demand is planned be applied in all future EOR projects as well.
- Cairn has been actively pursuing the application of EOR (Enhanced Oil Recovery) technology in the Mangala, Bhagya and Aishwariya (MBA) fields. Studies by research institutes to evaluate the feasibility and 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 to test the chemical EOR process at pilot scale. Eight wells have been drilled and completed for the EOR pilot. The water injection & polymer injection phase of the pilot has been successfully completed. Polymer injection has resulted in significant decline in water-cut of the producer demonstrating efficacy of polymer in improving oil recovery over base waterflood. Based on the successful pilot results, the development plan for full field application of polymer flood in Mangala field is under implementation. Based on the studies, the field development plan for full field application of Polymer flood in Bhagya field has been submitted. The alkali surfactant polymer (ASP) phase of the pilot is ready for start up.
- Innovative electrical infrastructure (E – house) has been designed and developed for well pad over conventional substation.
- Niche technological solution developed for the treatment of produced water

3. EXPENDITURE ON R&D

S.No	Particulars	Amount (In INR lacs)
1.	Capital	33,363
2.	Recurring	1,875
3.	Total*	35,238
4.	Total R&D expenditure as a % of total turnover (revenue from operations)	1.88

*These are consolidated numbers for the twelve months period ended 31 March, 2014

containing polymer. This improves water conservation by allowing reuse of water and also improves separation efficiency in process.

- A Pipeline Integrity Management System covering all stages of integrity life-cycle from assessing the pipeline risk to managing and analyzing inspection data to planning mitigation actions has been initiated. This system consolidates all pipeline data in one database platform and can analyze gathered data to aid and document the analysis/decision process and respond accordingly.
- Risk based inspection was introduced which is used to identify and assess the risk of damage mechanism to pipeline and facilities to assess probability/consequence of failure and thereby rank risk accordingly. It is also used to optimize inspection intervals.
- To allow for increased rate of production and subsequent flows on the crude pipeline, technical solution of drag reducing agents were used positively during the period and allowed flows in excess of 200,000 bopd without the need of adding major equipment.

Benefits derived as a result of this R&D

- Cairn's continued research in EOR applications for the MBA fields unlocked additional oil reserves within these fields. A proper management of depleted reservoirs and use of advanced technology is helping Cairn to recognise additional and early recovery from its matured fields.
- The SOBM dryers reduce the oil on cuttings volume by approx 10% and

can yield up to 40bbls of SOBM mud in a 24 hour period of steady drilling. This technology reduces the hazardous land fill volume and the returned fluid is re-used in the mud. In addition, due to the reduced cuttings volume at the rig pads, your Company hopes to reduce the waste pit sizes over time and hence reduce the pad footprint.

- Coil tubing based well intervention was carried out, which helped in achieving the sand clean out across the perforation and pump sand consolidation resin in the oil zone.
- Also, a lower gas zone was isolated using an inflatable packer conveyed on coil tubing to ensure proper treatment of the upper oil zone. Post this operation the well was activated and flowed on self @ ~1,100 bopd.
- Cairn's research and adoption of new technologies in EOR applications for the MBA fields is unlocking the potential of recovering additional oil reserves within these fields as well as helping in seamless project execution. Success of ASP pilot will further improve the oil recovery from these fields and pave the way for chemical EOR application in other fields as well.

Future Plan of Action

Going forward, post Mangala implementation, it is also intended to implement chemical EOR in Bhagyam and Aishwariya fields. A polymer injectivity test is planned in Bhagyam which would be followed by field wide polymer flood implementation. We further plan to operationalize the co-processing of the drilling waste in cement industries.

Expenditure on R&D

Details outlined in Table 3.

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

Cairn sells its entire crude oil production domestically to PSUs and private refineries. The Company continues to play a key role in helping India enhance its energy security by continuous exploration and enhancing domestic crude oil production. Currently, Cairn contributes ~30% to domestic crude oil production of the country.

FOREIGN EXCHANGE USED AND EARNED

During the period ended 31 March, 2014, the Company earned INR 992,753 lacs and incurred expenditure of INR 131,662 lacs in foreign exchange.

For and on behalf of the Board of Directors

Navin Agarwal
Chairman

Place : Gurgaon
Date : 23 April, 2014

ANNEXURE III

RELEVANT EXTRACT OF ANNUAL RETURN for the financial year ended on 31 March, 2014

1. REGISTRATION AND OTHER DETAILS

1	Corporate Identity Number (CIN) of the Company	L11101MH2006PLC163934
2	Registration Date	21 August, 2006
3	Name of the Company	Cairn India Limited
4	Category / Sub-Category of the Company	Public Company limited by shares
5	Address of the Registered office and contact details	101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 Tel +91 22 24338306, Fax +91 22 24311160
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent , if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 E-Mail: rnt.helpdesk@linkintime.co.in, Tel: +91 22 2594 6970, Fax: +91 22 2594 6969

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1	Extraction of crude petroleum	0610	99%
2	Extraction of natural gas	0620	1%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
1	Sesa Sterlite Limited 20 EDC Complex Patto, Sesa Ghor Panaji Goa 403001	L13209GA1965PLC000044	Holding	58.85%	2(46) & 2(87)
2	Cairn India Holdings Limited 4th Floor, 22-24 New Street, St Paul's Gate, St Helier, Jersey, JE1 4TR	-	Subsidiary	100%	2(87)
3	CIG Mauritius Holding Private Limited 6th Floor, Tower A 1 Cybercity, Ebene Mauritius.	-	Subsidiary	100%	2(87)

Notes:

1. Sesa Sterlite directly and through its subsidiaries holds 58.85% share capital in Cairn India. The break up for the same is as under:-
 - a. Sesa Sterlite Limited- 18.41%
 - b. Twin Star Mauritius Holdings Ltd-38.73%
 - c. Sesa Resources Limited-1.71%
2. The direct subsidiaries of Cairn India further holds subsidiary companies in various jurisdictions. The details for the same are as under:
A. Cairn India Holdings Limited
 - i. Cairn Energy Holdings Limited
 - ii. Cairn Energy Hydrocarbons Limited
 - iii. Cairn Exploration (No.7) Limited
 - iv. Cairn Exploration (No.6) Limited
 - v. Cairn Exploration (No.2) Limited
 - vi. Cairn Energy Gujarat Block 1 Limited
 - vii. Cairn Energy Discovery Limited
 - viii. Cairn Energy Australia Pty Limited
 - ix. Cairn South Africa Proprietary Limited
 - x. Cairn Energy Cambay B.V.
 - xi. Cairn Energy India West B.V.
 - xii. Cairn Energy Gujarat B.V.
 - xiii. Cairn Energy Netherlands Holdings B.V.
 - xiv. CEH Australia Limited
 - xv. Cairn Energy India Pty Limited
- B. **CIG Mauritius Holding Private Limited**
 - i. CIG Mauritius Private Limited
 - ii. Cairn Lanka (Pvt) Limited

SHAREHOLDING PATTERN
Category-wise Share Holding

Category of Shareholders	No. of shares held on 1 April, 2013			No. of shares held on 31 March, 2014			% of Total shares	% Change during the year		
	Demat	Physical	Total	Demat	Physical	Total				
A. Promoters										
(1) Indian										
Individual/HUF	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Central Government	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
State Government(s)	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Bodies Corporate	383,840,413	Nil	383,840,413	20.09	383,840,413	Nil	383,840,413	20.12 00.03		
Banks/Financial institutions	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Any Other	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Sub-total (A)(1)	383,840,413	Nil	383,840,413	20.09	383,840,413	Nil	383,840,413	20.12 00.03		
(2) Foreign										
NRIs - Individuals	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Other - Individuals	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Bodies Corporate	738,873,586	Nil	738,873,586	38.68	738,873,586	Nil	738,873,586	38.73 00.05		
Banks/Financial institutions	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Any Other	Nil	Nil	Nil	00.00	Nil	Nil	00.00	Nil		
Sub-total (A)(2)	738,873,586	Nil	738,873,586	38.68	738,873,586	Nil	738,873,586	38.73 00.05		
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,122,713,999	Nil	1,122,713,999	58.77	1,122,713,999	Nil	1,122,713,999	58.85 00.08		
B. Public Shareholding										
(1) Institutions										
Mutual Funds	59,751,067	Nil	59,751,067	03.13	15,717,957	Nil	15,717,957	00.82 (02.31)		
Banks/Financial institutions	150,582,566	Nil	150,582,566	07.88	169,707,915	Nil	169,707,915	08.90 01.02		
Central Government	Nil	Nil	Nil	00.00	325,612	Nil	325,612	00.02 00.02		
State Government (s)	Nil	Nil	Nil	00.00	Nil	Nil	Nil	00.00 00.00		
Venture Capital Funds	Nil	Nil	Nil	00.00	Nil	Nil	Nil	00.00 00.00		
Insurance Companies	2,182,625	Nil	2,182,625	00.12	2,232,625	Nil	2,232,625	00.12 00.00		
FII's	278,117,140	Nil	278,117,140	14.56	339,759,538	Nil	339,759,538	17.81 03.25		
Foreign Venture Capital Fund	Nil	Nil	Nil	00.00	Nil	Nil	00.00	00.00		
Others - Qualified foreign investors	75,050	Nil	75,050	00.00	50	Nil	50	00.00 00.00		
Sub-total (B)(1)	490,708,448	Nil	490,708,448	25.69	527,743,697	Nil	527,743,697	27.67 01.98		
(2) Non-Institutions										
(a) Bodies Corporate										
i) Indian	43,850,079	Nil	43,850,079	02.30	23,143,109	Nil	23,143,109	01.21 (01.09)		
ii) Overseas	196,174,600	Nil	196,174,600	10.27	184,125,764	Nil	184,125,764	09.65 (00.62)		

SHAREHOLDING PATTERN***Category-wise Share Holding***

Category of Shareholders	No. of shares held on 1 April, 2013			No. of shares held on 31 March, 2014					
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	% Change during the year
(b) Individuals									
i)Individual shareholders holding nominal share capital up to Rs.1 lakh	46,210,771	6693	46,217,464	02.42	40,227,661	5777	40,233,438	02.11	(00.31)
ii)Individual shareholders holding nominal share capital in excess of Rs1 lakh	5,816,944	Nil	5,816,944	00.30	4,424,578	Nil	4,424,578	00.23	(00.07)
(c) Others									
NRI (Repat)	1,588,589	Nil	1,588,589	00.08	1,249,398	300	1,249,698	00.07	(00.01)
NRI(Non Repat)	661,433	Nil	661,433	00.03	429,057	Nil	429,057	00.02	(00.01)
Clearing Members	1,828,000	Nil	1,828,000	00.10	2,773,130	Nil	2,773,130	00.15	00.05
Directors/Relatives	177,746	Nil	177,746	00.01	177,746	Nil	177,746	00.01	00.00
Trusts	500,852	Nil	500,852	00.03	615,655	Nil	615,655	00.03	00.00
Sub-total (B)(2)	296,809,014	6,693	296,815,707	15.54	257,166,098	6,077	257,172,175	13.48	(02.06)
Total Public Shareholding (B)=(B)(1)+(B)(2)	787,517,462	6,693	787,524,155	41.23	784,909,795	6,077	784,915,872	41.15	(00.08)
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	00.00
Grand Total (A+B+C)	1,910,231,461	6,693	1,910,238,154	100	1,907,623,794	6,077	1,907,629,871	100	-

SHAREHOLDING PATTERN***Shareholding of Promoters***

Shareholder's Name	No. of shares held on 1 April, 2013			No. of shares held on 31 March, 2014			
	No. of Shares	% of total Shares Of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares Of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
Twin Star Mauritius Holdings Ltd	738,873,586	38.68	Nil	738,873,586	38.73	100.00	00.05
Sesa Sterlite Limited*	351,140,413	18.38	Nil	351,140,413	18.41	Nil	00.03
Sesa Resources Limited	32,700,000	1.71	Nil	32,700,000	1.71	Nil	00.00
Total	112,271,399	58.77	-	112,271,399	58.85	-	00.08

*Erstwhile Sesa Goa Limited.

SHAREHOLDING PATTERN***Change in Promoters' Shareholding****

Shareholder's Name	Cumulative Shareholding during the year			
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year, 1 April, 2013				
Twin Star Mauritius Holdings Ltd	738,873,586	38.68	-	-
Sesa Sterlite Limited	351,140,413	18.38	-	-
Sesa Resources Limited	32,700,000	1.71	-	-
Total	112,271,399	58.77	-	-
Date wise Increase/ Decrease in Promoters Shareholding during year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)				
At the end of the year, 31 March, 2014				
Twin Star Mauritius Holdings Ltd	738,873,586	38.73	-	-
Sesa Sterlite Limited	351,140,413	18.41	-	-
Sesa Resources Limited	32,700,000	1.71	-	-
Total	112,271,399	58.85	-	-

*There is no change in the number of shares held by the promoter companies, however, the percentage of shareholding has changed during the year due to ESOP allotments and extinguishment of shares pursuant to Buy-Back.

SHARE HOLDING PATTERN***Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)***

Top Ten shareholders	Shareholding as on 1 April, 2013		Shareholding as on 31 March, 2014	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Cairn UK Holdings Limited	196,174,600	10.27	184,125,764	9.65
Life Insurance Corporation of India	150,952,015	7.90	170,359,722	8.93
Europacific Growth Fund	16,000,000	0.84	-	0.00
ICICI Prudential Dynamic Plan	27,430,829	1.44	424,161	0.02
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Fund	9,391,699	0.49	8,370,756	0.44
Indus Capital Advisors (UK) LLP A/c Indus India Fund (Mauritius) Limited	9,220,753	0.48	-	0.00
Reliance Life Insurance Company Limited	8,879,707	0.46	171,478	0.01
Robeco Capital Growth Funds	8,200,000	0.43	6,804,350	0.36
Swiss Finance Corporation (Mauritius) Limited	7,239,857	0.38	-	0.00
HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	7,031,379	0.37	10,119,043	0.53

SHARE HOLDING PATTERN***Shareholding of Directors and Key Managerial Personnel****

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year, 1 April, 2013				
P. Elango	177,746	0.01	-	-
Neerja Sharma	34,341	0.002	-	-
Sudhir Mathur	-	-	-	-
Date wise increase/ decrease in share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
At the end of the year, 31 March, 2014				
P. Elango	177,746	0.01	-	-
Neerja Sharma	34,341	0.002	-	-
Sudhir Mathur	-	-	-	-

*There is no change in the number of shares held by the KMP & Directors, however, the percentage of shareholding has changed during the year due to ESOP allotments and extinguishment of shares pursuant to Buy-Back.

INDEBTEDNESS***Indebtedness of the Company including interest outstanding/accrued but not due for payment***

(in INR)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
+ Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	Nil	Nil	Nil	Nil

REMUNERATION OF DIRECTORS

(in INR lacs)

A. Remuneration to Whole-time Director

Particulars of Remuneration	Name of MD/ WTD/ Manager	Total
	Mr. P. Elango	
Gross salary		
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	199.89	
b) Value of perquisites u/s 17(2)Income-tax Act, 1961	33.56	233.45
c) Profits in lieu of salary under section 17(3)Income- tax Act,1961	NIL	
Stock Option	46,758 stock options granted during the year	
Sweat Equity	NIL	NIL
Commission		
as% of profit	NIL	NIL
others, specify	NIL	NIL
Others, please specify		
Bonus & Performance Incentives	251.52	
Retirement Benefits	26.33	277.85
Total(A)	511.30	511.30
Ceiling as per the Act	5% of the net profits of the Company	

REMUNERATION OF DIRECTORS

(in INR lacs)

B. Remuneration to other directors

Particulars of Remuneration	Name of Directors				
Independent Directors	Omkar Goswami	Naresh Chandra	Aman Mehta	Edward T Story	Total Amount
Fee for attending board committee meetings	2	2	2.40	1.60	8
Commission	75	75	75	75	300
Others, please specify	-	-	-	-	-
Total(1)	77	77	77.40	76.60	308
Other Non-Executive Directors	Tarun Jain	Navin Agarwal	Priya Agarwal		
Fee for attending board committee meetings	2.80	1.40	0.60		4.80
Commission	-	-	-		-
Others, please specify	-	-	-		-
Total(2)	2.80	1.40	0.60		4.80
Total(B)=(1+2)	312.80				
Total Managerial Remuneration (A+B)	824.10				
Overall Ceiling as per the Act	11% of the net profits of the Company				



PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
A. COMPANY	-	-	-	-	
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	-	-	-	-	
B. DIRECTORS	-	-	-	-	
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	-	-	-	-	
C. OTHER OFFICERS IN DEFAULT	-	-	-	-	
Penalty	-	-	-	-	
Punishment	-	-	-	-	
Compounding	-	-	-	-	



Business Responsibility Report





BUSINESS RESPONSIBILITY REPORT

SECTION A

General Information about the Company		
1	Corporate Identity Number (CIN) of the Company	L11101MH2006PLC163934
2	Name of the Company	Cairn India Limited
3	Registered address	101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 Tel +91 22 24338306, Fax +91 22 24311160
4	Website	http://www.cairnindia.com
5	E-mail id	cilir@cairnindia.com
6	Financial Year reported	2013-14
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 06 - Extraction of crude petroleum and natural gas
8	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	Cairn India produces only two products, viz. 1. Crude Oil 2. Natural Gas
Total number of locations where business activity is undertaken by the Company		
9	Number of International Locations	<ul style="list-style-type: none"> • Sri Lanka • South Africa
10	Number of National Locations	<p>Cairn India produces crude oil and natural gas from the</p> <ul style="list-style-type: none"> • RJ-ON-90/1 hydrocarbon block located in the districts of Barmer&Jalore in Rajasthan, • PKGM-1 block (Ravva) located off-shore, Suraisaniyanam, Bay of Bengal, Andhra Pradesh and • CB/OS-2 (Suvali), located offshore, Suvali, Gulf of Khambhat, Gujarat. • We also operate crude oil evacuation pipeline system that extends from Barmer (Rajasthan) to Salaya (Gujarat) which is presently being extended to the Arabian sea coast off Bhoghat (Gujarat). <p>The company also utilizes its Natural Gas pipeline infrastructure to evacuate some of its natural gas from the Rajasthan block to a government nominated buyer in Gujarat.</p>
11	Markets served by the Company	<p>"Cairn India's crude oil customers include both Public Sector Units (PSU) refineries like - Indian Oil Corporation Ltd (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Chennai Petroleum Corporation Limited (CPCL) as well as private refineries like Reliance India Limited (RIL) and Essar Oil Limited.</p> <p>Natural gas buyers are Gujarat Narmada Valley Fertilizers Company Limited (GNFC), GAIL (India) Ltd. and Gujarat Gas Co. Ltd. (GGCL) & CLP India Private Limited (CLPIPL)."</p>

SECTION B

Financial Details of the Company		
1	Paid up Capital (INR)	19,076,298,710
2	Total Turnover (INR)	18,762 Crore
3	Total profit after taxes (INR)	12,432 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.38% (47.6 Crore)
5	List of activities in which expenditure in 4 above has been incurred:-	<p>Cairn India CSR spend are classified in following 5 categories:</p> <ol style="list-style-type: none"> 1. Health, Water & Sanitation – 27% 2. Education – 12% 3. Sustainable livelihood (Vocational skill development and non-farm) – 14% 4. Sustainable Livelihood (farm-based) – 10% 5. Construction of Cairn Center of Excellence (Vocational Training Center): 37%

SECTION C

Other Details

- 1 Does the Company have any Subsidiary Company/ Companies?

Cairn India has five Joint Venture partnerships in India. These are with:

1. Oil and Natural Gas Corporation (ONGC), Cairn Energy Hydrocarbon Limited (CEHL) and Cairn India Limited (CIL) for RJ-ON-90/1 Block
2. ONGC, Tata Petrodyne Limited (TPL) and CIL for CB/OS-2 Block
3. ONGC, Videocon India limited (VIL), Ravva Oil Singapore (ROS) and CIL for Ravva Block
4. ONGC and CIL for KG-ONN-2003/1, and
5. ONGC, TPL and CIL for PR-OSN-2004/1 Block.

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

As on 31st March, 2014, the Company had 19 subsidiaries including indirect subsidiaries, as per details provided below. All these companies are 100% beneficially owned by Cairn India Limited.

1. Cairn India Holdings Limited, Jersey
2. Cairn Energy Holdings Limited, Scotland
3. Cairn Energy Hydrocarbons Ltd, Scotland
4. Cairn Exploration (No. 7) Limited, Scotland
5. Cairn Exploration (No.6) Limited, Scotland
6. Cairn Exploration (No. 2) Limited, Scotland
7. Cairn Energy Gujarat Block 1 Limited, Scotland
8. Cairn Energy Discovery Limited, Scotland
9. Cairn Energy Cambay B.V., Netherlands
10. Cairn Energy India West B.V., Netherlands
11. Cairn Energy Gujarat B.V., Netherlands
12. Cairn Energy Netherlands Holdings B.V., Netherlands
13. Cairn Energy Australia Pty Limited, Australia
14. CEH Australia Limited, British Virgin Islands
15. Cairn Energy India Pty Limited, Australia
16. CIG Mauritius Holding Private Limited, Mauritius
17. CIG Mauritius Private Limited, Mauritius
18. Cairn Lanka (Pvt) Ltd., Sri Lanka
19. Cairn South Africa Proprietary Limited, South Africa

Further, during the financial year under review, the following dormant subsidiary companies were deregistered:

S.No	Name of the Company & Country of Incorporation	Effective date of deregistration
1.	Cairn Petroleum India Limited, Scotland	21 March, 2014
2.	Cairn Exploration (No.4) Limited, Scotland	21 March, 2014
3.	Cairn Energy Cambay Holding B.V, Netherlands	26 March, 2014
4.	Cairn Energy Gujarat Holding B.V, Netherlands	26 March, 2014
5.	Cairn Energy India West Holding B.V, Netherlands	26 March, 2014
6.	Cairn Energy India Holdings B.V, Netherlands	26 March, 2014
7.	Cairn Energy Group Holdings B.V, Netherlands	26 March, 2014
8.	Sydney Oil Company Pty Limited, Australia	24 February, 2014
9.	Cairn Energy Investments Australia Pty Limited, Australia	24 February, 2014
10.	Wessington Investments Pty Limited, Australia	24 February, 2014
11.	Cairn Energy Asia Pty Limited, Australia	31 March, 2014
12.	CEH Australia Pty Limited, Australia	31 March, 2014

Other Details

- 2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Cairn's Code of Business Ethics defines the company's approach towards responsible business. It is applicable to Cairn India Group (CIG), viz. Cairn India Limited and all its Subsidiary Companies. All entities under CIG abide by the Code of Business Ethics. Where applicable, the subsidiary companies support the 'Responsible Business' initiatives of the parent company. The Code of Business Ethics address areas like ethics, bribery, Health, Safety, Environment practices, Fair employment practices, and Regulatory Compliance.

Cairn India also has specific Joint Venture partners for each of its blocks. The terms of the operating framework of the PSC define the role and responsibilities of the Joint Venture partners regarding Health, Safety and Environment (HSE) practices, ethics, regulatory compliance and human rights.

- 3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

Cairn's suppliers/ contractors/ service providers are contractually bound to abide by Cairn's Code of Business Ethics and related performance standards. In this capacity they are involved & participate in the Business Responsibility initiatives of the company, as applicable

SECTION D

Business Responsibility Information: Details of Director/Directors responsible for Business Responsibility

- 1 Details of the Director/Director responsible for implementation of the BR policy/policies**

DIN Number 06475821

Name Elango Pandarinathan

- ## 2 Details of the BR head

DIN Number (if applicable) 06475821

Name Elango Pandarinathan

Designation **1. Interim CEO & Whole Time Director**

Telephone number 2. 0124 4593000

e-mail id 3. Elango.P@cairnindia.com

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)


Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	NA	N	N
5	Is yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	NA	Y	Y
6	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	NA	Y	Y
7	Indicate the link for the policy to be viewed online?	http://cairnindia.com/sustainability http://cairnindia.com/investors/corporate-governance/code-business-ethics							
8	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	NA	Y	Y
10	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	NA	Y	Y
11	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	NA	Y	Y

If answer to S.No. 1 against any principle, is 'No', please explain why:

Please refer to the response provided in Section E, Principle 7.

Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The Board of the Company meets every quarter to assess the business and financial performance of the company. Video/tele-conferencing facilities are also provided to enable Directors to participate in Board meetings. As part of Board deliberations, it also discusses among other points, business responsibility issues. The BR performance of the company is compiled every year in the BR report, which forms a part of the Annual report, and is placed before the Board of Directors for their approval.
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Cairn India Limited has published its first Sustainability Report for FY 2012-13 based on GRI G3.1 Guidelines. The report is published on an annual basis and is available at: http://www.cairnindia.com/sites/default/files/Sustainability_Report_2012_2013.pdf The Sustainability Report of the Company also addresses the principles related to business responsibility as defined in the National Voluntary Guidelines (NVG) guidelines. Cairn India also produces a Business Responsibility Report in accordance with SEBI guidelines and forms a part of the Annual Report.



Healthcare initiatives as part of community engagement at Rajasthan

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 – Ethics, Transparency & Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Cairn India's Code of Business Ethics, governs the manner in which the company carries out its activities and interacts with its stakeholders. It extends to the entire Group, Joint Ventures, Suppliers, Contractors, Business Partners and all other associated entities. The provisions of this Code are a mandatory condition for employment, contract, or business relationship with Cairn India and among other things cover ethics, bribery and corruption.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details

thereof, in about 50 words or so.

We received a total of 1,337 queries/complaints from shareholders of the Company during April '13 to March '14, out of which a total of 16 complaints were related to ethics, bribery and corruption. Shareholders' complaints were related to non-receipt of annual report, dividend etc. and were resolved successfully. Among the complaints related to ethics, bribery and corruption, 11 have been resolved satisfactorily through appropriate grievance redressal mechanisms. The 5 remaining complaints are still under investigation

Principle 2 – Sustainable Products and Services

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Cairn India is an Oil & Gas Exploration & Production company, producing only processed Crude Oil and Natural Gas. While we recognize the limitation of incorporating environmental and social

design concerns in the composition of our products, we ensure that best-in-class practices are followed while designing and operating our processing facilities and transportation infrastructure.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

i. Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

Cairn India carries out its business with the prime objective of optimizing resource use. The associated gas from the well-fluid processing is separated and used for captive power generation ensuring that flaring of excess gas is minimal. The processed crude oil is transported to the buyers through a heated, insulated and buried pipeline using state-of-art technology. This ensures minimal environmental impact due to crude transportation.

Cairn's average energy consumption

during FY 13-14 for production operation was 1.452 GJ per Ton of Crude equivalent produced, compared to last year's value of 1.42¹ GJ per Ton of Crude equivalent produced. Cairn's fresh water consumption for FY 13-14 was 115,584 cubic meters as compared to 98,995 cubic meters consumption last year.

During FY13-14, Cairn's flaring intensity reduced to 2.18 T of natural gas per 1000 T of HC produced, from last year's value of 3.90² T of natural gas per 1000 T of HC produced. The global average for exploration and production upstream operation the OGP report for exploration & production industry for year 2012 is 13.9 T of gas per 1000 T of HC produced

During FY13-14, Cairn's flaring intensity reduced to 2.15 T of natural gas per 1000 T of HC produced, from last year's value of 3.87 T of natural gas per 1000T of HC produced. The global average for exploration and production upstream operation the OGP report for exploration & production industry for year 2012 is 13.9 T of gas per 1000 T of HC produced

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Cairn's operations are Business-to-business (B2B) with no direct interaction with the product's end consumers.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Water is a critical input resource for our operations. The company undertakes several measures to ensure sustainable usage built on the principles of reduce, reuse and recycle. Key to our efforts

is sourcing a majority of our water requirement from sub-surface water, which is saline in nature. More than 99% of all our water needs are fulfilled by this saline water.

Our operations are designed to incorporate:

- The majority of our freshwater requirements are met by the desalination of saline water.
- The treated produced water and the reject from the desalination process is commingled with the injection water for re-injection into the oil reservoir, thereby avoiding any surface discharge of wastewater in our Rajasthan operations. There is some discharge of treated produced water into the sea for our Ravva operations.
- Water efficiency through the installation of Drip Irrigation at Mangala and Rageshwari

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Cairn India has a "local content" policy to encourage good, services and employment to the local community near our area of operation. All major tenders have condition that require a majority of unskilled labour to be sourced from the local community, subject to availability and requirement. Vendor from local communities are developed through Quality and HSE training and provided preferences on certain tenders. More than 600 vendors from local area (near our operation) is registered with us and from whom we procure \$150M worth of goods and services. During FY13-14 49% of the total procurement spend was on domestic suppliers of which 15% is from vendors near our area of operation.

In addition, specific efforts are made to improve employability of the local community through skill development initiative. 950 individuals from the local communities were provided skill development and vocational training out of which 760 people were linked to employment.

Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Cairn India recycles the by products resulting from its operations.

- The well fluid from the sub-surface reservoir comprises of crude oil, water (produced water) and natural gas (associated gas). The produced water is the most significant liquid waste from Cairn India's operations. It is treated and recycled back into the hydrocarbon reservoir to maintain the reservoir pressure. During FY 13-14, Cairn India recycled about about 96% of the produced water.
- Drill cuttings and drilling mud are significant solid wastes generated from Cairn's operations. The drilling process is designed to reuse the drilling mud and thereby reduce the volume of waste drilling mud. The drill cuttings and waste mud are stored in lined and concrete paved pits. During FY 13-14, Cairn obtained regulatory approval to co-process the above waste for use as raw material by the cement industry. Currently, operationalizing the initiative is underway.
- The crude oil that does not meet buyer specification is automatically routed for re-processing and thus there is no generation of waste product.
- The spent lube oil and other oily wastes are disposed/ recycled through government approved recyclers.

¹ This number has been corrected. Last year we reported energy intensity to be 1.12 GJ/ Ton of Crude Equivalent Produced

² This number has been corrected. Last year we reported flaring intensity to be 4.5 T/000 Ton of Crude Equivalent Produced

Principle 3 – Employee's Wellbeing

Employees' Well-being	
1	Total number of employees.
2	Total number of employees hired on temporary/ contractual/ casual basis.
3	Number of permanent women employees.
4	Number of permanent employees with disabilities
5	Do you have an employee association that is recognized by management?
6	What percentage of your permanent employees is members of this recognized employee association? w
	Not Applicable

Details of the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

Category	No of complaints filed during the financial year	No of complaints pending at end of the financial year
Child labour/ Forced labour/ Involuntary labour	0	0
Sexual harassment	2	2
Discriminatory employment	0	0

Percentage of your under mentioned employees were given safety & skill up-gradation training during 2013-14

Category	Skill Up-gradation Training	Safety Training
Permanent Employees	80%	
Permanent Women Employees	93%	All employees undergo the required safety trainings on an ongoing basis
Casual/Temporary/Contractual Employees	Not Tracked	
Employees with Disabilities	Not Tracked	

Principle 4 – Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders?

Cairn had carried out a formal mapping/ identification of its stakeholders (both internal and external) in FY 12-13. With there being no significant change in the company's operation, its stakeholders remain the same as identified earlier. Further, each function of the company identifies and engages with its relevant stakeholders on an ongoing basis.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, Cairn's India has identified the disadvantaged, vulnerable & marginalized stakeholders in its area of operations. These include, among others, project affected people, land contributors, local resident / villagers, women & children, and persons with disabilities

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Cairn India has paid due attention towards those sections of the local

communities, which are disadvantaged, vulnerable & marginalized. Methods are initiated for open communication and their needs are considered while designing community development initiatives. This is carried out through continuous interaction and engagement with the stakeholders through appropriate channels and platforms, such as public hearings, surveys, focus group discussions, and most importantly through regular interactions during the course of implement our social programmes. These include programmes to improve health service delivery, improvements to quality of education in rural schools, skill development and economic livelihood, and improvement of

the infrastructure.

SHAREHOLDERS' SATISFACTION SURVEY

The Company has sent feedback forms seeking shareholders' views on various matters relating to investor services and information sharing. The feedback received from the shareholders was placed before the Shareholders'/Investors' Grievance Committee. The Company noted the suggestions of shareholders and will endeavor to implement wherever required and feasible.

Principle 5 – Protecting Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors /NGOs/Others?

Cairn India, through its Code of Business Ethics, has endeavored to extend its value system regarding human rights, among other aspects, throughout its value chain. Cairn India's is currently in the process of understanding its vendor's human rights practices. Cairn is also carrying out vendor capacity building exercises in Rajasthan on topics of Human Rights, among other topics.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In FY2014 we received no human rights related complaints from our external stakeholders. Two sexual harassment complaints were received from our employees, which have been satisfactorily resolved.

Principle 6 – Reducing Environmental Impact

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/others.

Contractors/ NGOs/ others.

Cairn's vendors, contractors, third-party man power, and suppliers are required to comply with its HSE requirements. Compliance to the policies is a mandatory part of the tender conditions and major non-compliance entails disciplinary action against defaulters. Cairn carries out capacity building exercises and further extends support to vendors to help them improve their Health, Safety and Environmental (HSE) performance.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Cairn India has formalized a Sustainability Policy and nominated a Sustainability Steering Committee to drive its sustainability agenda, which among other things, reflects Cairn's resolve to address global environment issues. Cairn has also voluntarily undertaken Sustainable Development (SD) Goals, such as reduction in GHG (Green House Gas) emissions from its operations, investment in renewable energy technologies, and conservation of water.

Cairn hosted the Global HSE Conference in FY2014 to deliberate, discuss, and bring focus to industry best practices on Health, Safety, Environment and Sustainability. The conference was attended by a global group of experts, industry peers, regulators, suppliers and contractors.

The company also conducted a water & wastewater management workshop to understand upcoming technologies, in order to improve our water management and handling of our wastewater streams.

3. Does the company identify and assess potential environmental risks?

Yes, Cairn follows a structured process of identifying and addressing environmental

risks. Such risks are regularly identified and assessed through the following:

- Environment Impact Assessment (EIA) Studies carried out by independent expert agencies to identify risks and develop appropriate environment and social management and monitoring plans.
- Audits by independent, external agencies.
- Integrated HSE audit carried out by an independent internal audit team.
- Hazard Identification (HAZID), Hazard Operability (HAZOP) and Project HSE Review (PHSER) are carried out as part of designing and establishing any new project or carrying out any major modification.
- Compliance to the Gated process during the project life-cycle.

During FY13-14, as part of the company's expansion activities, Cairn undertook three EIA studies and public hearings activities. Two of these were conducted in the Rajasthan block and the third in the Ravva block.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Cairn has not applied for any projects under the Clean Development Mechanism. However, Cairn India has been active in reducing its GHG emissions in all its operating sites by implementing measures to compress the low pressure gas to maximize gas recovery and reduce flaring.

During FY2014, in the Rajasthan Mangala Terminal further initiatives have been undertaken to use the excess gas as fuel in new boilers. The terminal has also installed additional gas recovery packages and is progressing on projects to commercialize the sale of excess gas.

During FY 13-14, CB/OS-2 implemented

vapor balancing and nitrogen blanketing for Crude Oil Storage Tanks; this will reduce GHG emissions and minimize natural gas consumption.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

During FY 13-14, Cairn has undertaken many initiatives to increase the share of renewable energy in its energy consumption, some of which are as follows:

- Installed solar-powered lighting at well-pads and offshore platforms
- Carried out feasibility study for generating power from Solar Photovoltaic (PV) technology at MPT and RGT
- Installed light sensitive timers to reduce energy consumption
- Initiated Solar Home Project for 500 households in partnership with K-energy and Rajasthan Renewable Energy Corporation (RREC).
- Ravva Asset has purchased Renewable Energy Certificates (REC) to be in compliance with Renewable Power Purchase Obligation (RPPO).

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None

Principle 7-Responsible Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that

your business deals with.

Cairn India is a member of several industry associations through which it interacts with its peers and discusses key issues in Oil & Gas sector. The major associations which Cairn India is a part of are:

- Association of Oil & Gas Operators (AOGO)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- Confederation of Indian Industries (CII)
- Petroleum Federation of India (Petrofed)
- International Association of Oil & Gas Producers (OGP)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas. (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a company policy, Cairn India does not engage in any covert lobbying for issues of corporate interest. However, since it operates in a highly regulated industry, Cairn India needs to interact with the Central and State governments at different levels.

Cairn has mapped and assigned responsibilities for its officials for interaction with each level of government and any interactions are carried out strictly under the overview of the Management.

Cairn India actively engages with the above mentioned associations, specifically for the policy formulation / advancement / improvement of public good and national interest towards Energy Security, Sustainable Business Principles, Governance and Administration and Inclusive Development.

Principle 8 – Inclusive Growth & Equitable Development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Cairn India has the following policies that support inclusive growth and equitable development:

- Sustainability Policy
- PSCM (Local Content) Policy
- HSE Policy
- CSR Policy
- Group CR (Corporate Responsibility) guiding principles

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Cairn India engages with NGO's, government departments/bodies and other third party agencies along with its own teams to ensure that Cairn achieves success in effectively translating the company's vision of promoting inclusive growth successfully.

3. Have you done any impact assessment of your initiative?

Cairn India regularly conducts impact assessment studies for its community development activities/initiatives across its operations. The feedback from these studies serves as an input in planning Cairn's future course of action on CSR.

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

Cairn spent INR 47.6 Crores towards community development projects in FY2014. The distribution of CSR spend is as follows:

- Health, Water & Sanitation – 27%
- Education – 12%
- Sustainable Training & Vocational



Onshore terminal, Ravva

- Skills (Non-Farm Based) – 14%
 - Sustainable Livelihood (farm-based) – 10%
 - Construction of Cairn Center of Excellence (Vocational Training Center): 37%
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Cairn conducts consistent engagement and interaction with the community to ensure that the initiatives undertaken are successfully implemented and addresses specific needs of the community.

To plan, implement, and monitor community development strategies and initiatives, a dedicated, cross-functional steering committee located in Barmer has been appointed. This committee authorizes carries out audits and field visits to measure the effectiveness of the initiatives undertaken. This regular interaction, allows for improvisation of ongoing initiatives while also serving as an input in planning Cairn's future course of action.

Principle 9 – Providing Value to Customer

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

None. Cairn India has KPI that ensures that all customer complaints are resolved within 48 hours.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Cairn India operates in a highly regulated industry with stringent quality and safety specification for its products (processed Crude oil and Natural gas). As a part of which, Cairn India provides detailed MSDS (Material Safety Data Sheet) to all its customers.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No. The Cairn crude oil pricing formula is approved by the Government of India and most sales are at an arms-length. The government nomination and the private seller contracts are revised annually. Any un-nominated oil is sold to private parties based on mutually negotiated price.

Did your company carry out any consumer survey/ consumer satisfaction trends?

In the case of crude oil, at the point-of-sale, Cairn conducts a daily audit of quality. This audit is conducted by the Joint Surveyor, comprising of a representative each from Cairn India, the buyer and a third party. Any disputes that might arise are resolved by a third party mediator.

Apart from this, Cairn ensures that daily sample of the products are kept for reference requirements, which might come up in the future. Cairn also carries out regular checks for testing the integrity of the product pipelines through standard pipeline inspection methods, hardware testing, volumetric calibration and checks through sampling ports.



Audited Financial Statements





AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Cairn India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cairn India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") 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, 2014;
- 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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. 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;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Place: Gurgaon

Date: 23 April 2014

Independent Auditors' Report (contd.)

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" 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 goods and 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.
- (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 nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the extraction of crude oil and natural gas, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance 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, sales-tax, customs duty, excise 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 are not applicable to the Company.
 (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in ₹ lacs) ¹	Financial year to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Additional Income Tax demand	3,035	1999-00, 2008-09, 2009-10	Not applicable as application filed for rectification
Income Tax Act, 1961	Additional Income Tax demand and penalty	2,925	2004-05, 2005-06, 2008-09	Commissioner- Appeal
Income Tax Act, 1961	Additional Income Tax demand and penalty	57,357 ²	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Income Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess and NCCD demand	21	2002-03 to 2006-07	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess demand	8	2004-05	High Court
Finance Act, 1994	Service Tax demand	31	2002-03 to 2006-07	Central Excise and Service Tax Appellate Tribunal
Rajasthan Entry Tax Act, 1999	Entry Tax demand	457	2001-02 to 2012-13	Deputy Commissioner- Commercial Tax
Custom Act, 1962	Custom duty demand	16	2007-08	Commissioner- Appeals

¹ Represents the Company's share in gross liability after adjusting amounts paid under protest.

² Includes ₹ 27,445 lacs for which the revenue department has gone in for an appeal and ₹ 819 lacs for which we have been informed that the Company is in the process of filing an appeal.

Independent Auditors' Report (contd.)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any outstanding dues in respect of a bank, financial institution or debenture holders 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 Order 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 Order 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) The Company did not have any term loans outstanding during the year.
- (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 did not have any outstanding debentures during the year.
- (xx) The Company has neither raised any monies by way of public issue of shares/debentures during the current year nor did it have any amount of unutilized monies 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 material fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Place: Gurgaon

Date: 23 April 2014

Balance Sheet

As at 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	Notes	31 March 2014	31 March 2013
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital	3	190,763	191,024
Reserves and surplus	4	3,687,053	3,210,712
		3,877,816	3,401,736
Non-current liabilities			
Deferred tax liabilities (net)	12	42,294	25,083
Long-term provisions	5	169,465	131,970
		211,759	157,053
Current liabilities			
Trade payables	6	50,169	43,557
Other current liabilities	6	120,173	52,651
Short-term provisions	5	160,626	169,162
		330,968	265,370
Total		4,420,543	3,824,159
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	496,683	477,602
Intangible assets	8	3,918	3,596
Development capital work in progress	9	176,910	152,173
Exploration intangible assets under development	10	102,226	37,951
Non-current investments	11	1,603,825	1,603,825
Long-term loans and advances	13	373,803	239,321
Other non-current assets	14.2	34,735	22,356
		2,792,100	2,536,824
Current assets			
Current investments	15	1,353,617	1,037,202
Inventories	16	16,326	10,704
Trade receivables	14.1	149,930	116,954
Cash and bank balances	17	17,085	15,105
Short-term loans and advances	13	84,921	88,626
Other current assets	14.2	6,564	18,744
		1,628,443	1,287,335
Total		4,420,543	3,824,159
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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Statement Of Profit & Loss

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	Notes	31 March 2014	31 March 2013
Income			
Revenue from operations	18	992,753	920,098
Other income	19	190,164	89,967
Total revenue		1,182,917	1,010,065
Expenses			
Cess on crude oil		145,957	141,575
Share of expenses from producing oil and gas blocks		65,841	48,559
Change in inventories of finished goods	20	(987)	(1,406)
Employee benefit expenses	21	27,281	9,604
Other expenses	22	30,310	27,574
Depletion, depreciation and amortization expense	23	118,176	96,180
Finance costs	24	645	6,641
Exploration costs written off	10	18,149	6,828
		405,372	335,555
Profit before tax		777,545	674,510
Tax expenses			
Current tax		141,270	133,627
Less: MAT credit entitlement		(126,369)	(104,074)
Net current tax expense		14,901	29,553
Deferred tax charge/(credit)		17,211	(3,108)
Total tax expense		32,112	26,445
Profit for the year before impact of scheme of arrangement relating to earlier periods		745,433	648,065
Impact of scheme of arrangement relating to earlier periods	25	-	826,612
Profit for the year		745,433	1,474,677
Earnings per equity share in ₹	26		
[nominal value of share ₹ 10 (31 March 2013: ₹ 10)]			
Computed on the basis of profit for the year			
Basic		39.03	77.25
Diluted		38.95	77.14
Computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods			
Basic		39.03	33.95
Diluted		38.95	33.90
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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

For and on behalf of the Board of Directors

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

P. Elango

Interim CEO and

Whole Time Director

Aman Mehta

Director

DIN 00009364

DIN 06475821

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Cash Flow Statement

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	777,545	674,510
Adjustments for :		
Depletion, depreciation and amortization	123,892	100,319
Exploration costs written off	18,149	6,828
Employee stock compensation expense (equity settled)	19,868	1,198
Unrealized foreign exchange (gain)/loss (net)	1,218	(30,067)
Gain on sale of current investments (net)	(37,559)	(21,765)
Interest expense	617	6,494
Loan facility and management fees	-	100
Interest income	(14,631)	(18,474)
Share buy back expenses	375	-
Other non-operating income	(283)	(11,965)
Dividend income	(124,952)	(9,474)
Operating profit/(loss) before working capital changes	764,239	697,704
Movements in working capital :		
Increase/ (decrease) in trade payables, other liabilities and provisions	3,982	15,808
(Increase) in trade receivables	(36,594)	(37,477)
(Increase) in inventories	(15,284)	(602)
(Increase)/ decrease in loans and advances and other assets	(74,047)	14,825
Cash flow from operations	642,296	690,258
Direct taxes paid (net of refunds)	(151,027)	(125,352)
Net cash flow from operating activities before impact of scheme of arrangement relating to earlier periods	491,269	564,906
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	795,008
Net cash flow from operating activities (A)	491,269	1,359,914
Cash flows from investing activities		
Purchase of fixed assets (including capital advances)	(142,207)	(64,081)
Proceeds from sale of KG-DWN-98/2 block	17,225	-
Short term investments made (net)	(278,858)	(833,171)
Long term investments made	-	(13,758)
Deposits made having original maturity of more than three months	(1,001)	(362,297)
Proceeds from redemption/ maturity of deposits having original maturity of more than three months	85,001	493,324
Deposit made on escrow account	(14,313)	-
Interest received	11,573	20,521
Dividend received from subsidiaries	124,500	-
Dividend received on current investments	452	9,474
Payments made to site restoration fund	(2,718)	(1,996)
Net cash flow (used in) investing activities before impact of scheme of arrangement relating to earlier periods	(200,346)	(751,984)
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	(441,815)
Net cash flow (used in) investing activities (B)	(200,346)	(1,193,799)
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	1,481	5,887
Payment made for buy back of equity shares	(10,553)	-
Expenses paid for buy back of equity shares	(375)	-
Repayment of long-term borrowings	-	(125,000)

Cash Flow Statement (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	31 March 2014	31 March 2013
Repayment of finance lease obligation	-	(184)
Dividend paid on equity shares	(238,805)	(95,488)
Tax paid on equity dividend	(40,585)	(15,491)
Interest paid	(419)	(9,304)
Net cash flow (used in) financing activities before impact of scheme of arrangement relating to earlier periods	(289,256)	(239,580)
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	(4,778)
Net cash flow used in financing activities (C)	(289,256)	(244,358)
Net increase in cash and cash equivalents (A + B + C)	1,667	(78,243)
Cash and cash equivalents at the beginning of the year	104	8,355
Cash and cash equivalents acquired on implementation of scheme of arrangement referred in note 25	-	69,992
Cash and cash equivalents at the end of the year	1,771	104
Components of cash and cash equivalents		
Cash on hand	1	1
With banks		
-deposits with original maturity of upto 3 months	1,769	60
-current accounts	1	43
Total cash and cash equivalents (note 17)	1,771	104

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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

For and on behalf of the Board of Directors

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

P. Elango

Interim CEO and

Whole Time Director

Aman Mehta

Director

DIN 00009364

DIN 06475821

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Notes To Financial Statements

For the year ended 31 March 2014

(All amounts are in ₹ lacs, 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.

The Company is a 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-

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	50.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	35.00%
PR-OSN-2004/1	Palar Basin Offshore	35.00%
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%
Following block has been transferred		
Non – operated blocks		
KG-DWN-98/2 in September 2012	Krishna Godavari Deep water	10.00%

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 Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, 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 to the extent stated in note 2.1 a below.

2.1 Summary of significant accounting policies

a. Change in accounting policy

During the current year, the Company has decided to measure all its outstanding stock option liabilities using the Fair value method (Black-Scholes) as against the previously followed Intrinsic value method. Accordingly, the stock option charge for the year ended 31 March 2014 is higher by ₹ 17,035 lacs (including ₹ 13,011 lacs for the period up to 31 March 2013) and profit after tax is lower by ₹ 15,276 lacs (including ₹ 11,730 lacs for the period up to 31 March 2013).

b. Oil and gas assets

The Company 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" (Revised 2013).

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 (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, 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.

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

c. Site restoration costs

At the end of the producing life of a field, costs are incurred in restoring the site of production facilities. The Company 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, amortization and depletion

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 which is a maximum of 10 years. Leasehold improvements are amortized over the remaining period of the primary lease (3 to 6 years) or expected useful lives, whichever is shorter.

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.

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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

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 long-term investments.

i. 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.

j. 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.

k. 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

From sale of oil, gas and condensate

Revenue represents the Company'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

The Company 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 the Company'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.

l. 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 year in which they are incurred.

m. 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 year, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

n. 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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

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.

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. The Company 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 Company will utilize MAT credit during the specified period.

o. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period/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 period/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.

p. 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.

q. 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.

r. Employee Benefits

Retirement and Gratuity benefits

Retirement benefits in the form of provident fund and superannuation fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund. The Company recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. If the contribution payable to the fund for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the fund is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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.

The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

t. Segment Reporting

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.

u. 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.

v. 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.

3. SHARE CAPITAL	31 March 2014	31 March 2013
Authorised shares		
22,500 lacs (31 March 2013: 22,500 lacs) equity shares of ₹ 10 each	225,000	225,000
Issued, subscribed and fully paid up shares		
19,076 lacs (31 March 2013: 19,102 lacs) equity shares of ₹ 10 each	190,763	191,024
Total issued, subscribed and fully paid-up share capital	190,763	191,024

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

	31 March 2014	31 March 2013
	No. lacs	₹ lacs
At the beginning of the period	19,102	191,024
Issued during the period – ESOP	7	66
Shares extinguished pursuant to buy back (refer note 40)	(33)	(327)
Outstanding at the end of the period	19,076	190,763
	19,102	190,740
	28	284
	-	-
	19,102	191,024

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 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 2014	31 March 2013
	No. lacs	₹ lacs
Sesa Sterlite Limited (formerly Sesa Goa Limited), the holding company		
3,511 lacs (31 March 2013: 3,511 lacs) equity shares of ₹ 10 each fully paid	35,114	35,114
Twin Star Mauritius Holdings Limited, subsidiary of Sesa Sterlite Limited		
7,389 lacs (31 March 2013: 7,389 lacs) equity shares of ₹ 10 each fully paid	73,887	73,887
Sesa Resources Limited, subsidiary of Sesa Sterlite Limited		
327 lacs (31 March 2013: 327 lacs) equity shares of ₹ 10 each fully paid	3,270	3,270

Note: On 26 August 2013, Sesa Sterlite Limited acquired Twin Star Mauritius Holdings Limited and became the Company's holding company. However, as in the previous year, all the above entities and the Company continue to be the subsidiaries of Vedanta Resources Plc.

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

The Company has issued total 142 lacs equity shares (31 March 2013: 180 lacs 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. No other equity shares have been issued for consideration other than cash during the period five years immediately preceding the end of current period.

e. Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:

The Company bought back 33 lacs equity shares (31 March 2013: Nil) during the period of five years immediately preceding the reporting date. Also refer note 40 below.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

3. SHARE CAPITAL CONTINUED

f. Details of shareholders holding more than 5% shares in the Company

	31 March 2014		31 March 2013	
	No. lacs	% holding in the class	No. lacs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Twin Star Mauritius Holdings Limited	7,389	38.73%	7,389	38.68%
Sesa Sterlite Limited (formerly Sesa Goa Limited)	3,511	18.41%	3,511	18.38%
Cairn UK Holdings Ltd	1,841	9.65%	1,962	10.27%
Life Insurance Corporation of India	1,704	8.93%	1,510	7.90%

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

g. Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, refer note 28.

4. RESERVES AND SURPLUS

	31 March 2014	31 March 2013
Securities premium account		
Balance as per the last financial statements	2,018,757	3,029,271
Less: adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	-	(1,016,703)
Add: additions on employee stock options exercised	1,415	5,605
Less: adjustment on account of buyback of equity shares (refer note 40)	(10,226)	
Add: transferred from stock options outstanding	777	584
Closing Balance	2,010,723	2,018,757
Capital redemption reserve		
Balance as per the last financial statements	-	-
Add: transferred from general reserve on buy back of equity shares	327	-
Closing Balance	327	-
Debenture redemption reserve		
Balance as per the last financial statements	-	4,396
Add: amount transferred to surplus balance in the statement of profit and loss	-	(4,396)
Closing Balance	-	-
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	24,450	2,739
Add: gross compensation for options granted during the year	6,854	2,182
Less: deferred employee stock compensation	(9,723)	(2,625)
Less: transferred to securities premium on exercise of stock options	(777)	(584)
Closing Balance	20,804	1,712
General reserve		
Balance as per the last financial statements	294,935	-
Less: transferred to capital redemption reserve on account of buy back of equity shares	(327)	-
Add: transferred from surplus balance in the statement of profit and loss	74,543	294,935
Closing Balance	369,151	294,935
Surplus in the statement of profit and loss		
Balance as per last financial statements	895,308	(33,543)
Profit for the year		
Less: Appropriations	745,433	1,474,677
Proposed final equity dividend [amount per share ₹ 6.50 (31 March 2013: ₹ 6.50)]	(123,996)	(124,165)
Tax on proposed final equity dividend	(22,033)	(20,143)

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

4. RESERVES AND SURPLUS CONTINUED

	31 March 2014	31 March 2013
Interim equity dividend [amount per share ₹ 6 (31 March 2013: ₹ 5)]	(114,639)	(95,488)
Tax on interim dividend	(19,482)	(15,491)
Transfer from debenture redemption reserve	-	4,396
Transfer to general reserve	(74,543)	(294,935)
Net surplus in the statement of profit and loss Total reserves and surplus	1,286,048	895,308
Total reserves and surplus	3,687,053	3,210,712

5. PROVISIONS

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for employee stock options (cash settled)**	488	573	290	817
Provision for gratuity (refer note 27)	-	-	1,545	1,323
Provision for compensated absences	-	-	1,595	1,330
	488	573	3,430	3,470
Other provisions				
Provision for site restoration*	168,977	131,397	-	-
Provision for taxation (net of advance tax)	-	-	12,127	21,384
Proposed equity dividend	-	-	123,996	124,165
Provision for tax on proposed equity dividend	-	-	21,073	20,143
	168,977	131,397	157,196	165,692
	169,465	131,970	160,626	169,162
			31 March 2014	31 March 2013
* Provision for site restoration [refer note 2.1 (c) above]			131,397	-
Opening balance			131,397	-
Transferred pursuant to implementation of scheme of arrangement (refer note 25)			-	30,453
Additions from 1 January 2010 to 31 March 2012			-	73,406
Additions for the year			37,580	27,538
Closing balance			168,977	131,397
** Provision for employee stock options (cash settled) [refer note 2.1 (r) above]				
Opening Balance			1,390	51
Transferred pursuant to implementation of scheme of arrangement (refer note 25)			-	3,861
Net payments from 1 January 2010 to 31 March 2012			-	(2,663)
Additions for the year			1,083	1,619
Payments during the year			(853)	(1,076)
Reversed during the year			(842)	(402)
Closing Balance			778	1,390

6. OTHER CURRENT LIABILITIES

	31 March 2014	31 March 2013
Trade payables (refer note 34 for details of dues to micro and small enterprises)	50,169	43,557
Other liabilities		
Others		
Revenue received in excess of entitlement interest	264	4,789
Statutory dues payable	8,423	8,314
Interest accrued on other than borrowings	7,809	7,611
Profit petroleum payable	4,895	2,914
Liabilities for exploration and development activities	98,782	29,023
	120,173	52,651
	170,342	96,208

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

7. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equipments	Furniture & fixtures	Leasehold improvements	Vehicles	Oil and gas producing facilities	Total
Cost or valuation										
At 1 April 2012	-	247	-	-	15	-	-	-	-	262
Transferred pursuant to implementation of scheme of arrangement*	413	15	670	1,292	4,322	103	2,806	144	193,111	202,876
Additions from 1 January 2010 to 31 March 2012*	24	7,407	42,576	295,708	2,031	368	10	292	194,717	543,133
Additions for the year	2	610	16,011	30,517	6,034	862	-	25	72,462	126,523
Disposals	-	-	-	-	(31)	-	-	(54)	-	(85)
At 31 March 2013	439	8,279	59,257	327,517	12,371	1,333	2,816	407	460,290	872,709
Additions for the year	-	280	17,845	23,984	3,030	178	-	17	94,529	139,863
Disposals	(247)	-	-	-	(609)	-	-	(26)	-	(882)
At 31 March 2014	192	8,559	77,102	351,501	14,792	1,511	2,816	398	554,819	1,011,690
Depreciation/Depletion										
At 1 April 2012	-	-	-	-	5	-	-	-	-	5
Transferred pursuant to implementation of scheme of arrangement*	-	7	462	43	2,382	84	1,092	77	146,150	150,297
Charge from 1 January 2010 to 31 March 2012*	-	1,052	6,938	53,688	2,245	122	1,562	76	81,697	147,380
Charge for the year	-	835	5,876	32,911	2,124	130	161	43	55,426	97,506
Disposals	-	-	-	-	(27)	-	-	(54)	-	(81)
At 31 March 2013	-	1,894	13,276	86,642	6,729	336	2,815	142	283,273	395,107
Charge for the year	-	891	7,367	35,210	3,626	242	-	44	73,148	120,528
Disposals	-	-	-	-	(602)	-	-	(26)	-	(628)
At 31 March 2014	-	2,785	20,643	121,852	9,753	578	2,815	160	356,421	515,007
Net Block										
At 31 March 2013	439	6,385	45,981	240,875	5,642	997	1	265	177,017	477,602
At 31 March 2014	192	5,774	56,459	229,649	5,039	933	1	238	198,398	496,683

* refer note 25

The above gross block includes ₹ 997,108 lacs (31 March 2013: ₹ 859,594 lacs) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 504,050 lacs (31 March 2013: ₹ 384,037 lacs) and net book value is ₹ 493,058 lacs (31 March 2013: ₹ 475,557 lacs).

8. INTANGIBLE ASSETS

	Goodwill*	Computer Software	Total
Gross block			
At 1 April 2012	-	10	10
Transferred pursuant to implementation of scheme of arrangement*	-	4,386	4,386
Additions from 1 January 2010 to 31 March 2012*	-	3,993	3,993
Additions for the year	1,016,703	4,314	1,021,017
Deletions	(1,016,703)	-	(1,016,703)
At 31 March 2013	-	12,703	12,703
Additions for the year	-	3,686	3,686
Deletions	-	(349)	(349)
At 31 March 2014	-	16,040	16,040
Amortization			

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

8. INTANGIBLE ASSETS CONTINUED

	Goodwill*	Computer Software	Total
At 1 April 2012	-	10	10
Transferred pursuant to implementation of scheme of arrangement*	-	3,311	3,311
Additions from 1 January 2010 to 31 March 2012*	-	2,973	2,973
Charge for the year	-	2,813	2,813
Deletions	-	-	-
At 31 March 2013	-	9,107	9,107
Charge for the year	-	3,364	3,364
Deletions	-	(349)	(349)
At 31 March 2014	-	12,122	12,122
 Net Block			
At 31 March 2013	-	3,596	3,596
At 31 March 2014	-	3,918	3,918

* refer note 25

9. DEVELOPMENT CAPITAL WORK IN PROGRESS

	31 March 2014	31 March 2013
Opening balance	152,173	-
Add: Additions/ transferred pursuant to implementation of scheme of arrangement*	115,251	227,199
Add: Additions from exploration intangible assets under development	-	7,410
Less: Transferred to tangible assets	(90,514)	(82,436)
Closing balance **	176,910	152,173

* refer note 25

** represents ₹ 10,139 lacs (31 March 2013: ₹ 16,916 lacs) relating to oil and gas producing facilities and ₹ 166,771 lacs (31 March 2013: ₹ 135,257 lacs) relating to other tangible assets.

10. EXPLORATION INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2014	31 March 2013
Opening balance	37,951	-
Add: Additions/ transferred pursuant to implementation of scheme of arrangement*	82,424	52,189
Less: Transferred to development capital work in progress	-	(7,410)
Less: Exploration costs written off	(18,149)	(6,828)
Closing balance	102,226	37,951

* refer note 25

11. NON-CURRENT INVESTMENTS

	31 March 2014	31 March 2013
Trade investments (valued at cost unless stated otherwise)		
<i>Unquoted instruments</i>		
<i>Investment in subsidiaries</i>		
4,208 lacs (31 March 2013: 4,208 lacs) Equity shares of GBP 1 each fully paid-up in Cairn India Holdings Limited, U.K. (refer note 25)		
1,923 lacs (31 March 2013: 1,923 lacs) Equity shares of USD 1 each fully paid-up in CIG Mauritius Holding Private Limited		
1,603,825		
<i>Aggregate amount of quoted investments</i>		
<i>Aggregate amount of unquoted investments</i>		
1,603,825		

The Company has made equity investments in CIG Mauritius Holding Private Limited ('CMHPL') mainly for funding the expenditure pertaining to block SL 2007-01-001 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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

12. DEFERRED TAX LIABILITIES (NET)

31 March 2014 31 March 2013

Deferred tax liabilities

Fixed assets: Impact of difference between tax depreciation and book depreciation and amortization charged for the financial reporting	43,182	25,802
Gross deferred tax liabilities	43,182	25,802

Deferred tax assets

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	888	719
---	-----	-----

Gross deferred tax assets

Gross deferred tax assets	888	719
----------------------------------	------------	------------

Net deferred tax liabilities	42,294	25,083
-------------------------------------	---------------	---------------

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of ₹ 16,245 lacs (31 March 2013: ₹ 4,645 lacs) in respect of accumulated long term capital losses and short term capital losses. However, as the management is not virtually certain of subsequent realization of the asset, the same has not been recognized in these financial statements.

13. LOANS AND ADVANCES

Non-current

Current

31 March 2014 31 March 2013 31 March 2014 31 March 2013

Unsecured and considered good

Capital advances	7,736	1,709	-	-
Security deposit	3,291	1,705	1,000	702
Loan and advances to related parties (refer note 30)	-	-	504	662
Advances recoverable in cash or kind	-	-	76,627	13,782
	11,027	3,414	78,131	15,146

Unsecured and considered doubtful

Advances recoverable in cash or kind	-	-	29,276	23,638
Less: provision	-	-	(29,276)	(23,638)
	-	-	-	-

Other loans and advances

(unsecured and considered good)

Advance income-tax (net of provision)	14,656	14,156	-	-
Recoverable from statutory authorities	-	-	3,000	-
Deposits with non-banking financial company	-	-	-	70,000
MAT credit entitlement	348,120	221,751	-	-
Fringe benefit tax paid (net of provision)	-	-	14	14
Prepaid expenses	-	-	3,776	3,466
	362,776	235,907	6,790	73,480
	373,803	239,321	84,921	88,626

Recoverable from statutory authorities represents education and secondary and higher education cess paid for the financial year 2013-14, for which the Company intends to file a claim for refund pursuant to circular no 978/2/2014-CX issued by Central Board of Excise & Customs.

14. TRADE RECEIVABLES AND OTHER ASSETS

14.1. TRADE RECEIVABLES

Non-current

Current

31 March 2014 31 March 2013 31 March 2014 31 March 2013

Unsecured and considered good

Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	149,930	116,954
	-	-	149,930	116,954

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

14. TRADE RECEIVABLES AND OTHER ASSETS CONTINUED

14.2. OTHER ASSETS

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Non-current bank balances (refer note 17)	13,540	10,822	-	-
Non-current inventory of stores and spares (refer note 16)	21,195	11,534	-	-
Insurance claim receivable	-	-	1,984	-
Receivable for assignment of participating interest of KG-DWN-98/2 block	-	-	-	17,225
Interest accrued on deposits and investments	-	-	4,580	1,519
	34,735	22,356	6,564	18,744

15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE)

	31 March 2014	31 March 2013
Quoted mutual funds	836,410	276,840
Quoted bonds	154,349	50,000
Unquoted mutual funds	362,858	643,725
Unquoted certificate of deposits	-	66,637
	1,353,617	1,037,202
Aggregate amount of quoted investments [Market value: ₹ 1,034,787 lacs (31 March 2013: ₹ 330,837 lacs)]	990,759	3,26,840
Aggregate amount of unquoted investments	362,858	710,362
	1,353,617	1,037,202

The details of investments are as under :

QUOTED MUTUAL FUNDS	31 March 2014
1 800 Lacs units of ₹ 10 each of Axis Fixed Term Plan -Series 55 -Dir -Growth under Axis Mutual Fund -Growth plan	8,000
2 400 Lacs units of ₹ 10 each of Axis Fixed Term Plan -Series 60 (389 Days) -Dir -Growth under Axis Mutual Fund - Growth plan	4,000
3 400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GR (399 Days) under Birla Sun Life Mutual Fund - Growth plan	4,000
4 600 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GT (366 Days) under Birla Sun Life Mutual Fund - Growth plan	6,000
5 700 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GV under Birla Sun Life Mutual Fund -Growth plan	7,000
6 1600 Lacs units of ₹ 10 each of Birla Sun Life Interval Income Fund-Annual Plan VIII -GR under Birla Sun Life Mutual Fund -Growth plan	16,000
7 890 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series HB under Birla Sun Life Mutual Fund -Growth plan	8,900
8 750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series -JQ (368 Days) under Birla Sun Life Mutual Fund - Growth plan	7,500
9 750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series JT (367 Days) under Birla Sun Life Mutual Fund - Growth plan	7,500
10 500 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series JU (369 days) under Birla Sun Life Mutual Fund - Growth plan	5,000
11 600 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series KA (415 days) -Dir under Birla Sun Life Mutual Fund -Growth plan	6,000
12 500 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KE (412 Days) -Dir under Birla Sun Life Mutual Fund -Growth plan	5,000
13 900 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KR (385 days) -Dir under Birla Sun Life Mutual Fund -Growth plan	9,000
14 450 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 93 -12 M under DSP Blackrock Mutual Fund -Growth plan	4,500
15 550 Lacs units of ₹ 10 each of DSP BlackRock -FMP – Series 95 12 M under DSP Blackrock Mutual Fund -Growth plan	5,500
16 600 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 103 -12 M under DSP Blackrock Mutual Fund - Growth plan	6,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED		31 March 2014
QUOTED MUTUAL FUNDS		
17	2000 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 104 -12 M under DSP Blackrock Mutual Fund - Growth plan	20,000
18	300 Lacs units of ₹ 10 each of DSP BlackRock FTP Series 36 - 15 M -Dir under DSP Blackrock Mutual Fund - Growth plan	3,000
19	500 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 144 -12M -Dir -Growth under DSP Blackrock Mutual Fund - Growth plan	5,000
20	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 23 under DWS mutual fund -Growth plan	4,000
21	700 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 26 under DWS mutual fund -Growth plan	7,000
22	240 Lacs units of ₹ 10 each of DWS FMP Series 30 under DWS mutual fund -Growth plan	2,400
23	400 Lacs units of ₹ 10 each of DWS Interval Fund -Annual Plan Series 1 under DWS mutual fund -Growth plan	4,000
24	300 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 36 -Direct Plan -Growth under DWS mutual fund - Growth plan	3,000
25	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 45 -Direct Plan -Growth under DWS mutual fund - Growth plan	4,000
26	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 46 -Direct Plan -Growth under DWS mutual fund - Growth plan	4,000
27	800 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 57 -Direct Plan -Growth under DWS mutual fund - Growth plan	8,000
28	800 Lacs units of ₹ 10 each of HDFC FMP 384D March 2013 (1) under HDFC Mutual Fund -Growth plan	8,000
29	700 Lacs units of ₹ 10 each of HDFC FMP 366D April 2013 (1) under HDFC Mutual Fund -Growth plan	7,000
30	300 Lacs units of ₹ 10 each of HDFC FMP 370D April 2013 (1) under HDFC Mutual Fund -Growth plan	3,000
31	600 Lacs units of ₹ 10 each of HDFC FMP 370D April 2013 (2) under HDFC Mutual Fund -Growth plan	6,000
32	550 Lacs units of ₹ 10 each of HDFC FMP 369D June 2013 (1) Series 26 under HDFC Mutual Fund -Growth plan	5,500
33	500 Lacs units of ₹ 10 each of HDFC FMP 370 Days July 2013 (2) Series 26 under HDFC Mutual Fund -Growth plan	5,000
34	1020 Lacs units of ₹ 10 each of HDFC FMP 371D July 2013 (1) under HDFC Mutual Fund -Growth plan	10,200
35	750 Lacs units of ₹ 10 each of HDFC FMP 369D January 2014 (1) Series 29 -Dir -Growth under HDFC Mutual Fund - Growth plan	7,500
36	500 Lacs units of ₹ 10 each of HDFC FMP 372D Jan 2014 (1) under HDFC Mutual Fund -Growth plan	5,000
37	941 Lacs units of ₹ 10 each of HDFC FMP 370D January 2014 (1) -Series 29 -Dir under HDFC Mutual Fund - Growth plan	9,410
38	950 Lacs units of ₹ 10 each of HDFC FMP 371D January 2014 (2) -Series 29 -Dir under HDFC Mutual Fund - Growth plan	9,500
39	500 Lacs units of ₹ 10 each of HDFC FMP 372D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	5,000
40	350 Lacs units of ₹ 10 each of HDFC FMP 453D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	3,500
41	500 Lacs units of ₹ 10 each of HDFC FMP 371D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	5,000
42	1900 Lacs units of ₹ 10 each of ICICI FMP-66-420 Days Plan A under ICICI Prudential Mutual Fund -Growth plan	19,000
43	1000 Lacs units of ₹ 10 each of ICICI Prudential -FMP Series 66-407 Days Plan C under ICICI Prudential Mutual Fund - Growth plan	10,000
44	750 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 66 -407 Days Plan I under ICICI Prudential Mutual Fund -Growth plan	7,500
45	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 66 -412 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	3,500
46	500 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 67 -371 Days Plan C under ICICI Prudential Mutual Fund - Growth plan	5,000
47	600 Lacs units of ₹ 10 each of ICICI Prudential FMP series 67 - 371 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	6,000
48	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 67 - 366 Days Plan G under ICICI Prudential Mutual Fund - Growth plan	3,500
49	300 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 68 369 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	3,000
50	450 Lacs units of ₹ 10 each of ICICI Prudential Interval Fund VI - Annual Interval Plan F under ICICI Prudential Mutual Fund - Growth plan	4,500
51	900 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 68-368 Days Plan G under ICICI Prudential Mutual Fund - Growth plan	9,000
52	1500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 68 -369 Days Plan I under ICICI Prudential Mutual Fund - Growth plan	15,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED		31 March 2014
QUOTED MUTUAL FUNDS		
53	450 Lacs units of ₹ 10 each of ICICI Prudential FMP -S 70 -372 Days -Plan L -Dir -Growth under ICICI Prudential Mutual Fund - Growth plan	4,500
54	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -366 Days Plan C -Dir under ICICI Prudential Mutual Fund - Growth plan	5,000
55	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 72 -366 Days Plan I -Dir under ICICI Prudential Mutual Fund - Growth plan	3,500
56	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -483 Days Plan J -Dir under ICICI Prudential Mutual Fund - Growth plan	5,000
57	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -440 Days Plan L -Direct under ICICI Prudential Mutual Fund - Growth plan	5,000
58	680 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 72 -367 Days Plan R -Dir under ICICI Prudential Mutual Fund - Growth plan	6,800
59	500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -366 Days Plan A -Dir -Growth under ICICI Prudential Mutual Fund -Growth plan	5,000
60	500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -407 Days Plan C -Dir -Growth under ICICI Prudential Mutual Fund -Growth plan	5,000
61	817 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -391 Days Plan G -Dir -Growth under ICICI Prudential Mutual Fund - Growth plan	8,170
62	366 Lacs units of ₹ 10 each of ICICI Prudentiel Interval Fund Series VI Annual Interval Plan C -Dir under ICICI Prudential Mutual Fund - Growth plan	4,000
63	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 14 under IDFC Mutual Fund -Growth plan	3,000
64	320 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 10 under IDFC Mutual Fund -Growth plan	3,200
65	350 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 11 under IDFC Mutual Fund -Growth plan	3,500
66	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan -Series 20 -Direct under IDFC Mutual Fund -Growth plan	3,000
67	444 Lacs units of ₹ 10 each of IDFC Yearly Series Interval Fund-Series 1 -Dir under IDFC Mutual Fund -Growth plan	4,830
68	1077 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series-65 -Dir under IDFC Mutual Fund -Growth plan	10,770
69	316 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 67 -Direct -Growth under IDFC Mutual Fund -Growth plan	3,160
70	400 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 15 under JP Morgan Mutual Fund - Growth plan	4,000
71	700 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan-Series16 under JP Morgan Mutual Fund - Growth plan	7,000
72	600 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 21 under JP Morgan Mutual Fund - Growth plan	6,000
73	450 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 30 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	4,500
74	500 Lacs units of ₹ 10 each of JP Morgan India FMP Series -31 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	5,000
75	300 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series -32 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	3,000
76	400 Lacs units of ₹ 10 each of Kotak FMP Series 95 under Kotak Mahindra Mutual Fund -Growth plan	4,000
77	400 Lacs units of ₹ 10 each of Kotak FMP Series 104 -Direct under Kotak Mahindra Mutual Fund -Growth plan	4,000
78	800 Lacs units of ₹ 10 each of Kotak FMP Series 105 under Kotak Mahindra Mutual Fund -Growth plan	8,000
79	500 Lacs units of ₹ 10 each of Kotak FMP Series 106 -370 Days under Kotak Mahindra Mutual Fund -Growth plan	5,000
80	700 Lacs units of ₹ 10 each of Kotak FMP Series 136 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	7,000
81	350 Lacs units of ₹ 10 each of Kotak FMP Series 137 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	3,500
82	500 Lacs units of ₹ 10 each of Kotak FMP Series 141 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	5,000
83	400 Lacs units of ₹ 10 each of Kotak FMP Series 147 -384 Days -Dir under Kotak Mahindra Mutual Fund -Growth plan	4,000
84	186 Lacs units of ₹ 10 each of Kotak FMP Series 151 -Direct under Kotak Mahindra Mutual Fund -Growth plan	1,860
85	270 Lacs units of ₹ 10 each of L&T FMP – VII (March13M A) under L&T mutual fund -Growth plan	2,700
86	350 Lacs units of ₹ 10 each of L&T FMP – Series 8 -Plan J -Direct Growth under L&T mutual fund -Growth plan	3,500
87	200 Lacs units of ₹ 10 each of L&T FMP - Series 10 -Plan L -Direct -Growth under L&T mutual fund -Growth plan	2,000
88	300 Lacs units of ₹ 10 each of LIC Nomura MF Fixed Maturity Plan Series 55 - 375 Days Direct Growth Plan under LIC Mutual Fund -Growth plan	3,000
89	500 Lacs units of ₹ 10 each of LIC Nomura MF Fixed Maturity Plan Series 66 - 371 Days Direct Growth Plan under LIC Mutual Fund -Growth plan	5,000
90	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 1 under Reliance Mutual Fund -Growth plan	4,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED		31 March 2014
QUOTED MUTUAL FUNDS		
91	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 2 under Reliance Mutual Fund - Growth plan	5,000
92	1000 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -6 under Reliance Mutual Fund - Growth plan	10,000
93	800 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 8 under Reliance Mutual Fund - Growth plan	8,000
94	700 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXIV Series 4 -Direct under Reliance Mutual Fund - Growth plan	7,000
95	380 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIV -Series 1 under Reliance Mutual Fund -Growth plan	3,800
96	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXIV Series 18 -Growth -Direct under Reliance Mutual Fund - Growth plan	4,000
97	500 Lacs units of ₹ 10 each of Reliance Interval Fund II -Series I -Dir -Growth under Reliance Mutual Fund - Growth plan	5,000
98	350 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV Series 2 -Dir under Reliance Mutual Fund - Growth plan	3,500
99	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV -Series 14 Direct Plan Growth Plan under Reliance Mutual Fund - Growth plan	5,000
100	1838 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -1 -Dir under Reliance Mutual Fund - Growth plan	20,000
101	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 17 -Dir under Reliance Mutual Fund -Growth plan	5,000
102	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 19 -Dir -Growth under Reliance Mutual Fund - Growth plan	5,000
103	917 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 2 -Dir under Reliance Mutual Fund - Growth plan	10,000
104	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV -Series 22 -Dir under Reliance Mutual Fund - Growth plan	4,000
105	700 Lacs units of ₹ 10 each of Reliance FHF XXV -Series 24 -Dir under Reliance Mutual Fund - Growth plan	7,000
106	421 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 3 -Dir under Reliance Mutual Fund - Growth plan	4,610
107	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 27 -Dir under Reliance Mutual Fund - Growth plan	5,000
108	750 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 30 -Dir under Reliance Mutual Fund - Growth plan	7,500
109	666 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 32 -Dir under Reliance Mutual Fund - Growth plan	6,660
110	300 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII – Plan F (392 Days) under Religare Liquid Fund - Growth plan	3,000
111	470 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII -Plan D-399 Days under Religare Liquid Fund - Growth plan	4,700
112	350 Lacs units of ₹ 10 each of Religare Invesco FMP -Series XIX -Plan C under Religare Liquid Fund - Growth plan	3,500
113	350 Lacs units of ₹ 10 each of Religare Invesco FMP -Sr. 22 -Plan F (15 Months) -Dir under Religare Liquid Fund - Growth plan	3,500
114	500 Lacs units of ₹ 10 each of Religare Invesco Fixed Maturity Plan – Series 22 – Plan G under Religare Liquid Fund - Growth plan	5,000
115	300 Lacs units of ₹ 10 each of Religare Invesco FMP -Series 22 -Plan H -Dir -Growth under Religare Liquid Fund - Growth plan	3,000
116	750 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -14 under SBI mutual fund - Growth plan	7,500
117	800 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -15 under SBI mutual fund - Growth plan	8,000
118	1000 Lacs units of ₹ 10 each of SBI SDFS 366 Days 28 under SBI mutual fund - Growth plan	10,000
119	726 Lacs units of ₹ 10 each of SBI SDFS 366 Days – 29 under SBI mutual fund -Growth plan	7,260
120	500 Lacs units of ₹ 10 each of SBI SDFS 366 Days 30 under SBI mutual fund - Growth plan	5,000
121	450 Lacs units of ₹ 10 each of SBI SDFS 366 Days 31 under SBI mutual fund - Growth plan	4,500
122	850 Lacs units of ₹ 10 each of SBI SDFS 366 Days 32 under SBI mutual fund - Growth plan	8,500
123	700 Lacs units of ₹ 10 each of SBI SDFS 366 Days 33 under SBI mutual fund - Growth plan	7,000
124	350 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan-DC 15 Months under Sundaram Mutual Fund - Growth plan	3,500
125	380 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan DF 396 Days under Sundaram Mutual Fund - Growth plan	3,800
126	1250 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme G under Tata Mutual Fund - Growth plan	12,500
127	300 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme B under Tata Mutual Fund - Growth plan	3,000
128	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme H DI under Tata Mutual Fund -Growth plan	4,000
129	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 43 Scheme A under Tata Mutual Fund -Growth plan	5,000
130	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 44 Scheme A -Direct under Tata Mutual Fund - Growth plan	5,000
131	480 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme I -Dir under Tata Mutual Fund -Growth plan	4,800
132	750 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme L -Dir under Tata Mutual Fund -Growth plan	7,500
133	350 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme M -Dir under Tata Mutual Fund -Growth plan	3,500

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED		31 March 2014
QUOTED MUTUAL FUNDS		
134	404 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme T -Dir under Tata Mutual Fund -Growth plan	4,040
135	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme O -Dir under Tata Mutual Fund -Growth plan	5,000
136	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme P -Dir under Tata Mutual Fund - Growth plan	4,000
137	600 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -I (368 days) under UTI Mutual Fund - Growth plan	6,000
138	350 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -II (367 days) under UTI Mutual Fund - Growth plan	3,500
139	300 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -III (366 days) under UTI Mutual Fund - Growth plan	3,000
140	700 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund -Series XV -IV (368 days) under UTI Mutual Fund - Growth plan	7,000
141	700 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -V (366 days) under UTI Mutual Fund -Growth plan	7,000
142	634 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -VII under UTI Mutual Fund - Growth plan	6,340
143	600 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -VI (368 days) under UTI Mutual Fund -Growth plan	6,000
Total		836,410
UNQUOTED MUTUAL FUNDS		31 March 2014
1	40 Lacs units of ₹ 10 each of DWS Insta Cash Plus Fund -Dir Plan -Annual Bonus under DWS mutual fund - Bonus plan	3,939
2	753 Lacs units of ₹ 10 each of Sundaram Money Fund Direct Plan -Bonus under Sundaram Mutual Fund - Bonus plan	11,630
3	231 Lacs units of ₹ 100 each of Birla Sun Life Saving Fund -Direct under Birla Sun Life Mutual Fund - Growth plan	50,671
4	1452 Lacs units of ₹ 10 each of DWS Ultra Short Term Fund -Direct under DWS mutual fund - Growth plan	19,778
5	410 Lacs units of ₹ 100 each of ICICI Prudential Flexible Income Plan -Direct under ICICI Prudential Mutual Fund - Growth plan	87,955
6	1105 Lacs units of ₹ 10 each of IDFC Money Manager - Investment Plan under IDFC Mutual Fund -Growth plan	20,000
7	1183 Lacs units of ₹ 10 each of JM Money Manager Fund - Super Plus Plan (Direct) -Bonus Option -Principal Units (512) under JM Financial -Mutual Fund - Bonus plan	11,928
8	1972 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan - Direct under JP Morgan Mutual Fund - Bonus plan	20,005
9	481 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan - Direct under JP Morgan Mutual Fund - Bonus plan	5,000
10	31 Lacs units of ₹ 1000 each of Reliance Money Manager Fund -Direct under Reliance Mutual Fund -Growth plan	48,742
11	24 Lacs units of ₹ 1000 each of SBI SHDF -Ultra Short Term Fund -Direct under SBI mutual fund -Growth plan	35,956
12	14 Lacs units of ₹ 1000 each of Tata Floater Fund -Direct under Tata Mutual Fund -Growth plan	24,721
13	15 Lacs units of ₹ 1000 each of UTI Treasury Advantage -Direct under UTI Mutual Fund -Growth plan	22,533
Total		362,858
QUOTED BONDS		31 March 2014
1	1000 units of ₹ 10 Lacs each fully paid up of 8.46% India Infrastructure Finance Company Ltd tax free bonds	9,902
2	1000 units of ₹ 10 Lacs each fully paid up of 8.48% India Infrastructure Finance Company Ltd tax free bonds	9,923
3	1000000 units of ₹ 1000 each fully paid up of 8.55% India Infrastructure Finance Company Ltd tax free bonds	9,974
4	5000000 units of ₹ 1000 each fully paid up of 7.18% India Railway Finance Corporation Limited tax free bonds	46,878
5	127685 units of ₹ 5000 each fully paid up of 8.68% National Housing Bank tax free bonds	6,384
6	180492 units of ₹ 5000 each fully paid up of 8.63% National Housing Bank tax free bonds	9,025
7	1500 units of ₹ 10 Lacs each fully paid up of 8.48% National Highways Authority of India tax free bonds	14,981
8	395812 units of ₹ 1000 each fully paid up of 8.48% NTPC tax free bonds	3,926
9	400 units of ₹ 10 Lacs each fully paid up of 8.63% NTPC tax free bonds	4,000
10	971671 units of ₹ 1000 each fully paid up of 8.54% Power Finance Corporation Limited tax free bonds	9,685
11	420 units of ₹ 10 Lacs each fully paid up of 8.46% Rural Electrification Corporation Limited tax free bonds	4,159
12	500 units of ₹ 10 Lacs each fully paid up of 9.27% Power Finance Corporation Limited bonds	4,885
13	2000 units of ₹ 10 Lacs each fully paid up of 0% LIC Housing Finance Limited bonds	20,000
14	50 units of ₹ 10 Lacs each fully paid up of 0% Housing and Urban Development Corporation Limited bonds	627
Total		154,349

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED

QUOTED MUTUAL FUNDS

31 March 2013

1	300 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series FU under Birla Sun Life Mutual Fund -Growth plan	3,000
2	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series FV (367 Days) under Birla Sun Life Mutual Fund-Growth plan	4,000
3	750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GG (368 Days) under Birla Sun Life Mutual Fund-Growth plan	7,500
4	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GJ (367 Days) under Birla Sun Life Mutual Fund -Growth plan	4,000
5	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GR (399 Days) under Birla Sun Life Mutual Fund-Growth plan	4,000
6	300 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 81-12M under DSP Blackrock Mutual Fund -Growth plan	3,000
7	300 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 82-12M under DSP Blackrock Mutual Fund -Growth plan	3,000
8	450 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 93 -12 M under DSP Blackrock Mutual Fund -Growth plan	4,500
9	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 23 under DWS mutual fund -Growth plan	4,000
10	700 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 26 under DWS mutual fund -Growth plan	7,000
11	240 Lacs units of ₹ 10 each of DWS FMP Series 30 under DWS mutual fund -Growth plan	2,400
12	300 Lacs units of ₹ 10 each of HDFC FMP 371D November 2012 (1) Growth -Series 23 under HDFC Mutual Fund -Growth plan	3,000
13	300 Lacs units of ₹ 10 each of HDFC FMP 371D November 2012 (2) Growth -Series 23 under HDFC Mutual Fund -Growth plan	3,000
14	434 Lacs units of ₹ 10 each of HDFC FMP 372D January 2013 (3) Series 23 under HDFC Mutual Fund -Growth plan	4,340
15	800 Lacs units of ₹ 10 each of HDFC FMP 384D March 2013 (1) under HDFC Mutual Fund -Growth plan	8,000
16	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 367 Days Plan B under ICICI Prudential Mutual Fund -Growth plan	3,000
17	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 367 Days Plan H under ICICI Prudential Mutual Fund-Growth plan	3,000
18	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 366 Days Plan I DP under ICICI Prudential Mutual Fund- Growth plan	3,000
19	1900 Lacs units of ₹ 10 each of ICICI FMP-66 420 Days Plan A under ICICI Prudential Mutual Fund -Growth plan	19,000
20	1000 Lacs units of ₹ 10 each of ICICI Prudential -FMP Series 66 - 407 Days Plan C under ICICI Prudential Mutual Fund- Growth plan	10,000
21	750 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 66 -407 Days Plan I under ICICI Prudential Mutual Fund -Growth plan	7,500
22	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 66 - 412 Days Plan E under ICICI Prudential Mutual Fund -Growth plan	3,500
23	500 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 67 -371 Days Plan C under ICICI Prudential Mutual Fund -Growth plan	5,000
24	600 Lacs units of ₹ 10 each of ICICI Prudential FMP series 67 - 371 Days Plan E under ICICI Prudential Mutual Fund -Growth plan	6,000
25	400 Lacs units of ₹ 10 each of IDFC Yearly Series Interval Fund -Series I under IDFC Mutual Fund -Growth plan	4,000
26	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 14 under IDFC Mutual Fund -Growth plan	3,000
27	320 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 10 under IDFC Mutual Fund -Growth plan	3,200
28	350 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 11 under IDFC Mutual Fund -Growth plan	3,500
29	400 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 15 under JP Morgan Mutual Fund -Growth plan	4,000
30	700 Lacs units of ₹ 10 each of JPMorgan India Fixed Maturity Plan-Series16 under JP Morgan Mutual Fund -Growth plan	7,000
31	400 Lacs units of ₹ 10 each of Kotak FMP Series 95 under Kotak Mahindra Mutual Fund -Growth plan	4,000
32	270 Lacs units of ₹ 10 each of L&T FMP – VII (March13M A) under L&T mutual fund -Growth plan	2,700
33	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 31 (366 days) under Reliance Mutual Fund -Growth plan	3,000
34	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 35 -367 days under Reliance Mutual Fund -Growth plan	3,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED		31 March 2013
QUOTED MUTUAL FUNDS		
35	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 1 under Reliance Mutual Fund -Growth plan	4,000
36	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 2 under Reliance Mutual Fund -Growth plan	5,000
37	2000 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -1 under Reliance Mutual Fund -Growth plan	20,000
38	1850 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 2 under Reliance Mutual Fund -Growth plan	18,500
39	300 Lacs units of ₹ 10 each of Religare FMP Series XVI -Plan C (367 days) under Religare Liquid Fund -Growth plan	3,000
40	300 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII – Plan F (392 Days) under Religare Liquid Fund -Growth plan	3,000
41	470 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII -Plan D-399 Days under Religare Liquid Fund-Growth plan	4,700
42	400 Lacs units of ₹ 10 each of SBI SDFS 366 days -18 under SBI mutual fund -Growth plan	4,000
43	220 Lacs units of ₹ 10 each of SBI SDFS 366 days -20 under SBI mutual fund -Growth plan	2,200
44	750 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -14 under SBI mutual fund -Growth plan	7,500
45	800 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -15 under SBI mutual fund -Growth plan	8,000
46	350 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan-DC 15 Months under Sundaram Mutual Fund -Growth plan	3,500
47	380 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan DF 396 Days under Sundaram Mutual Fund -Growth plan	3,800
48	1250 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme G under Tata Mutual Fund -Growth plan	12,500
49	300 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme B under Tata Mutual Fund -Growth plan	3,000
50	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme H DI under Tata Mutual Fund -Growth plan	4,000
51	269 Lacs units of ₹ 10 each of UTI Fixed Income Interval Fund -Annual Interval Plan -IV under UTI Mutual Fund -Growth plan	4,000
52	400 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund -Series XIII -I (368 Days) under UTI Mutual Fund -Growth plan	4,000
Total		276,840
UNQUOTED MUTUAL FUNDS		31 March 2013
1	397 Lacs units of ₹ 10 each of JM High Liquidity Fund -Regular Plan -Bonus Option -Principal Units (52) under JM Financial -Mutual Fund -Bonus plan	3,902
2	495 Lacs units of ₹ 10 each of Sundaram Money Manger under Sundaram Mutual Fund -Daily Divi Reinv plan	5,004
3	231 Lacs units of ₹ 100 each of Birla Sun Life Saving Fund -Direct under Birla Sun Life Mutual Fund -Growth plan	50,671
4	3015 Lacs units of ₹ 10 each of DWS Ultra Short Term Fund -Direct under DWS mutual fund -Growth plan	41,085
5	2010 Lacs units of ₹ 10 each of HDFC Floating Rate Fund -STP under HDFC Mutual Fund -Growth plan	40,000
6	473 Lacs units of ₹ 100 each of ICICI Prudential Flexible Income Plan -Direct under ICICI Prudential Mutual Fund -Growth plan	101,402
7	1105 Lacs units of ₹ 10 each of IDFC Money Manager -Investment Plan under IDFC Mutual Fund -Growth plan	20,000
8	3944 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan -Direct under JP Morgan Mutual Fund -Bonus plan	60,016
9	2337 Lacs units of ₹ 10 each of Kotak Floater Long Term -Direct under Kotak Mahindra Mutual Fund -Growth plan	42,732
10	37 Lacs units of ₹ 1,000 each of Reliance Money Manager Fund -Direct under Reliance Mutual Fund -Growth plan	57,656
11	38 Lacs units of ₹ 1,000 each of SBI SHDF -Ultra Short Term Fund -Direct under SBI mutual fund -Growth plan	55,637
12	29 Lacs units of ₹ 1,000 each of Tata Floater Fund -Direct under Tata Mutual Fund -Growth plan	50,753
13	3055 Lacs units of ₹ 10 each of Templeton India Ultra Short Bond Fund -Direct under Templeton Fund -Growth plan	45,691
14	44 Lacs units of ₹ 1,000 each of UTI Treasury Advantage -Direct under UTI Mutual Fund -Growth plan	67,749
15	1 Lacs units of ₹ 1,000 each of UTI Treasury Advantage -Bonus under UTI Mutual Fund -Bonus plan	1,427
Total		643,725
CERTIFICATE OF DEPOSITS		31 March 2013
1	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of IDBI Bank under IDBI Bank - plan	9,149
2	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of ICICI Bank under ICICI Bank -plan	9,145
3	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Axis Bank under Axis Bank - plan	4,575
4	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of ICICI Bank under ICICI Bank - plan	4,574

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

15. CURRENT INVESTMENTS CONTINUED

CERTIFICATE OF DEPOSITS		31 March 2013
5	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Andhra Bank under Andhra Bank -plan	4,575
6	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Allahabad Bank under Allahabad Bank - plan	4,575
7	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of UCO Bank under UCO Bank -plan	4,574
8	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Corporation Bank under Corporation Bank - plan	4,575
9	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,580
10	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,572
11	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of State Bank of Travancore under State Bank of Travancore - plan	11,743
Total		66,637

TAX FREE BONDS		31 March 2013
1	50 Lacs units of ₹ 1,000 each fully paid up, 10 year 7.18% tax free bonds of Indian Railway Finance Corporation	50,000
		50,000

16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Finished goods (crude oil)*	-	-	7,625	6,638
Stores and spares	21,195	11,534	8,701	4,066
	21,195	11,534	16,326	10,704
Less: amount disclosed under other non-current assets	(21,195)	(11,534)	-	-
	-	-	16,326	10,704

*includes stock in pipeline ₹ 4,871 lacs (31 Mar 2013: ₹ 4,720 lacs).

17. CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Balances with banks:				
– Current accounts	-	-	1	43
– Deposits with original maturity of upto 3 months	-	-	1,769	60
Cash on hand	-	-	1	1
	-	-	1,771	104
Other bank balances				
– Deposits with original maturity for more than 12 months	-	-	1,000	1
– Deposits with original maturity for more than 3 months but upto 12 months	-	-	1	15,000
– Escrow account (refer note 40)	-	-	14,313	-
– Site restoration fund	13,540	10,822	-	-
	13,540	10,822	15,314	15,001
Less: amount disclosed under other non-current assets	(13,540)	(10,822)	-	-
	-	-	17,085	15,105

18. REVENUE FROM OPERATIONS

	31 March 2014	31 March 2013
Sale of finished goods		
Crude oil and condensate	1,293,118	1,123,241
Gas	17,319	14,031

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

18. REVENUE FROM OPERATIONS CONTINUED

	31 March 2014	31 March 2013
Less: Government share of profit petroleum	(321,039)	(219,126)
	989,398	918,146
Sale of services (tolling income)	3,301	1,462
Other operating revenue (income received as operator from joint venture)	54	490
	992,753	920,098

19. OTHER INCOME

	31 March 2014	31 March 2013
Interest income on		
Bank deposits	2,581	16,697
Current investments	9,816	1,585
Others	2,234	192
Dividend income on current investments	452	9,474
Dividend income from subsidiaries	124,500	-
Gain on sale of current investments (net)*	37,559	21,765
Exchange differences (net)	12,739	28,289
Other non-operating income	283	11,965
	190,164	89,967

* net of loss on adjustment to carrying value of current investment of ₹ 3,447 lacs (31 March 2013: Nil)

20. CHANGE IN INVENTORIES OF FINISHED GOODS

	31 March 2014	31 March 2013
Inventories at the end of the year	7,625	6,638
Inventories at the beginning of the year (previous year includes inventory acquired pursuant to the implementation of scheme of arrangement referred to in note 25)	6,638	5,232
	(987)	(1,406)

21. EMPLOYEE BENEFIT EXPENSES

	31 March 2014	31 March 2013
Salaries, wages and bonus	59,287	44,917
Contribution to provident fund	2,598	2,028
Contribution to superannuation fund	1,498	1,321
Employee stock option scheme (note 28)	20,110	2,415
Gratuity expense (refer note 27)	867	1,023
Compensated absences	373	704
Staff welfare expenses	6,928	4,672
	91,661	57,080
Less: Cost allocated to joint ventures	(64,380)	(47,476)
	27,281	9,604

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

22. OTHER EXPENSES

	31 March 2014	31 March 2013
Data acquisition and analysis	1,194	874
Arbitration costs	55	65
Royalty	1,749	1,932
Legal and professional fees	22,164	17,283
Donations to political parties	750	-
Auditors' remuneration		
As auditor:		
Fees for audit of standalone and consolidated financial statements	41	41
Fees for limited review of standalone and consolidated quarterly financial results	45	45
Fees for certification and agreed upon procedures	10	9
Fees for audit of the tax financial statements and form 3CD	3	42
Fees for other services	11	11
Reimbursement of expenses	5	9
Travelling and conveyance	6,355	4,950
Commission to independent directors	498	-
Share buy back expenses	375	-
Directors' sitting fees	15	14
Contract employee charges	7,089	4,692
Rent	4,578	3,592
Rates and Taxes	1,835	1,643
Insurance	2,182	1,945
Repairs and maintenance		
Buildings	1,030	1,613
Others	5,062	4,287
Miscellaneous expenses	13,102	13,573
	68,148	56,620
Less: Cost allocated to joint ventures	(37,838)	(29,046)
	30,310	27,574

23. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2014	31 March 2013
Depreciation and depletion of tangible assets	120,528	97,506
Amortization of intangible assets	3,364	2,813
Less: Cost allocated to joint ventures	(5,716)	(4,139)
	118,176	96,180

24. FINANCE COSTS

	31 March 2014	31 March 2013
Interest	630	6,514
Loan facility and management fees	-	100
Bank charges	28	47
	658	6,661
Less: Cost allocated to joint ventures	(13)	(20)
	645	6,641

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

25. SCHEME OF ARRANGEMENT

The shareholders of the Company had in February 2010 approved a Scheme of Arrangement ('Scheme') between the Company and four of its wholly owned subsidiaries, Cairn Energy India Pty Ltd ('CEIPL'), Cairn Energy India West BV ('CEIW'), Cairn Energy Cambay BV ('CEC'), Cairn Energy Gujarat BV ('CEG'), (collectively the 'transferor companies'), with an appointed date of 1 January 2010. The Scheme had been approved by the Hon'ble High Court of Madras and Hon'ble High Court of Bombay and was subsequently approved by other relevant regulatory authorities on 18 October 2012. Accordingly, from 1 January 2010, the Indian undertakings of the transferor companies stood transferred to and vested in the Company on a going concern basis.

In accordance with the provisions of the aforesaid Scheme net assets of ₹ 478,575 lacs were transferred from the transferor companies to the Company. The said net assets were further reduced by ₹ 5,093 lacs on account of adjustments required to align the balances to the Company's accounting policies and tax rates etc. Consequentially, there was a reduction in the value of investments in the Company's direct subsidiary Cairn India Holdings Limited by ₹ 1,016,703 lacs leading to creation of a goodwill of an equivalent amount.

Further, in accordance with the Special Resolution passed by the shareholders of the Company under sections 78 and 100 to 103 of the Companies Act, 1956, which was an integral part of the aforesaid Scheme approved by the Courts, the aforesaid goodwill had been adjusted against the securities premium account and as a result both goodwill and securities premium account were stated lower by ₹ 1,016,703 lacs each. This accounting, although different from that prescribed under the Accounting Standards, was in conformity with the accounting principles generally accepted in India, as the same had been approved by the Court and had no impact on the profits for the previous year.

Since the Scheme received all the requisite approvals during the previous year, net profit of ₹ 826,612 lacs relating to the operations of the Indian undertakings of the transferor companies from 1 January 2010 to 31 March 2012 was accounted for in the previous year's statement of profit and loss as a separate line item. Further, net cash flows for the period 1 January 2010 to 31 March 2012 pertaining to the transferor companies on account of operating, investing and financing activities aggregating to ₹ 795,008 lacs, ₹ (441,815) lacs and ₹ (4,778) lacs respectively had been included in the previous year's statement of cash flows as a separate line item under the respective heads.

26. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2014	31 March 2013
Profit for the year as per Statement of Profit & Loss	745,433	1,474,677
Less: Impact of scheme of arrangement relating to earlier periods	-	826,612
Profit for the year before impact of scheme of arrangement relating to earlier periods	745,433	648,065
	No. lacs	No. lacs
Weighted average number of equity shares in calculating basic EPS	19,101	19,089
Effect of dilution:		
Stock options granted under employee stock options	39	29
Weighted average number of equity shares in calculating diluted EPS	19,140	19,118
Earnings per equity share in ₹ computed on the basis of profit for the year		
Basic	39.03	77.25
Diluted	38.95	77.14
Earnings per equity share in ₹ computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods		
Basic	39.03	33.95
Diluted	38.95	33.90

27. GRATUITY

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 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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. GRATUITY CONTINUED

31 March 2014 31 March 2013

Statement of profit and loss		
Net employee benefit expense recognized in the employee cost		
Current service cost	752	609
Interest cost on benefit obligation	294	216
Expected return on plan assets	(192)	(172)
Net actuarial (gain) / loss recognized in the year	13	370
Net benefit expense	867	1,023
Actual return on plan assets	197	176
 Balance sheet		
Benefit asset/ liability		
Present value of defined benefit obligation	4,503	3,676
Fair value of plan assets	2,958	2,353
Plan asset / (liability)	(1,545)	(1,323)
 Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation*	3,676	2,698
Current service cost	752	609
Interest cost	294	216
Benefits paid	(237)	(221)
Actuarial (gains) / losses on obligation	18	374
Closing defined benefit obligation	4,503	3,676
 Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets*	2,353	1,820
Expected return	192	172
Contributions by employer	645	578
Benefits paid	(237)	(221)
Actuarial gains / (losses)	5	4
Closing fair value of plan assets	2,958	2,353

* For the year 2012-13, opening defined benefit obligation and opening fair value of plan assets include ₹ 2,595 lacs & ₹ 1,820 lacs respectively, transferred from the transferor companies pursuant to the implementation of the scheme of arrangement referred to in note 25.

The Company's expected contribution to the fund in the next year is ₹ 1,054 lacs (31 March 2013: ₹ 939 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2014	31 March 2013
Investments with insurer	100%	100%

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

	31 March 2014	31 March 2013
Discount rate	9.00%	8.00%
Future salary increase	12.00%	10.00%
	31 March 2014	31 March 2013
Expected rate of return on assets	9.45%	9.45%
Employee turnover	10.00%	5.00%
Mortality rate	IALM (2006 -08)	IALM (1994-96)

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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. GRATUITY CONTINUED

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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	4,503	3,676	103	80	66
Plan assets	2,958	2,353	-	-	-
Surplus/ (deficit)	(1,545)	(1,323)	(103)	(80)	(66)
Experience adjustments on plan assets	5	4	-	-	-
Experience adjustments on plan liabilities	(396)	(374)	(2)	5	(6)

The Company 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

The Company has provided various share based payment schemes to its employees. During the year ended 31 March 2014, the following schemes were in operation:

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2014	12,499,781	30,112,439	4,026,214	758,370
Method of Settlement	Equity	Equity	Cash	Cash
Vesting Period	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Number of options granted till 31 March 2014:

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant				
24-Nov-06	-	-	-	-
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
23-Jul-12	890,501	4,153,467	441,624	24,495
23-Jul-13	3,290,997	-	432,259	-
Total	12,499,781	30,112,439	4,026,214	758,370

* includes 169,944 & 260,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during the financial year 2011-12.

The vesting conditions of the above plans are as under-

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.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Details of activities under employees stock option plans

CIPOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,505,363	10.00	1,082,340	10.00
Granted during the year	3,290,997	10.00	890,501	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	221,029	10.00
Forfeited / cancelled during the year	357,047	10.00	246,449	10.00
Outstanding at the end of the year	4,439,313	10.00	1,505,363	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 ₹ 265.08 (31 March 2013: ₹ 320.98)

Weighted average share price at the date of exercise of stock options is NA (31 March 2013: ₹ 344.46)

CIESOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	13,971,816	298.51	13,963,416	278.49
Granted during the year	Nil	NA	4,153,467	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	662,266	223.66	2,621,017	223.86
Forfeited / cancelled during the year	786,472	325.70	1,524,050	320.70
Outstanding at the end of the year	12,523,078	300.76	13,971,816	298.51
Exercisable at the end of the year	5,499,118	266.86	4,135,249	228.10

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 188.87)

Weighted average share price at the date of exercise of stock options is ₹ 314.11 (31 March 2013: ₹ 331.27)

CIPOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	873,689	10.00	49,041	10.00
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	Nil	NA	989,165	10.00
Granted during the year	432,259	10.00	441,624	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	236,392	10.00	Nil	NA
Forfeited / cancelled during the year	470,782	10.00	606,141	10.00
Outstanding at the end of the year	598,774	10.00	873,689	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 ₹ 280.3 (31 March 2013: ₹ 323.11)

Weighted average share price at the date of exercise of stock options is ₹ 303.45 (31 March 2013: NA)

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	41,975	327.86	Nil	NA
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	Nil	NA	263,711	278.79
Granted during the year	Nil	NA	24,495	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	7,659	331.25	246,231	275.21

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the end of the year	34,316	327.11	41,975	327.86
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 100.84)

The details of exercise price for stock options outstanding as at 31 March 2014 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	4,439,313	1.89	10.00
CIESOP Plan	160-331.25	12,523,078	0.46	300.76
CIPOP Plan – Phantom options	10.00	598,774	1.78	10.00
CIESOP Plan – Phantom options	326.85-327.75	34,316	1.03	327.11

The details of exercise price for stock options outstanding as at 31 March 2013 are:

CIPOP Plan	10.00	1,505,363	1.83	10.00
CIESOP Plan	143-331.25	13,971,816	1.04	298.51
CIPOP Plan – Phantom options	10.00	873,689	1.37	10.00
CIESOP Plan – Phantom options	326.85-331.25	41,975	1.72	327.86

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 2014	31 March 2013
Total Employee Compensation Cost pertaining to share-based payment plans	20,110	2,415
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	19,868	1,198
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	242	1,217
Equity settled employee stock options outstanding as at year end	20,804	1,712
Liability for cash settled employee stock options outstanding as at year end	778	1,390
Deferred compensation cost of equity settled options	9,723	2,625
Deferred compensation cost of cash settled options	1,052	1,147

Inputs for Fair valuation of Employees Stock Option Plans

The Share Options have been fair valued using an Option Pricing Model (Black Scholes Model). The main inputs to the model and the Fair Value of the options granted during the current year and previous year, based on an independent valuation, are as following:

Variables – CIPOP	23 July 2012	23 July 2013
Grant date	23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the date of grant (₹)	326.85	306.70
Vesting date	23 July 2015	23 July 2016
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	44.25%	28.30%
Risk free rate	8.18%	8.47%
Time to maturity (years)	3.12	3.13
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	320.98	265.08

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Variables – CIESOP		
Grant date	23 July 2012	
Stock Price/fair value of the equity shares on the date of grant (₹)	326.85	
Vesting date	23 July 2015	
Vesting %	100.00%	
Volatility	44.25%	
Risk free rate	8.18%	
Time to maturity (years)	6.50	
Exercise price (₹)	326.85	
Fair Value of the options (₹)	188.87	

Note: No options have been granted during the year under CIESOP scheme.

Variables – CIPOP Phantom		
	23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the reporting date (₹)	333.00	333.00
Vesting date	23 July 2015	23 July 2016
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	23.48%	26.54%
Risk free rate	8.48%	8.65%
Time to maturity (years)	1.31	2.32
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	308.05	297.10

Variables – CIESOP Phantom		
	23 July 2012	
Stock Price of the equity shares on the reporting date (₹)	333.00	
Vesting date	23 July 2015	
Vesting %	Refer vesting conditions	
Volatility	23.48%	
Risk free rate	8.48%	
Time to maturity (years)	1.31	
Exercise price (₹)	326.85	
Fair Value of the options (₹)	46.32	

Note: No options have been granted during the year under CIESOP Phantom scheme.

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 Company 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 2014	31 March 2013
Profit as reported	745,433	1,474,677
Add: Employee stock compensation under intrinsic value method	-	2,415
Less: Employee stock compensation under fair value method	-	(7,246)

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

	31 March 2014	31 March 2013
Proforma profit	745,433	1,469,846
Earnings Per Share in ₹		
Basic		
- As reported	39.03	77.25
- Proforma	39.03	77.00
Diluted		
- As reported	38.95	77.14
- Proforma	38.95	76.88

29. LEASES

Operating Lease: as lessee

The Company 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 2014	31 March 2013
Lease payments made during the year	391	393
Within one year of the balance sheet date	2,593	343
Due in a period between one year and five years	10,930	236
Due after five years	23,979	-

30. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding / Ultimate holding company	Vedanta Resources Plc.
	Vedanta Resources Holdings Limited
	Volcan Investments Limited
	Sesa Sterlite Limited (formerly Sesa Goa Limited) *

* With effect from 26 August 2013 Sesa Sterlite Limited became the Company's holding company. Prior to that date, it was a fellow subsidiary and also had significant influence over the Company.

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
	13. Cairn Energy Discovery Limited
	14. Cairn Exploration (No. 2) Limited
	15. Cairn Exploration (No. 6) Limited

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

30. RELATED PARTY DISCLOSURES CONTINUED

- 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 Lanka (Pvt) Limited
- 22. Cairn Energy Group Holdings BV **
- 23. Cairn Energy India West BV
- 24. Cairn Energy India West Holding BV **
- 25. Cairn Energy Gujarat Holding BV **
- 26. Cairn Energy India Holdings BV **
- 27. Cairn Energy Netherlands Holdings BV
- 28. Cairn Energy Gujarat BV
- 29. Cairn Energy Cambay BV
- 30. Cairn Energy Cambay Holding BV **
- 31. Cairn South Africa Proprietary Limited

** Liquidated during the year.

Related parties with whom transactions have taken place

Fellow subsidiaries	Twin Star Mauritius Holdings Limited ***
	Sterlite Industries (India) Limited (merged into Sesa Sterlite Limited on 17 August 2013)
	Sesa Resources Limited

*** also has significant influence over the Company.

Key management personnel

P. Elango, Wholetime Director and Interim Chief Executive Officer (from 1 September 2012)
Rahul Dhir, Managing Director and Chief Executive Officer (upto 31 August 2012)

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 2014	31 March 2013
Reimbursement of expenses	Cairn Energy Hydrocarbons Limited	503	181
	Sterlite Industries (India) Limited	86	150
	Sesa Sterlite Limited	120	-
	Total	709	331
Equity contributions made during the year	CIG Mauritius Holding Private Limited	-	13,757
Dividend paid	Twin Star Mauritius Holdings Limited	43,893	36,944
	Sesa Resources Limited	92,359	1,635
	Sesa Sterlite Limited	4,088	17,557
	P. Elango	22	9
	Total	140,362	56,145
Dividend received	Cairn India Holdings Limited	124,500	-
Remuneration	Rahul Dhir	-	1,707
	P. Elango	511	116
	Total	511	1,823

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

30. RELATED PARTY DISCLOSURES CONTINUED

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 Company as a whole.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2014	31 March 2013
Other current liabilities including trade payables	Cairn Energy Hydrocarbons Limited	-	588
	Sesa Sterlite Limited	7	14
	Total	7	602
Loans & Advances	Cairn Lanka Private Limited	21	21
	Cairn Energy Hydrocarbons Limited	486	-
	Cairn Energy Gujarat Block 1 Limited	-	127
	Cairn Exploration (No. 2) Limited	-	324
	Cairn Exploration (No. 6) Limited	-	7
	Cairn Exploration (No. 7) Limited	-	163
	Cairn Energy Holdings Limited	-	20
	Total	507	662
Guarantee given	Cairn Lanka Private Limited	3,195	3,195

31. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Company's share of Joint Ventures' Exploration activities and Development activities - ₹ 101,607 lacs (31 March 2013: ₹ 14,772 lacs) and ₹ 226,117 lacs (31 March 2013: ₹ 72,383 lacs) respectively.

Other commitments

Company's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - ₹ 109,534 lacs (31 March 2013: ₹ 4,132 lacs).

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, Company's share will be USD 37.4 million (approximately ₹ 16,880 lacs) [31 March 2013: 37.4 million] 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 had recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV had 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 the Company) 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. High Court of Kuala Lumpur dismissed Government of India's (GOI) application of setting aside the part of the Award on 30 August 2012 with costs. However, GOI appealed before the Court of Appeal against the High Court's order and the same is pending adjudication.

b. Service tax

The Company has received six show cause notices from the tax authorities in India for non-payment of service tax as a recipient of services from foreign service providers, against which replies have already been filed before the authorities except the last SCN received for the period 1st April 2011 to 31st March 2012 whose reply will be submitted in due course.

These notices cover periods from 1 April 2006 to 31 March 2012. 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).

Should future adjudication go against the Company, it will be liable to pay the service tax of approximately ₹ 11,021 lacs (31 March 2013: ₹ 11,248 lacs) plus potential interest of approximately ₹ 10,235 lacs (31 March 2013: ₹ 9,013 lacs), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company is operator.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

32. CONTINGENT LIABILITIES CONTINUED

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.

The Company 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 ₹ 24,843 lacs (31 March 2013: ₹ 24,317 lacs).

d. Withholding tax on payments made on acquiring a subsidiary

In March 2014, the Company received a show cause notice from the Indian Tax Authorities ("Tax Authorities") for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ("CUHL") UK, for acquiring shares of Cairn India Holdings Limited ("CIHL"). Tax Authorities have stated in the said notice that a short term capital gain of ₹ 2,450,350 lacs accrued to CUHL on transfer of the shares of CIHL to the Company, in financial year 2006-2007, on which tax should have been withheld by the Company. The Company believes that the transaction is not liable for any withholding tax on account of retrospective amendment by insertion of Explanation 5 to Section 9(1)(i) of India Income Tax Act 1961 and the Company intends to defend its position before the Tax Authorities. The Company has, accordingly filed reply to the above notice in April 2014 and is cooperating with the Tax Authorities.

e. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 581 Lacs (31 March 2013: ₹ 332 lacs) plus penalty and interest which the Company has contested before the Deputy Commissioner. The Company believes that this levy is not constitutionally valid and its writ petition in this regard is pending before the Honorable Rajasthan High Court.

ii) Other claims against the Company not acknowledged as debts amounts to ₹ 1,500 lacs (31 March 2013: ₹ 1,500 lacs).

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (e) above are not probable and accordingly no provision has been considered necessary there against.

33. 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 2014	31 March 2013
Trade receivables	149,950	116,954
Loans and advances and other assets	39,053	191,272
Other current liabilities including trade payables	118,494	65,064
	307,497	373,290

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

31 March 2014 31 March 2013

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	-	-

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

35. VALUE OF IMPORTS CALCULATED ON CIF BASIS		31 March 2014	31 March 2013	
Stores and spares		8,304	4,542	
36. EXPENDITURE IN FOREIGN CURRENCY (ACCRAUL BASIS)				
		31 March 2014	31 March 2013	
Exploration and development expenditure		84,904	27,003	
Share of expenses from producing oil and gas blocks		21,034	444	
Salaries, wages and bonus		10,363	9,011	
Staff welfare expenses		1,973	1,732	
Legal and professional fees		4,761	3,499	
Data acquisition and analysis		1,184	825	
Travelling and conveyance		351	245	
Insurance		1,976	1,758	
Repairs and maintenance		1,667	1,879	
Miscellaneous expenses		3,449	4,433	
		131,662	50,829	
37. EARNINGS IN FOREIGN CURRENCY (ACCRAUL BASIS)				
		31 March 2014	31 March 2013	
Revenue from operations*		992,753	920,098	
Interest income on bank deposits**		-	6,051	
		992,753	926,149	
* Post implementation of scheme of arrangement referred to in note 25 above, the revenue is realised in equivalent rupees as on date of settlement.				
** represents the earnings of the transferor companies, referred to in note 25 above, for the period 1 April 2012 to 18 October 2012.				
38. IMPORTED AND INDIGENOUS SPARE AND PARTS CONSUMED IN OIL & GAS EXPLORATION ACTIVITIES				
	Percentage of total consumption		Amount	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Imported	69.00%	53.64%	13,422	4,975
Indigenous	31.00%	46.36%	6,030	4,299
	100.00%	100.00%	19,452	9,274
39. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE				
Year of remittance (ending on)	31 March 2014		31 March 2013	
Period to which it relates	1 April 2012 to 31 March 2013 & 1 April 2013 to 31 March 2014		1 April 2012 to 31 March 2013	
Non-resident shareholders	9		8	
Equity shares held on which dividend was due (numbers in lacs)	9,351		9,351	
Amount remitted (in USD lacs)	1,939		863	
Amount remitted (in equivalents ₹ lacs)	116,881		46,753	

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

40. BUY BACK OF EQUITY SHARES

During the current year, the Company has approved a proposal for buy back of its equity shares at a price not exceeding ₹ 335 per equity share for an aggregate amount not exceeding ₹ 572,500 lacs. The buy back, which commenced on 23 January 2014, is being done from open market other than from promoters and persons in control and is open for a maximum period of six months. During the year, the Company has bought back and extinguished 33 lacs equity shares of face value of ₹ 10/- each for a total consideration of ₹ 10,553 lacs. The Company pursuant to the Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998 ('the Regulations') has deposited a sum of ₹ 14,313 lacs, being 2.5% of the maximum buy back size, in an escrow account.

In the event the Company is unable to (i) complete a buyback of atleast ₹ 286,250 lacs, being 50% of the maximum buy back size; and (ii) comply with the conditions specified in regulation 15B(8) of the Regulations, SEBI can forfeit the deposit amount. As the buyback is in progress with 22 July 2014 being the last date and the Company is in compliance with the provisions of the Regulations, no provision is considered necessary towards the amount deposited in the escrow account.

41. OIL & GAS RESERVES AND RESOURCES

The Company's gross reserve estimates are updated atleast annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2007)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end is as follows:

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net working interest proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Rajasthan MBA Fields	2,208	2,193	594	636	208	223
Rajasthan MBA EOR	-	-	271	270	95	95
Rajasthan Block Other Fields	2,412	2,005	345	181	121	63
Ravva Fields	667	681	49	50	11	11
CB-OS/2 Fields	217	209	22	20	9	8
Other fields	481	479	75	74	37	37
Total	5,985	5,567	1,356	1,231	481	437

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil	Gas	Oil	Gas
	(mmstb)	(bscf)	(mmstb)	(bscf)
Reserves as of 1 April 2012*	170.65	15.16	104.89	15.16
Additions / revision during the year	(0.97)	8.34	15.78	7.57
Production during the year	24.10	5.56	24.10	5.56
Reserves as of 31 March 2013**	145.58	17.94	96.57	17.17
Additions / revision during the year	17.44	29.76	17.88	3.39
Production during the year	25.96	5.92	25.96	5.92
Reserves as of 31 March 2014***	137.06	41.78	88.49	14.64

Note: Reserves as at 1 April 2012 have been acquired during the year pursuant to implementation of scheme of arrangement referred to in note 25.

* Includes probable oil reserves of 47.73 mmstb (of which 29.91 mmstb is developed) and probable gas reserves of 6.40 bscf (of which 6.40 bscf is developed)

** Includes probable oil reserves of 39.62 mmstb (of which 20.20 mmstb is developed) and probable gas reserves of 10.42 bscf (of which 9.70 bscf is developed)

*** Includes probable oil reserves of 44.95 mmstb (of which 17.37 mmstb is developed) and probable gas reserves of 29.72 bscf (of which 7.89 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, Bhagyan & Aishwarya

EOR = Enhanced Oil Recovery

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

42. 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

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The figures appearing in these financial statements relate to the Company's single geographical segment, being operations in the Indian sub-continent.

43. 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 30. The balance outstanding as at the year end is also the maximum amount outstanding during the year in all cases except for in current year in the case of Cairn Energy Hydrocarbons Limited where the maximum amount outstanding was ₹ 905 lacs. No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

44. PREVIOUS YEAR FIGURES

The Company has 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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance

& Company Secretary

AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Board of Directors of Cairn India Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cairn India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Company as at March 31, 2014;
- 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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Place: Gurgaon

Date: 23 April 2014

Consolidated Balance Sheet

As at 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	Notes	31 March 2014	31 March 2013
EQUITY & LIABILITIES			
Shareholder's fund			
Share capital	3	190,763	191,024
Reserves and surplus	4	5,553,006	4,578,919
		5,743,769	4,769,943
Non-current liabilities			
Deferred tax liabilities (net)	11	73,559	46,408
Long-term provisions	5	311,314	240,406
		384,873	286,814
Current liabilities			
Trade payables	6	62,077	53,667
Other current liabilities	6	209,580	120,321
Short-term provisions	5	168,780	174,284
		440,437	348,272
Total		6,569,079	5,405,029
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	988,365	940,112
Intangible assets	8	1,519,217	1,518,888
Development capital work in progress	9	362,106	320,788
Exploration intangible assets under development	10	207,583	117,711
Long-term loans and advances	12	740,271	486,648
Other non-current assets	13.2	538,270	44,590
		4,355,812	3,428,737
Current assets			
Current investments	14	1,636,384	1,038,226
Inventories	15	29,705	19,609
Trade receivables	13.1	251,240	228,519
Cash and bank balances	16	176,194	555,682
Short-term loans and advances	12	104,668	107,031
Other current assets	13.2	15,076	27,225
		2,213,267	1,976,292
Total		6,569,079	5,405,029
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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P. Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Consolidated Statement Of Profit & Loss

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	Notes	31 March 2014	31 March 2013
Income			
Revenue from operations	17	1,876,170	1,752,415
Other income	18	150,271	103,624
Total revenue		2,026,441	1,856,039
Expenses			
Cess on crude oil		289,859	280,767
Share of expenses from producing oil and gas blocks		117,415	85,113
Change in inventories of finished goods	19	(1,413)	(2,742)
Employee benefit expenses	20	27,412	10,325
Other expenses	21	33,087	30,148
Depletion, depreciation and amortization expense	22	229,736	184,592
Finance costs	23	4,148	6,866
Exploration costs written off	10	41,238	45,488
		741,482	640,557
Profit before tax		1,284,959	1,215,482
Tax expenses			
Current tax		255,314	245,434
Less: MAT credit entitlement		(240,685)	(215,571)
Net current tax expense		14,629	29,863
Deferred tax charge/(credit)		27,151	(6,355)
Total tax expense		41,780	23,508
Profit for the year before impact of scheme of arrangement relating to earlier periods		1,243,179	1,191,974
Impact of scheme of arrangement relating to earlier periods	24	-	13,665
Profit for the year		1,243,179	1,205,639
Earnings per equity share in ₹	25		
[nominal value of share ₹ 10 (31 March 2013: ₹ 10)]			
Computed on the basis of profit for the year			
Basic		65.08	63.16
Diluted		64.95	63.06
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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

For and on behalf of the Board of Directors

Navin Agarwal

Chairman

DIN 00006303

P Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance

& Company Secretary

Consolidated Cash Flow Statement

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	1,284,959	1,215,482
Adjustments for:		
Depletion, depreciation and amortization	235,452	188,731
Exploration costs written off	41,238	45,488
Employee stock compensation expense (equity settled)	19,868	1,198
Unrealized foreign exchange (gain)/loss (net)	3,048	4,140
Gain on sale of current investments (net)	(36,614)	(21,765)
Interest expense	1,460	6,702
Other finance charges	2,646	100
Interest income	(38,812)	(29,078)
Share buy back expenses	375	-
Other non-operating income	(489)	(11,792)
Dividend income	(452)	(9,476)
Operating profit before working capital changes	1,512,679	1,389,730
Movements in working capital :		
Increase in trade payables, other liabilities and provisions	7,192	21,996
(Increase) in trade receivables	(28,441)	(80,717)
(Increase) in inventories	(27,200)	(1,643)
(Increase)/ decrease in loans and advances and other assets	(92,684)	3,066
Cash generated from operations	1,371,546	1,332,432
Direct taxes paid (net of refunds)	(262,270)	(226,869)
Net cash flow from operating activities (A)	1,109,276	1,105,563
Cash flows from investing activities		
Purchase of fixed assets (including capital advances)	(287,327)	(163,132)
Proceeds from sale of KG-DWN-98/2 block	17,225	-
Deposit made on escrow account	(14,313)	-
Short term investments made (net)	(561,546)	(832,904)
Proceeds from redemption/ maturity of deposits having original maturity of more than three months	621,832	557,898
Deposits made having original maturity of more than three months	(617,483)	(898,055)
Interest received	30,970	22,907
Dividend received on current investments	452	9,476
Payments made to site restoration fund	(2,718)	(1,996)
Net cash flow (used in) investing activities (B)	(812,908)	(1,305,806)
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	1,481	5,887
Payment made for buy back of equity shares	(10,553)	-
Expenses paid for buy back of equity shares	(375)	-
Repayment of long-term borrowings	-	(125,000)
Repayment of finance lease obligation	-	(184)
Dividend paid on equity shares	(238,805)	(95,488)
Tax paid on equity dividend	(40,585)	(15,491)
Payment of borrowing costs (other than interest)	(2,646)	-
Interest paid	(937)	(9,497)
Net cash flow (used in) financing activities (C)	(292,420)	(239,773)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,948	(440,016)

Consolidated Cash Flow Statement (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

	31 March 2014	31 March 2013
Effect of exchange differences on cash & cash equivalents held in foreign currency	(248)	11
Cash and cash equivalents at the beginning of the year	4,634	444,639
Cash and cash equivalents at the end of the year	8,334	4,634
Components of cash and cash equivalents		
Cash on hand	1	1
With banks		
- deposits with original maturity of upto 3 months	8,265	4,302
- current accounts	68	331
Total cash and cash equivalents (note 16)	8,334	4,634

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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

For and on behalf of the Board of Directors

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

P. Elango

Interim CEO and

Whole Time Director

Aman Mehta

Director

DIN 00009364

DIN 06475821

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Notes To Consolidated Financial Statements

For the year ended 31 March 2014

(All amounts are in ₹ lacs, 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.

The Company along with its subsidiaries, (collectively the 'Cairn India Group') participates in various Oil and Gas blocks/fields, which are in the nature of jointly controlled assets, granted by the Government of India/Sri Lanka/South Africa through Production Sharing Contract ('PSC')/ Production Resources Agreement ('PRA') entered into between these entities and Government of India/Sri Lanka/South Africa 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 I 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
31	Cairn South Africa Proprietary Limited	South Africa

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.

* Liquidated during the year.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

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%
South Africa Block 1	Orange Basin South Africa Offshore	60.00%
Following block has been transferred		
Non – operated block		
KG-DWN-98/2 in September 2012	Krishna Godavari Deep water	10.00%

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 Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, 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 to the extent stated in note 2.1 a below.

2.1 Summary of significant accounting policies

a. Change in accounting policy

During the current year, the Cairn India Group has decided to measure all its outstanding stock option liabilities using the Fair value method (Black-Scholes) as against the previously followed Intrinsic value method. Accordingly, the stock option charge for the year ended 31 March 2014 is higher by ₹ 17,035 lacs (including ₹ 13,011 lacs for the period up to 31 March 2013) and profit after tax is lower by ₹ 15,276 lacs (including ₹ 11,730 lacs for the period up to 31 March 2013).

b. 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:

- 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).
- 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.
- 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.

c. 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" (Revised 2013).

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

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

2. BASIS OF PREPARATION CONTINUED

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.

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.

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, amortization and depletion

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 which is a maximum of 10 years. Leasehold improvements are amortized over the remaining period of the primary lease (3 to 6 years) or expected useful lives, whichever is shorter.

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.

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.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

2. BASIS OF PREPARATION CONTINUED

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 long term investments.

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.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

2. BASIS OF PREPARATION CONTINUED

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.

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.

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 fund are defined contribution schemes. Cairn India Group has no obligation,

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

2. BASIS OF PREPARATION CONTINUED

other than the contribution payable to the provident fund and superannuation fund. Cairn India Group recognizes contribution payable to the provident fund and superannuation fund as an expenditure, when an employee renders the related service. If the contribution payable to the fund for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the fund is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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 fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

t. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Cairn India Group does not recognize a contingent liability but discloses its existence in the financial statements.

u. Segment Reporting

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.

w. 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.

3. SHARE CAPITAL

31 March 2014

31 March 2013

Authorised shares	31 March 2014	31 March 2013
22,500 lacs (31 March 2013: 22,500 lacs) equity shares of ₹ 10 each	225,000	225,000
Issued, subscribed and fully paid up shares		
19,076 lacs (31 March 2013: 19,102 lacs) equity shares of ₹ 10 each	190,763	191,024
Total issued, subscribed and fully paid-up share capital	190,763	191,024

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

31 March 2014		31 March 2013		
	No. lacs	₹ lacs	No. lacs	₹ lacs
At the beginning of the period	19,102	191,024	19,074	190,740
Issued during the period – ESOP	7	66	28	284
Shares extinguished pursuant to buy back (refer note 30)	(33)	(327)	-	-
Outstanding at the end of the period	19,076	190,763	19,102	191,024

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

3. SHARE CAPITAL CONTINUED

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 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 2014	31 March 2013
Sesa Sterlite Limited (formerly Sesa Goa Limited), the holding company 3,511 lacs (31 March 2013: 3,511 lacs) equity shares of ₹ 10 each fully paid	35,114	35,114
Twin Star Mauritius Holdings Limited, subsidiary of Sesa Sterlite Limited 7,389 lacs (31 March 2013: 7,389 lacs) equity shares of ₹ 10 each fully paid	73,887	73,887
Sesa Resources Limited, subsidiary of Sesa Sterlite Limited 327 lacs (31 March 2013: 327 lacs) equity shares of ₹ 10 each fully paid	3,270	3,270

Note: On 26 August 2013, Sesa Sterlite Limited acquired Twin Star Mauritius Holdings Limited and became the Company's holding company. However, as in the previous year, all the above entities and the Company continue to be the subsidiaries of Vedanta Resources Plc.

d. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued total 142 lacs equity shares (31 March 2013: 180 lacs 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. No other equity shares have been issued for consideration other than cash during the period five years immediately preceding the end of current period.

e. Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:

The Company bought back 33 lacs equity shares (31 March 2013: Nil) during the period of five years immediately preceding the reporting date. Also refer note 30 below.

f. Details of shareholders holding more than 5% shares in the Company

	31 March 2014	31 March 2013		
	No. lacs	% holding in the class	No. lacs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Twin Star Mauritius Holdings Limited	7,389	38.73%	7,389	38.68%
Sesa Sterlite Limited (formerly Sesa Goa Limited)	3,511	18.41%	3,511	18.38%
Cairn UK Holdings Ltd	1,841	9.65%	1,962	10.27%
Life Insurance Corporation of India	1,704	8.93%	1,510	7.90%

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

g. Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, refer note 27.

4. RESERVES AND SURPLUS

	31 March 2014	31 March 2013
Securities premium account		
Balance as per the last financial statements	2,018,757	3,029,271
Less: adjustment pursuant to implementation of Scheme of Arrangement (refer note 24)	-	(1,016,703)
Add: additions on employee stock options exercised	1,415	5,605
Less: adjustment on account of buy back of equity shares (refer note 30)	(10,226)	-
Add: transferred from stock options outstanding	777	584
Closing Balance	2,010,723	2,018,757
Capital redemption reserve		
Balance as per the last financial statements	-	-

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

4. RESERVES AND SURPLUS CONTINUED

	31 March 2014	31 March 2013
Add: transferred from general reserve on buy back of equity shares	327	-
Closing Balance	327	-
Debenture redemption reserve		
Balance as per the last financial statements	-	4,396
Add: amount transferred to surplus balance in the statement of profit and loss	-	(4,396)
Closing Balance	-	-
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	24,450	2,739
Add: gross compensation for options granted during the year	6,854	2,182
Less: deferred employee stock compensation	(9,723)	(2,625)
Less: transferred to securities premium on exercise of stock options	(777)	(584)
Closing Balance	20,804	1,712
General reserve		
Balance as per the last financial statements	294,935	-
Less: transferred to capital redemption reserve on account of buy back of equity shares	(327)	-
Add: transferred from surplus balance in the statement of profit and loss	74,543	294,935
Closing Balance	369,151	294,935
Surplus in the statement of profit and loss		
Balance as perw last financial statements	2,263,515	1,603,702
Profit for the year	1,243,179	1,205,639
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 6.50 (31 March 2013: ₹ 6.50)]	(123,996)	(124,165)
Tax on proposed final equity dividend	(22,033)	(20,143)
Interim equity dividend [amount per share ₹ 6 (31 March 2013: ₹ 5)]	(114,639)	(95,488)
Tax on interim dividend	(19,482)	(15,491)
Transfer from debenture redemption reserve	-	4,396
Transfer to general reserve	(74,543)	(294,935)
Net surplus in the statement of profit and loss	3,152,001	2,263,515
Total reserves and surplus	5,553,006	4,578,919

5. PROVISIONS

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for employee stock options (cash settled)**	488	573	290	817
Provision for gratuity (refer note 26)	-	-	1,545	1,323
Provision for compensated absences	-	-	1,595	1,330
	488	573	3,430	3,470
Other provisions				
Provision for site restoration*	310,826	239,833	-	-
Provision for taxation (net of advance tax)	-	-	20,281	26,506
Proposed equity dividend	-	-	123,996	124,165
Provision for tax on proposed equity dividend	-	-	21,073	20,143
	310,826	239,833	165,350	170,814
	311,314	240,406	168,780	174,284

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

5. PROVISIONS CONTINUED

	31 March 2014	31 March 2013
* Provision for site restoration [refer note 2.1 (d) above]		
Opening balance	239,833	186,765
Additions for the year	70,993	53,068
Closing balance	310,826	239,833

** Provision for employee stock options (cash settled) [refer note 2.1 (s) above]

	31 March 2014	31 March 2013
Opening Balance		
	1,390	1,249
Additions for the year	1,083	1,619
Payments during the year	(853)	(1,076)
Reversed during the year	(842)	(402)
Closing Balance	778	1,390

6. OTHER CURRENT LIABILITIES

	31 March 2014	31 March 2013
Trade payables	62,077	53,667
Other liabilities		
Others		
Revenue received in excess of entitlement interest	452	9,595
Statutory dues payable	12,961	13,193
Interest accrued on other than borrowings	8,150	7,630
Profit petroleum payable	6,336	2,788
Liabilities for exploration and development activities	181,681	87,115
	209,580	120,321
	271,657	173,988

7. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equipments	Furniture & fixtures	Leasehold improvements	Vehicles	Oil & gas producing facilities	Total
Cost or valuation										
At 1 April 2012	436	13,422	90,604	609,951	7,565	1,036	2,816	714	587,474	1,314,018
Additions	2	1,217	29,259	59,368	7,395	1,645	-	97	134,180	233,163
Disposals	-	-	-	-	(31)	-	-	(54)	-	(85)
At 31 March 2013	438	14,639	119,863	669,319	14,929	2,681	2,816	757	721,654	1,547,096
Additions	-	566	35,932	48,232	3,733	316	-	39	191,684	280,502
Disposals	(247)	-	-	-	(609)	-	-	(26)	-	(882)
At 31 March 2014	191	15,205	155,795	717,551	18,053	2,997	2,816	770	913,338	1,826,716
Depreciation/ Depletion										
At 1 April 2012	-	1,983	14,560	110,700	5,272	437	2,654	222	285,408	421,236
Charge for the year	-	1,486	11,940	66,831	2,508	241	161	75	102,587	185,829
Disposals	-	-	-	-	(27)	-	-	(54)	-	(81)
At 31 March 2013	-	3,469	26,500	177,531	7,753	678	2,815	243	387,995	606,984
Charge for the year	-	1,598	14,942	71,746	4,247	467	-	88	138,907	231,995
Disposals	-	-	-	-	(602)	-	-	(26)	-	(628)
At 31 March 2014	-	5,067	41,442	249,277	11,398	1,145	2,815	305	526,902	838,351
Net Block										
At 31 March 2013	438	11,170	93,363	491,788	7,176	2,003	1	514	333,659	940,112
At 31 March 2014	191	10,138	114,353	468,274	6,655	1,852	1	465	386,436	988,365

The above gross block includes ₹ 1,811,088 lacs (31 March 2013: ₹ 1,525,661 lacs) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 826,350 lacs (31 March 2013: ₹ 595,250 lacs) and net book value is ₹ 984,738 lacs (31 March 2013: ₹ 930,411 lacs).

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

8. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
Gross block			
At 1 April 2012	2,531,927	9,847	2,541,774
Additions for the year	-	4,347	4,347
Deletions (Refer note 24)	(1,016,703)	-	(1,016,703)
At 31 March 2013	1,515,224	14,194	1,529,418
Additions for the year	-	3,786	3,786
Deletions	-	(349)	(349)
At 31 March 2014	1,515,224	17,631	1,532,855
Amortization			
At 1 April 2012	-	7,628	7,628
Charge for the year	-	2,902	2,902
Deletions	-	-	-
At 31 March 2013	-	10,530	10,530
Charge for the year	-	3,457	3,457
Deletions	-	(349)	(349)
At 31 March 2014	-	13,638	13,638
Net block			
At 31 March 2013	1,515,224	3,664	1,518,888
At 31 March 2014	1,515,224	3,993	1,519,217

The goodwill of Cairn India Group arose 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 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 test for impairment of goodwill at the period-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 test indicates that the value in use is higher than the carrying amounts and no impairment provision is required to be created at the reporting date.

9. DEVELOPMENT CAPITAL WORK IN PROGRESS

	31 March 2014	31 March 2013
Opening balance	320,788	314,942
Add: Additions for the year	235,605	151,741
Add: Additions from exploration intangible assets under development	-	15,131
Less: Transferred to tangible assets	(194,287)	(161,026)
Closing balance *	362,106	320,788

* represents ₹ 43,194 lacs (31 March 2013: ₹ 61,828 lacs) relating to oil and gas producing facilities and ₹ 318,912 lacs (31 March 2013: ₹ 258,960 lacs) relating to other tangible assets.

10. EXPLORATION INTANGIBLE ASSETS UNDER DEVELOPMENT

	31 March 2014	31 March 2013
Opening balance	117,711	135,073
Add: Additions for the year	131,110	43,257
Less: Transferred to development capital work in progress	-	(15,131)
Less: Exploration costs written off	(41,238)	(45,488)
Closing balance	207,583	117,711

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

11. DEFERRED TAX LIABILITIES (NET)

	31 March 2014	31 March 2013
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and book depreciation and amortization charged for the financial reporting	74,447	47,127
Gross deferred tax liabilities	74,447	47,127
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	888	719
Gross deferred tax assets	888	719
Net deferred tax liabilities	73,559	46,408

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of ₹ 16,245 lacs (31 March 2013: ₹ 4,645 lacs) in respect of accumulated long term capital losses and short term capital losses. However, as the management is not virtually certain of subsequent realization of the asset, the same has not been recognized in these financial statements.

12. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Capital advances	13,335	2,993	-	-
Security deposit	4,377	2,280	1,082	779
Advances recoverable in cash or kind	-	-	70,954	10,031
	17,712	5,273	72,036	10,810
Unsecured and considered doubtful				
Advances recoverable in cash or kind	-	-	53,603	42,783
Less: provision	-	-	(53,603)	(42,783)
	-	-	-	-
Other loans and advances (unsecured and considered good)				
Advance income-tax (net of provision)	14,656	14,157	22,969	22,738
Recoverable from statutory authorities	-	-	5,810	-
Deposits with non-banking financial company	-	-	-	70,000
MAT credit entitlement	707,903	467,218	-	-
Fringe benefit tax paid (net of provision)	-	-	17	17
Prepaid expenses	-	-	3,836	3,466
	722,559	481,375	32,632	96,221
	740,271	486,648	104,668	107,031

Recoverable from statutory authorities represents education and secondary and higher education cess paid for the financial year 2013-14, for which Cairn India Group intends to file a claim for refund pursuant to circular no 978/2/2014-CX issued by Central Board of Excise & Customs.

13. TRADE RECEIVABLES AND OTHER ASSETS

13.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	251,240	228,519
	-	-	251,240	228,519

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

13. TRADE RECEIVABLES AND OTHER ASSETS CONTINUED

13.2. OTHER ASSETS

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Non-current bank balances (refer note 16)	489,086	18,128	-	-
Non-current inventory of stores and spares (refer note 15)	43,544	26,440	-	-
Insurance claim receivable	-	-	3,969	-
Receivable for assignment of participating interest of KG-DWN-98/2 block	-	-	-	17,225
Interest accrued on deposits and investments	5,640	22	11,107	10,000
	538,270	44,590	15,076	27,225

14. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE)

	31 March 2014	31 March 2013
Quoted mutual funds	836,410	276,840
Quoted bonds	436,265	50,000
Unquoted mutual funds	363,709	644,749
Unquoted certificate of deposits	-	66,637
	1,636,384	1,038,226
Aggregate amount of quoted investments [Market value: ₹ 1,326,690 lacs (31 March 2013: ₹ 330,837 lacs)]	1,272,675	326,840
Aggregate amount of unquoted investments	363,709	711,386
	1,636,384	1,038,226

15. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Finished goods (crude oil)*	-	-	13,947	12,534
Stores and spares	43,544	26,440	15,758	7,075
	43,544	26,440	29,705	19,609
Less: amount disclosed under other non-current assets	(43,544)	(26,440)	-	-
	-	-	29,705	19,609

*includes stock in pipeline ₹ 9,741 lacs (31 Mar 2013: ₹ 9,439 lacs).

16. CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Balances with banks:				
– Current accounts	-	-	68	331
– Deposits with original maturity of upto 3 months	-	-	8,265	4,302
Cash on hand	-	-	1	1
	-	-	8,334	4,634
Other bank balances				
– Deposits with original maturity for more than 12 months	415,626	7,306	64,711	375,159
– Deposits with original maturity for more than 3 months but upto 12 months	-	-	88,836	175,889
– Margin money deposit (under lien for securing credit facilities)	59,920	-	-	-
– Escrow account (refer note 30)	-	-	14,313	-

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

16. CASH AND BANK BALANCES CONTINUED

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
– Site restoration fund	13,540	10,822	-	-
	489,086	18,128	167,860	551,048
Less: amount disclosed under other non-current assets	(489,086)	(18,128)	-	-
	-	-	176,194	555,682

17. REVENUE FROM OPERATIONS

	31 March 2014	31 March 2013
Sale of finished goods		
Crude oil and condensate	2,410,295	2,096,360
Gas	22,102	14,031
Less: Government share of profit petroleum	(559,564)	(359,964)
	1,872,833	1,750,427
Sale of services (tolling income)	3,283	1,520
Other operating revenue (income received as operator from joint venture)	54	468
	1,876,170	1,752,415

18. OTHER INCOME

	31 March 2014	31 March 2013
Interest income on		
Bank deposits	20,248	26,896
Current investments	16,328	1,585
Others	2,236	597
Dividend income on current investments	452	9,476
Gain on sale of current investments (net)**	36,614	21,765
Exchange differences (net)*	73,904	31,340
Other non-operating income	489	11,965
	150,271	103,624

* net of loss on derivative contracts of Nil (31 March 2013: ₹ 563 lacs)

** net of loss on adjustment to carrying value of current investment of ₹ 4,366 lacs (31 March 2013: Nil)

19. CHANGES IN INVENTORIES OF FINISHED GOODS

	31 March 2014	31 March 2013
Inventories at the end of the year	13,947	12,534
Inventories at the beginning of the year	12,534	9,792
	(1,413)	(2,742)

20. EMPLOYEE BENEFIT EXPENSES

	31 March 2014	31 March 2013
Salaries, wages and bonus	59,403	45,589
Contribution to provident fund	2,598	2,028
Contribution to superannuation fund	1,498	1,321
Employee stock option scheme (refer note 27)	20,110	2,415
Gratuity expense (refer note 26)	867	1,023
Compensated absences	373	704
Staff welfare expenses	6,943	4,721
	91,792	57,801
Less: Cost allocated to joint ventures	(64,380)	(47,476)
	27,412	10,325

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

21. OTHER EXPENSES

	31 March 2014	31 March 2013
Data acquisition and analysis	1,646	874
Arbitration costs	55	65
Royalty	1,749	1,932
Legal and professional fees	22,509	17,719
Donations to political parties	750	-
Auditors' remuneration		
As auditor:		
Fees for audit of standalone and consolidated financial statements	116	145
Fees for limited review of standalone and consolidated quarterly financial results	45	45
Fees for certification and agreed upon procedures	10	9
Fees for audit of the tax financial statements and form 3CD	3	54
Fees for other services	11	11
Reimbursement of expenses	5	9
Travelling and conveyance	6,376	4,985
Commission to independent directors	498	-
Share buy back expenses	375	-
Director's sitting fees	15	14
Contract employee charges	7,089	4,692
Rent	4,773	3,730
Rates and Taxes	3,486	3,209
Insurance	2,182	1,946
Repairs and maintenance		
Buildings	1,038	1,620
Others	5,065	4,444
Miscellaneous expenses	13,129	13,691
	70,925	59,194
Less: Cost allocated to joint ventures	(37,838)	(29,046)
	33,087	30,148

22. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2014	31 March 2013
Depreciation and depletion of tangible assets	231,995	185,829
Amortization of intangible assets	3,457	2,902
Less: Cost allocated to joint ventures	(5,716)	(4,139)
	229,736	184,592

23. FINANCE COSTS

	31 March 2014	31 March 2013
Interest	1,473	6,722
Loan facility and management fees	-	100
Bank charges	42	64
Exchange difference to the extent considered as an adjustment to borrowing cost	2,646	-
	4,161	6,886
Less: Cost allocated to joint ventures	(13)	(20)
	4,148	6,866

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

24. SCHEME OF ARRANGEMENT

The shareholders of the Company had approved a Scheme of Arrangement ('Scheme') between the Company and some of its overseas subsidiaries with an appointed date of 1 January 2010 whereby, the Indian businesses of the said subsidiaries were to be transferred to the Company from the appointed date. The said Scheme had received the approvals of the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay in 2010 and was subsequently approved by other relevant regulatory authorities in October 2012. Post receipt of the requisite approvals, the Company has considered the operations of the said subsidiaries from 1 January 2010 as its own operations and accounted for the same in its books of accounts after making necessary adjustments. The adjustment of ₹ 13,665 lacs relating to the period prior to 31 March 2012, on account of differences in tax rates etc., had been accounted for in the year ended 31 March 2013.

Further, as per the provisions of the Scheme which had also been approved by the shareholders of the Company, the Company in its standalone financial statements in the year ended 31 March 2013 had adjusted goodwill of ₹ 1,016,703 lacs against the securities premium account which had consequentially been recorded in the consolidated financial statements in the year ended 31 March 2013 as well and as a result both goodwill and securities premium account were stated lower by ₹ 1,016,703 lacs each. This accounting, although different from that prescribed under the Accounting Standards, was in conformity with the accounting principles generally accepted in India, as the same had been approved by the Court and had no impact on the profits for the previous year.

25. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2014	31 March 2013
Profit for the year as per Statement of Profit & Loss (used for calculation of both basic and diluted EPS)	1,243,179	1,205,639
	No. lacs	No. lacs
Weighted average number of equity shares in calculating basic EPS	19,101	19,089
Effect of dilution:		
Stock options granted under employee stock options	39	29
Weighted average number of equity shares in calculating diluted EPS	19,140	19,118
Earnings per equity share in ₹ computed on the basis of profit for the year		
Basic	65.08	63.16
Diluted	64.95	63.06

26. 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.

	31 March 2014	31 March 2013
Statement of profit and loss		
Net employee benefit expense recognized in the employee cost		
Current service cost	752	609
Interest cost on benefit obligation	294	216
Expected return on plan assets	(192)	(172)
Net actuarial (gain) / loss recognized in the year	13	370
Net benefit expense	867	1,023
Actual return on plan assets	197	176
Balance sheet		
Benefit asset/ liability		
Present value of defined benefit obligation	4,503	3,676
Fair value of plan assets	2,958	2,353
Plan asset / (liability)	(1,545)	(1,323)

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

26. GRATUITY CONTINUED

	31 March 2014	31 March 2013
Changes in the present value of the defined benefit obligation are as follows		
Opening defined benefit obligation	3,676	2,698
Current service cost	752	609
Interest cost	294	216
Benefits paid	(237)	(221)
Actuarial (gains) / losses on obligation	18	374
Closing defined benefit obligation	4,503	3,676
 Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	2,353	1,820
Expected return	192	172
Contributions by employer	645	578
Benefits paid	(237)	(221)
Actuarial gains / (losses)w	5	4
Closing fair value of plan assets	2,958	2,353

Cairn India Group's expected contribution to the fund in the next year is ₹ 1,054 lacs (31 March 2013: ₹ 939 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2014	31 March 2013
Investments with insurer	100%	100%

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

	31 March 2014	31 March 2013
Discount rate	9.00%	8.00%
Future salary increase	12.00%	12.00%
Expected rate of return on assets	9.45%	9.45%
Employee turnover	10.00%	5.00%
Mortality rate	IALM (2006-08)	IALM (1994-96)

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 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	4,503	3,676	2,698	2,000	1,619
Plan assets	2,958	2,353	1,860	1,394	970
Surplus / (deficit)	(1,545)	(1,323)	(838)	(606)	(649)
Experience adjustments on plan assets	5	4	1	4	4
Experience adjustments on plan liabilities	(396)	(374)	(308)	69	(138)

Cairn India 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.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. EMPLOYEE STOCK OPTION PLANS

Cairn India Group has provided various share based payment schemes to its employees. During the year ended 31 March 2014, the following schemes were in operation:

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2014	12,499,781	30,112,439	4,026,214	758,370
Method of Settlement	Equity	Equity	Cash	Cash
Vesting Period	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Number of options granted till 31 March 2014

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant				
24-Nov-06	-	-	-	-
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
23-Jul-12	890,501	4,153,467	441,624	24,495
23-Jul-13	3,290,997	-	432,259	-
Total	12,499,781	30,112,439	4,026,214	758,370

* includes 169,944 & 260,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during the financial year 2011-12.

The vesting conditions of the above plans are as under:

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.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. EMPLOYEE STOCK OPTION PLANS CONTINUED

Details of activities under employees stock option plans

CIPOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,505,363	10.00	1,082,340	10.00
Granted during the year	3,290,997	10.00	890,501	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	221,029	10.00
Forfeited / cancelled during the year	357,047	10.00	246,449	10.00
Outstanding at the end of the year	4,439,313	10.00	1,505,363	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 ₹ 265.08 (31 March 2013: ₹ 320.98)

Weighted average share price at the date of exercise of stock options is NA (31 March 2013: ₹ 344.46)

CIESOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	13,971,816	298.51	13,963,416	278.49
Granted during the year	Nil	NA	4,153,467	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	662,266	223.66	2,621,017	223.86
Forfeited / cancelled during the year	786,472	325.70	1,524,050	320.70
Outstanding at the end of the year	12,523,078	300.76	13,971,816	298.51
Exercisable at the end of the year	5,499,118	266.86	4,135,249	228.10

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 188.87)

Weighted average share price at the date of exercise of stock options is ₹ 314.11 (31 March 2013: ₹ 331.27)

CIPOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	873,689	10.00	1,038,206	10.00
Granted during the year	432,259	10.00	441,624	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	236,392	10.00	Nil	NA
Forfeited / cancelled during the year	470,782	10.00	606,141	10.00
Outstanding at the end of the year	598,774	10.00	873,689	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 ₹ 280.3 (31 March 2013: ₹ 323.11)

Weighted average share price at the date of exercise of stock options is ₹ 303.45 (31 March 2013: NA)

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	41,975	327.86	263,711	278.79
Granted during the year	Nil	NA	24,495	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Forfeited / cancelled during the year	7,659	331.25	246,231	275.21
Outstanding at the end of the year	34,316	327.11	41,975	327.86
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 100.84)

The details of exercise price for stock options outstanding as at 31 March 2014 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	4,439,313	1.89	10.00
CIESOP Plan	160-331.25	12,523,078	0.46	300.76
CIPOP Plan – Phantom options	10.00	598,774	1.78	10.00
CIESOP Plan – Phantom options	326.85-327.75	34,316	1.03	327.11

The details of exercise price for stock options outstanding as at 31 March 2013 are:

CIPOP Plan	10.00	1,505,363	1.83	10.00
CIESOP Plan	143-331.25	13,971,816	1.04	298.51
CIPOP Plan – Phantom options	10.00	873,689	1.37	10.00
CIESOP Plan – Phantom options	326.85-331.25	41,975	1.72	327.86

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 2014	31 March 2013
Total Employee Compensation Cost pertaining to share-based payment plans	20,110	2,415
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	19,868	1,198
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	242	1,217
Equity settled employee stock options outstanding as at year end	20,804	1,712
Liability for cash settled employee stock options outstanding as at year end	778	1,390
Deferred compensation cost of equity settled options	9,723	2,625
Deferred compensation cost of cash settled options	1,052	1,147

Inputs for Fair valuation of Employees Stock Option Plans

The Share Options have been fair valued using an Option Pricing Model (Black Scholes Model). The main inputs to the model and the Fair Value of the options granted during the current year and previous year, based on an independent valuation, are as under:

Variables – CIPOP	23 July 2012	23 July 2013
Grant date	23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the date of grant (₹)	326.85	306.70
Vesting date	23 July 2015	23 July 2016
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	44.25%	28.30%
Risk free rate	8.18%	8.47%
Time to maturity (years)	3.12	3.13
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	320.98	265.08

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. EMPLOYEE STOCK OPTION PLANS CONTINUED

Variables – CIESOP		
Grant date		23 July 2012
Stock Price/fair value of the equity shares on the date of grant (₹)		326.85
Vesting date		23 July 2015
Vesting %		100.00%
Volatility		44.25%
Risk free rate		8.18%
Time to maturity (years)		6.50
Exercise price (₹)		326.85
Fair Value of the options (₹)		188.87

Note: No options have been granted during the year under CIESOP scheme.

Variables – CIPOP Phantom			
Grant date		23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the reporting date (₹)		333.00	333.00
Vesting date		23 July 2015	23 July 2016
Vesting %		Refer vesting conditions	Refer vesting conditions
Volatility		23.48%	26.54%
Risk free rate		8.48%	8.65%
Time to maturity (years)		1.31	2.32
Exercise price (₹)		10.00	10.00
Fair Value of the options (₹)		308.05	297.10

Variables – CIESOP Phantom		
Grant date		23 July 2012
Stock Price of the equity shares on the reporting date (₹)		333.00
Vesting date		23 July 2015
Vesting %		Refer vesting conditions
Volatility		23.48%
Risk free rate		8.48%
Time to maturity (years)		1.31
Exercise price (₹)		326.85
Fair Value of the options (₹)		46.32

Note: No options have been granted during the year under CIESOP Phantom scheme.

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 2014	31 March 2013
Profit as reported	1,243,179	1,205,639
Add: Employee stock compensation under intrinsic value method	-	2,415
Less: Employee stock compensation under fair value method	-	(7,246)
Proforma profit	1,243,179	1,200,808

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

27. EMPLOYEE STOCK OPTION PLANS CONTINUED

	31 March 2014	31 March 2013
Earnings Per Share in ₹		
Basic		
- As reported	65.08	63.16
- Proforma	65.08	62.91
Diluted		
- As reported	64.95	63.06
- Proforma	64.95	62.81

28. LEASES

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 agreements 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 2014	31 March 2013
Lease payments made during the year	391	393
Within one year of the balance sheet date	2,593	343
Due in a period between one year and five years	10,930	236
Due after five years	23,979	-

29. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding / Ultimate holding company	Vedanta Resources Plc.
	Vedanta Resources Holdings Limited
	Volcan Investments Limited
	Sesa Sterlite Limited (formerly Sesa Goa Limited) *

* With effect from 26 August 2013 Sesa Sterlite Limited became the Company's holding company. Prior to that date, it was a fellow subsidiary and also had significant influence over the Company.

Related parties with whom transactions have taken place

Fellow subsidiaries	Twin Star Mauritius Holdings Limited **
	Sterlite Industries (India) Limited (merged into Sesa Sterlite Limited on 17 August 2013)
	Sesa Resources Limited

** also has significant influence over the Company.

Key management personnel	P. Elango, Wholetime Director and Interim Chief Executive Officer (from 1 September 2012)
	Rahul Dhir, Managing Director and Chief Executive Officer (upto 31 August 2012)

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 2014	31 March 2013
Reimbursement of employees benefit expenses	Sterlite Industries (India) Limited	86	150
	Sesa Sterlite Limited	120	-
	Total	206	150
Interest income on bonds	Vedanta Resources Plc.	901	-
	Total	901	-

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

29. RELATED PARTY DISCLOSURES CONTINUED

Nature of the Transactions	Related Party	31 March 2014	31 March 2013
Dividend Paid	Sesa Sterlite Limited	43,893	17,557
	Twin Star Mauritius Holdings Limited	92,359	36,944
	Sesa Resources Limited	4,088	1,635
	P. Elango	22	9
		140,362	56,145
Remuneration	Rahul Dhir	-	1,707
	P. Elango	511	116
	Total	511	1,823

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.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2014	31 March 2013
Investment in bonds (at carrying value)	Vedanta Resources Plc.	32,174	-
Interest accrued on bonds	Vedanta Resources Plc.	537	-
Other current liabilities including trade payables	Sesa Sterlite Limited	7	14

30. BUY BACK OF EQUITY SHARES:

During the current year, the Company has approved a proposal for buy back of its equity shares at a price not exceeding ₹ 335 per equity share for an aggregate amount not exceeding ₹ 572,500 lacs. The buy back, which commenced on 23 January 2014, is being done from open market other than from promoters and persons in control and is open for a maximum period of six months. During the year, the Company has bought back and extinguished 33 lacs equity shares of face value of ₹ 10/- each for a total consideration of ₹ 10,553 lacs. The Company pursuant to the Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998 (the Regulations) has deposited a sum of ₹ 14,313 lacs, being 2.5% of the maximum buy back size, in an escrow account.

In the event the Company is unable to (i) complete a buyback of atleast ₹ 286,250 lacs, being 50% of the maximum buy back size; and (ii) comply with the conditions specified in regulation 15B(8) of the Regulations, SEBI can forfeit the deposit amount. As the buyback is in progress with 22 July 2014 being the last date and the Company is in compliance with the provisions of the Regulations, no provision is considered necessary towards the amount deposited in the escrow account.

31. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Cairn India Group's share of Joint Ventures' Exploration activities and Development activities – ₹ 186,154 lacs (31 March 2013: – ₹ 21,020 lacs) and ₹ 444,393 lacs (31 March 2013: – ₹ 136,722 lacs) respectively.

Other commitments

Cairn India Group's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - ₹ 109,534 lacs (31 March 2013: – ₹ 20,285 lacs).

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, Company's share will be USD 37.4 million (approximately ₹ 16,880 lacs) [31 March 2013: USD 37.4 million (approximately ₹ 16,880 lacs)] 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 had recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV had 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 the Company) 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. High Court of Kuala Lumpur dismissed Government of India's (GOI) application of setting aside the part of the Award on 30 August 2012 with costs. However, GOI appealed before the Court of Appeal against the High Court's order and the same is pending adjudication.

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

32. CONTINGENT LIABILITIES CONTINUED

b. Service tax

The Company has received six show cause notices from the tax authorities in India for non-payment of service tax as a recipient of services from foreign service providers, against which replies have already been filed before the authorities except the last SCN received for the period 1 April 2011 to 31 March 2012 whose reply will be submitted in due course.

These notices cover periods from 1 April 2006 to 31 March 2012. 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).

Should future adjudication go against the Company, it will be liable to pay the service tax of approximately ₹ 11,021 lacs (31 March 2013: ₹ 11,248 lacs) plus potential interest of approximately ₹ 10,235 lacs (31 March 2013: ₹ 9,013 lacs), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company 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.

The Company 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 ₹ 25,497 lacs (31 March 2013: ₹ 24,317 lacs).

d. Withholding tax on payments made on acquiring a subsidiary

In March 2014, the Company received a show cause notice from the Indian Tax Authorities ("Tax Authorities") for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ("CUHL") UK, for acquiring shares of Cairn India Holdings Limited ("CIHL"). Tax Authorities have stated in the said notice that a short term capital gain of ₹ 2,450,350 lacs accrued to CUHL on transfer of the shares of CIHL to the Company, in financial year 2006-2007, on which tax should have been withheld by the Company. The Company believes that the transaction is not liable for any withholding tax on account of retrospective amendment by insertion of Explanation 5 to Section 9(1)(i) of India Income Tax Act 1961 and the Company intends to defend its position before the Tax Authorities. The Company has, accordingly filed reply to the above notice in April 2014 and is cooperating with the Tax Authorities.

e. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 1,161 Lacs (31 March 2013: ₹ 664 Lacs) plus penalty and interest which Cairn India Group has contested before the Deputy Commissioner. Cairn India Group believes that this levy is not constitutionally valid and its writ petition in this regard is pending before the Honorable Rajasthan High Court.

ii) Other claims against the Company not acknowledged as debts amounts to ₹ 1,500 lacs (31 March 2013: ₹ 1,500 lacs).

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (e) above are not probable and accordingly no provision has been considered necessary there against.

33. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet date

Particulars	31 March 2014	31 March 2013
Trade receivables	251,260	228,519
Investments	282,767	1,024
Cash and bank balances	634,657	547,879
Loans and advances and other assets	106,703	272,530
Other current liabilities including trade payables	207,216	142,165

Cairn India Group does not have any derivative instruments outstanding at the end of the year (31 March 2013: Nil).

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

34. OIL & GAS RESERVES AND RESOURCES

Cairn India Group's gross reserve estimates are updated atleast annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2007)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end is as follows:

Particulars	Gross proved and probable hydrocarbons initially in place (mmboe)		Gross proved and probable reserves and resources (mmboe)		Net working interest proved and probable reserves and resources (mmboe)	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Rajasthan MBA Fields	2,208	2,193	594	636	416	445
Rajasthan MBA EOR		-	271	270	190	189
Rajasthan Block Other Fields	2,412	2,005	345	181	241	126
Ravva Fields	667	681	49	50	11	11
CB-OS/2 Fields	217	209	22	20	9	8
Other fields	551	553	127	130	89	93
Total	6,055	5,641	1,408	1,287	956	872

Cairn India Group's net working interest 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 of 1 April 2012*	328.64	15.16	197.12	15.16
Additions / revision during the year	(3.33)	8.98	31.00	7.57
Production during the year	45.74	5.56	45.74	5.56
Reserves as of 31 March 2013**	279.57	18.58	182.38	17.17
Additions / revision during the period	31.41	59.53	34.84	7.95
Production during the period	49.00	6.85	49.00	6.85
Reserves as of 31 March 2014***	261.98	71.26	168.22	18.27

* 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)

** Includes probable oil reserves of 74.07 mmstb (of which 35.76 mmstb is developed) and probable gas reserves of 11.06 bscf (of which 9.70 bscf is developed)

*** Includes probable oil reserves of 84.23 mmstb (of which 32.08 mmstb is developed) and probable gas reserves of 51.70 bscf (of which 9.15 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, Bhagyan & Aishwarya

EOR = Enhanced Oil Recovery

Notes To Consolidated Financial Statements (contd.)

For the year ended 31 March 2014

(All amounts are in ₹ lacs, unless otherwise stated)

35. 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

Cairn India Group's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The figures appearing in these financial statements relate to operations in the Indian sub-continent except for an unsuccessful exploration expenditure of ₹ 8,857 lacs (31 March 2013: ₹ 7,267 lacs) incurred in South Africa.

36. PREVIOUS YEAR FIGURES

Cairn India Group has 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. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

For and on behalf of the Board of Directors

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

P. Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance

& Company Secretary

Financial Information Of Subsidiary Companies

(All amounts are in ₹ lacs, 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 India Holdings Limited	355,554	1,264,551	1,597,147	1,597,147	282,392	Mutual Funds/ Bonds	-	517,486	-	517,486	NIL
2	Cairn Energy Gujarat Block 1 Limited	143	739	3	3	-	-	-	66	-	66	NIL
3	Cairn Exploration (No.7) Limited	183	(174)	10	10	-	-	-	(20)	-	(20)	NIL
4	Cairn Exploration (No.6) Limited	7	(5)	7	7	-	-	-	(1)	-	(1)	NIL
5	Cairn Exploration (No.4) Limited*	-	-	-	-	-	-	-	(3)	-	(3)	NIL
6	Cairn Exploration (No.2) Limited	364	(379)	3	3	-	-	-	(40)	-	(40)	NIL
7	Cairn Energy Discovery Limited	20	(149)	-	-	-	-	-	(15)	-	(15)	NIL
8	Cairn Energy Hydrocarbons Limited	213,995	782,271	1,702,744	1,702,744	277	Mutual Funds	883,482	564,732	9,850	554,883	NIL
9	Cairn Energy Petroleum India Limited*	-	-	-	-	-	-	-	-	-	-	NIL
10	Cairn Energy Holdings Limited	190,268	(191,042)	3,490	3,490	63	Mutual Funds	(64)	(79)	(47)	(32)	NIL
11	Cairn Energy Netherlands Holdings B.V.	535	(512)	32	32	22	Mutual Funds	-	(9)	-	(9)	NIL
12	Cairn Energy Group Holdings B.V.*	-	-	-	-	-	-	-	12	-	12	NIL
13	Cairn Energy India Holdings B.V.*	-	-	-	-	-	-	-	2	-	2	NIL
14	Cairn Energy Gujarat Holding B.V.*	-	-	-	-	-	-	-	-	-	-	NIL
15	Cairn Energy Gujarat B.V.	-	-	-	-	-	-	-	-	-	-	NIL
16	Cairn Energy India West Holding B.V.*	-	-	-	-	-	-	-	-	-	-	NIL
17	Cairn Energy India West B.V.	-	-	-	-	-	-	-	-	-	-	NIL
18	Cairn Energy Cambay Holding B.V.*	-	-	-	-	-	-	-	-	-	-	NIL
19	Cairn Energy Cambay B.V.	-	-	-	-	-	-	-	-	-	-	NIL
20	Cairn Energy Australia Pty Limited	369,608	(369,494)	79	79	13	Mutual Funds	-	(30)	(133)	103	NIL
21	CEH Australia Limited	-	-	-	-	-	-	-	-	-	-	NIL
22	CEH Australia Pty Limited*	-	-	-	-	-	-	-	-	-	-	NIL
23	Cairn Energy Asia Pty Limited*	-	-	-	-	-	-	-	(24)	-	(24)	NIL

*Liquidated during the year

Financial Information Of Subsidiary Companies (Contd.)

(All amounts are in ₹ lacs, unless otherwise stated)

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
24	Wessington Investments Pty. Limited*	-	-	-	-	-	-	-	-	-	-	NIL
25	Cairn Energy Investments Australia Pty Limited*	-	-	-	-	-	-	-	-	-	-	NIL
26	Sydney Oil Company Pty. Limited*	-	-	-	-	-	-	-	-	-	-	NIL
27	Cairn Energy India Pty Limited	-	-	-	-	-	-	-	-	-	-	NIL
28	Cairn Lanka Private Limited	82,974	(67,174)	52,532	52,532	-	-	-	(5,845)	-	(5,845)	NIL
29	CIG Mauritius Holding Pvt Limited	94,855	(119)	94,739	94,739	-	-	-	(12)	-	(12)	NIL
30	CIG Mauritius Private Limited	94,737	1,098	83,004	83,004	-	-	-	1,167	-	1,167	NIL
31	Cairn South Africa Propreitry Limited	16,031	(16,791)	45	45	-	-	-	(9,497)	-	(9,497)	NIL

*Liquidated during the year

Exchange rate as on 31 March 2014, 1 USD = INR 59.92

For and on behalf of the Board of Directors

Neeraj Agarwal
Chairman
DIN 00006303

P Elango
Interim CEO and
Whole Time Director
DIN 06475821

Neeraj Sharma
Director-Risk Assurance
& Company Secretary

Place: Gurgaon
Date: 23 April 2014

CAIRN INDIA ANNUAL REPORT

Glossary

2D, 3D, 4D	Two Dimensional, Three Dimensional, Four Dimensional	CIHL	Cairn India Holdings Limited
2P	Proved plus Probable	CIL or The Company	'Cairn India', 'Cairn India subsidiary', 'the Company' refers to Cairn India and its subsidiary(ies).
3P	Proved plus Probable and Possible	CIMS	Cairn Incident Management System
ADR	American Depository Receipt	CIPOP	Cairn India Performance Option Plan
AGM	Annual General Meeting	CISMP	Cairn India Senior Management Plan
ASP	Alkali Surfactant Polymer	CO2	Carbon Dioxide
ATW	Any time water	CR	Corporate Responsibility
bbls	Barrels	CSR	Corporate Social Responsibility
bcf	Billion standard cubic feet	CY	Calendar Year
Bn	Billion	DCS	Distributed Control Systems
bnbbls	Billion barrels	DA	Development Area
bnboe	Billion barrels of oil equivalent	DGH	Directorate General of Hydrocarbons
Board	The Board of Directors of Cairn India Limited	DGMS	Directorate General of Mines Safety
boe	Barrel of oil equivalent	E & P	Exploration and Production
boepd	Barrels of oil equivalent per day	EIA	Environmental Impact Assessment
bopd	Barrels of oil per day	EOR	Enhanced Oil Recovery
BSE	BSE Limited	ESOP	Employee Stock Option Plan
bwpd	Barrels of water per day	EUR	Expected Ultimate Recovery
CAGR	Compounded Annual Growth Rate	FBT	Fringe Benefit Tax
CCoE	Cairn Centre of Excellence	FDP	Field Development Plan
CDSL	Central Depository Services (India) Limited	FY2014	Financial Year ending 31 March 2014
CEA	Central Environmental Authority	GDR	Global Depository Receipt
CEC	Cairn Enterprise Centre	GHG	Green House Gas
CEIL or CEIPL	Cairn Energy India Pty Limited	GIIP	Gross Initial In Place
CIESOP	Cairn India Employee Stock Option Plan	GJ	Giga Joules
CIG	Cairn India Group	GoI	Government of India
		H1	First Half

HIIIP	Hydrocarbons Initially In Place	MWh	Mega Watt Hour
HSE	Health, Safety and Environment	New Act	Companies Act, 2013
ICAI	Institute of Chartered Accounts of India	NGO	Non-Governmental Organisation
INR	Indian Rupees	NRI	Non Resident Indian
IPO	Initial Public Offering	NSDL	National Securities Depository Limited
ISO	International Organisation for Standardization	NSE	National Stock Exchange of India Limited
JV	Joint Venture	OGP	International Association of Oil & Gas Producers
Km	Kilometre	OHSAS	Occupational Health & Safety Advisory Services
Km2	Square Kilometre	OISD	Oil Industry Safety Directorate
KPI	Key Performance Indicator	Old Act	Companies Act, 1956
LIBOR	London Inter Bank Offered Rate	ONGC	Oil and Natural Gas Corporation Limited
LTI	Loss Time Injury	PSC	Production Sharing Contract
LTIR	Lost Time Injury Rate	PSU	Public Sector Undertaking
MARS	Mangala, Aishwariya, Raageshwari and Saraswati	PTRR	Post Tax Rate of Return
MAT	Minimum Alternate Tax	Q	Quarter
MBA	Mangala, Bhagyam and Aishwariya	RJ	Rajasthan block
MBARS	Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati	RO	Reverse Osmosis
MDP	Mangala Development Pipeline	RTA	Registrar and Share Transfer Agent
mmbbls	Million barrels	R&D	Research and Development
mmboe	Million barrels of oil equivalent	SEBI	Securities and Exchange Board of India
mmscfd	Million standard cubic feet of gas per day	STOIIP	Stock Tank Oil Initially in Place
MMT	Million metric tons	TRIR	Total reportable injury rate
Mn	Million	US\$	United States Dollar
MoPNG	Ministry of Petroleum and Natural Gas	YoY	Year on year
MW	Mega Watt		

Notes

Notes

Notes

CAIRN INDIA LIMITED

Company Information

BOARD OF DIRECTORS

Navin Agarwal (Chairman)
 Tarun Jain
 Priya Agarwal
 Naresh Chandra
 Dr. Omkar Goswami
 Aman Mehta
 Edward T Story
 P Elango #

BOARD COMMITTEES

Audit Committee

Aman Mehta (Chairman)
 Naresh Chandra
 Dr. Omkar Goswami
 Edward T Story
 Tarun Jain

Nomination & Remuneration Committee

Naresh Chandra (Chairman)
 Aman Mehta
 Dr. Omkar Goswami
 Navin Agarwal
 Tarun Jain

CSR Committee

Naresh Chandra (Chairman)
 Tarun Jain
 P Elango #

Buy Back Committee

Naresh Chandra (Chairman)
 Dr. Omkar Goswami
 P Elango #

Stakeholders' Relationship Committee

Dr. Omkar Goswami (Chairman)
 Edward T Story
 Tarun Jain

DIRECTOR - RISK ASSURANCE & COMPANY SECRETARY

Neerja Sharma

STATUTORY AUDITORS

S.R. Batliboi & Co. LLP
 Golf View Corporate Tower B
 Sector 42, Sector Road
 Gurgaon 122 002, India

BANKERS

State Bank of India | Deutsche Bank
 Citibank | JP Morgan Chase Bank N.A.
 HDFC Bank | ICICI Bank | Standard
 Chartered Bank | Axis Bank

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 122 002, 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
 Tel +91 22 25946970
 Fax +91 22 25946969

STOCK EXCHANGES LISTED ON

BSE 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

Recognitions

Cairn India was adjudged the fastest-growing energy company in the world for the second year in succession by Platts Top 250 Global Energy Company Rankings 2013.

Cairn India was awarded the prestigious 'FICCI Corporate Social Responsibility Award – 2013' under 'Category Private Sector Companies with INR 3001 Crore per annum and above turnover'.

The Company secured 14 safety Awards at Mines Safety Week 2013 held under the aegis of Directorate General of Mines Safety, Ajmer region, Rajasthan.

Cairn India's Midstream Operations was awarded the prestigious 'Oil Industry Safety Directorate (OISD)' Safety Award for the Year 2011-12 under 'Cross Country - Crude Oil Pipeline' category.

The Mangala Oil & Gas Field unit won the second prize in Large Scale Manufacturer category of FICCI Safety Systems Excellence Awards for Manufacturing 2013.

The Mangala Oil & Gas Field unit received Safety Systems Excellence Award from the Minister of State for Labour & Employment.

Cairn India was awarded the prestigious SAP Award for Consumer Excellence (ACE) in the category 'Best Run Award in Sourcing and Supplier Relationship Management' for the year 2013.



**CRISIL
RESEARCH**

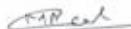
Portfolio Credit Quality Analysis



Very Good
Portfolio
Credit Quality

Cairn India Limited

CRISIL Research certifies that for the Financial Year 2013-14, the overall credit quality of Cairn India Limited's treasury portfolio of fixed income investments has been consistently evaluated as 'Very Good' (highest safety from credit default on CRISIL's 4 point scale)


Mukesh Agarwal
President, CRISIL Research

Disclaimer: CRISIL Research, a division of CRISIL Limited (CRISIL, a Standard and Poor's Company) has taken due care and caution in the portfolio credit quality analysis (Analysis). Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of data. CRISIL especially states that it has no financial liability whatsoever to the subscribers/consumers/holders/attributors of the Analysis.

Cairn India Limited
3rd & 4th Floors, Vipul Plaza, Suncity
Sector 54, Gurgaon 122 002, India
+91 124 459 3000
www.cairnindia.com

Follow us @

 Cairn_India

 CairnIndia

 cairn-india-ltd

 cairnindialtd



WE FUEL AMAZING

NOTICE

CAIRN INDIA LIMITED

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025
Principal Business Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon – 122 002
Corporate Identification Number: L11101MH2006PLC163934 | Website: www.cairnindia.com
Phone: +91 124 4593000, +91 22 24338306, Fax: +91 124 2889320, +91 22 24311160

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of Cairn India Limited will be held at 10.30 a.m. on Wednesday, the 23 July, 2014 at Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai- 400 050, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31 March, 2014 together with the reports of the Directors' and Auditors' thereon.
2. To confirm declaration and payment of interim dividend of INR 6 per equity share made during the year 2013-14 and to declare final dividend of INR 6.50 per equity share for the year ended 31 March, 2014.
3. To appoint a Director in place of Ms. Priya Agarwal (DIN 05162177), who retires by rotation and is eligible for re-appointment.
4. To appoint S. R. Batliboi & Co. LLP, Chartered Accountants (firm registration number: 301003E), as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Naresh Chandra (DIN 00015833), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Omkar Goswami (DIN 00004258), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Aman Mehta (DIN 00009364), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation."

8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Edward T Story (DIN 02582353), who is an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office upto 31 March, 2017 and whose term of office shall not be liable to retirement by rotation."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Tarun Jain (DIN 00006843), non-executive Director of the Company, whose period of office is not liable to retirement by rotation, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation."

10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 141, 148 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Cost Accounting Records (Petroleum Industry) Rules, 2011 and subject to the approval of Central Government as may be required, the Company hereby approves and ratifies the remuneration of INR 885,000/-

(Rupees eight lacs eighty five thousand only) plus applicable taxes and out of pocket expenses payable to M/s. Shome & Banerjee (Firm Registration Number: 000001), Cost Accountants, appointed as Cost Auditors of the Company for the financial year 2014-15."

By Order of the Board of Directors
For **Cairn India Limited**



Place: Gurgaon

Date: 23 April, 2014

Neerja Sharma

Director – Risk Assurance
& Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies / bodies corporate etc., must be supported by an appropriate resolution/ authority, as applicable.
2. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. Additional information pursuant to Clause 49 of the listing agreement with the stock exchanges in respect of the Directors seeking appointment/ re-appointment as mentioned under items nos. 3,5,6,7,8 and 9 at the annual general meeting are furnished and forms part of this Notice. The said Directors have furnished necessary consents/ declarations for their appointment/re-appointment. Further, all the Independent Directors have affirmed that they meet the requirements specified under Clause 49 I(A)(iii) of the listing agreement in respect of their position as an "Independent Director" of the Company.
5. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 5,6,7,8,9 and 10 of the accompanying notice is annexed hereto.
6. Copies of all documents referred to in the notice are available for inspection at the registered office of the Company during normal business hours on all working days upto and including the date of the annual general meeting of the Company.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 11 July, 2014 to Wednesday, 23 July, 2014 (both days inclusive).

8. The dividend as recommended by the Board of Directors, if approved by the Shareholders at the ensuing annual general meeting, shall be paid to those members/beneficial owners whose names appear on the register of members/depository records as at the closing hours of business on 10 July, 2014.
9. Pursuant to Section 205C of the Companies Act, 1956, application money received by Company for allotment of shares and due for refund, is required to be transferred to Investor Education and Protection Fund (IEPF) of the Central Government after such amount remained unclaimed and unpaid for a period of seven years from the date it became due for payment. Accordingly, during the year, your Company transferred an amount of INR 16.03 lacs to IEPF being the unclaimed refund amount pertaining to the IPO of the Company made during 2006.
10. The Ministry of Corporate Affairs (MCA) on 10 May, 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the unclaimed interim dividend for the financial year 2012-13 as on the date of the seventh annual general meeting of the Company which was held on 24 July, 2013, on the website of the IEPF viz. www.iepf.gov.in and under "Investors" section on the website of the Company viz. www.cairnindia.com. The concerned members are requested to verify the details of their unclaimed amounts, if any, from the said websites and write to the Company's registrar and transfer agents before the same is due for transfer to the Investor Education and Protection Fund.
11. Members seeking any information with regard to accounts are requested to write to the Company Secretary at least ten days in advance of the annual general meeting, to enable the Company to keep the information ready.
12. Members are requested to:
 - a. Bring their copy of the annual report for the meeting.
 - b. Send to their depository participant/ registrar the ECS bank mandate form, to ensure safe and prompt receipt of dividend, if any. This is to avoid fraudulent encashment of dividend warrants.
 - c. Note that all correspondence relating to share transfers should be addressed to registrar and transfer agents of the Company, viz. Link Intime India Private Limited, at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
 - d. Quote their DP ID No. /Client ID No. or folio number in all their correspondence.
13. The annual report for 2013-14 along with the notice of annual general meeting, attendance slip and proxy form is being sent by electronic mode to all the shareholders who have registered their email ids with the depository participants/ registrar and share transfer agent unless where any member has requested for the physical copy. Members who have not registered their email ids, physical copies of the annual report 2013-14 along with the notice of annual general meeting, attendance slip and proxy form are being sent by the permitted mode. Members may further note that the said documents will also be available on the Company's website www.cairnindia.com and at www.cdslindia.com for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id viz. investor.complaints@cairnindia.com.
14. Pursuant to Section 101 of the Companies Act, 2013 and rules made there under, the companies are allowed to send communication to shareholders electronically. We thus, request you to kindly register/update your email ids with your respective depository participant and Company's registrar and share transfer agent (in case of physical shares) and make this initiative a success.
15. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form

to eliminate risks associated with physical shares and better management of the securities. Members can write to the Company's registrar and share transfer agent in this regard.

16. Securities and Exchange Board of India (SEBI) vide its circular dated 21 March, 2013, has mandated that for making cash payments to the investors, companies whose securities are listed on the stock exchanges shall use any Reserve Bank of India (RBI) approved electronic mode of payment such as ECS, RECS, NECS, NEFT etc. The companies and the registrar and share transfer agents are required to seek relevant bank details of shareholders from depositories for making cash payment/ dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide or update (as the case may be) their bank details with the respective depository participant for the shares held in demat mode and with the registrar and share transfer agent for physical shares.

VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 and corresponding Rules of Companies Act, 2013, the Company will provide e-voting facility to the members. All business to be transacted at the annual general meeting can be transacted through the electronic voting system.
2. The notice of annual general meeting will be sent to the members, whose names appear in the register of members/ depositories as at closing hours of business, on Friday, 30 May, 2014.
3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
4. The Company has appointed Mr. Nesar Ahmad, practicing company secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer will submit his final report to Chairman of the Company within three working days after the conclusion of e-voting period.
6. The results of annual general meeting shall be declared by the Chairman or his authorized representative or anyone Director of the Company on/ or after annual general meeting within the prescribed time limits.
7. The result of the e-voting will also be placed at the website of the Company viz. www.cairnindia.com and also on www.cdslindia.com.
8. The scrutinizer's decision on the validity of e-voting will be final.

Instructions of Voting through electronic mode

A. In case of members receiving e-mail:

- ii. If you are holding shares in demat form and have earlier logged on to www.evotingindia.com and casted your vote for Electronic Voting Sequence Number (EVSN) of any Company, then your existing login id and password are to be used.
- iii. If you have forgotten the password then enter the User ID and Captcha Code. Then, click on forgot password & enter the details as prompted by the system.

Procedure for shareholders casting their vote electronically for the first time

- iv. To initiate the voting process, log on to the e-voting website www.evotingindia.com.
- v. Click on "Shareholders" tab to cast your votes.

vi. Thereafter, select the relevant Electronic Voting Sequence Number (EVSN) alongwith "Company Name" from the drop down menu and click on "SUBMIT" for voting.

vii. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
Dividend Bank Details#	Enter your bank account number for the purpose of dividend as registered with your depository participant in case of electronic shares or with the company in respect of physical shares.	
DOB#	Enter your date of birth as recorded in your demat account or in the company records in respect of your shareholding in the Company.	

* Members who have not updated their PAN with the Company/depository participant are requested to use the default number:

ABCDE1234F in the PAN field.

CDSL users can enter any one of the details viz. dividend bank details or date of birth, in order to login; however, NSDL users mandatorily have to mention their bank account number in order to login. In case bank details are not recorded with the depository, please enter the **No. of shares** held by you as on 30 May, 2014 in the Dividend Bank details field.

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Now select the relevant Electronic Voting Sequence Number (EVSN) alongwith "Company Name" on which you choose to vote.

xii. On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the resolution and option "NO" implies that you dissent to the resolution.

xiii. Click on the "Resolutions File Link" if you wish to view the entire resolutions.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

- B. In case of members receiving the physical copy of notice of the annual general meeting (for members whose e-mail ids are not registered with the company/ depository participant(s) or requesting physical copy)**
- xvii. Please follow all steps from sl. no. (i) to sl. no. (xv) above, to cast vote.
- C.** Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to www.evotingindia.co.in and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- D.** The voting period begins on 9.00 a.m., Thursday, 17 July, 2014 and ends on 5.30 p.m., Saturday, 19 July, 2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 30 May, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- E.** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under "Help" section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.5

Mr. Naresh Chandra (DIN 00015833) was appointed as a Director of the Company liable to retire by rotation on 21 September, 2006 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956 and was re-appointed on 24 July, 2013. Mr. Chandra occupies the position as an independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Chandra as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Chandra as a candidate for the office of Director of the Company.

Mr. Chandra, 79, graduated with Masters' degree in Mathematics from Allahabad University. A former civil servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary of Government of Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), advisor to the Government of Jammu and Kashmir, and successively Secretary to the Ministries of Water Resources, Defence, Home and Justice in the Government of India. In December 1990, he became Cabinet Secretary, the highest post in the Indian Civil Services. In 1992, he was appointed as the Senior Advisor to the Prime Minister of India. He has served as the Governor of the state of Gujarat during 1995-1996 and Ambassador of India to the United States of America during 1996-2001. He has also chaired the Committee on Corporate Audit and Governance, the Committee on Private Companies and Limited Liability Partnerships and the Committee on Civil Aviation Policy, for the Government of India. He has been honoured with the Padma Vibhushan, a high civilian award, by the President of India in 2007.

Given his expertise, knowledge and experience in various fields, and continued association with the Company, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 5 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Naresh Chandra is concerned or interested in the said resolution.

ITEM NO. 6

Dr. Omkar Goswami (DIN 00004258) was appointed as a Director of the Company liable to retire by rotation on 21 September, 2006 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956 and was re-appointed on 22 August, 2012. Dr. Goswami occupies the position as an independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Dr. Goswami as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Dr. Goswami as a candidate for the office of Director of the Company.

Dr. Goswami, 57, 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 boards of a number of companies and is an author of 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.

Based on his rich knowledge and experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 6 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Dr. Omkar Goswami is concerned or interested in the said resolution.

ITEM NO. 7

Mr. Aman Mehta (DIN 00009364) was appointed as a Director of the Company liable to retire by rotation on 21 September, 2006 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956 and was re-appointed on 22 August, 2012. Mr. Mehta occupies the position as an independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Mehta as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Mehta as a candidate for the office of Director of the Company.

Mr. Mehta, 67, is an economics graduate from Delhi University. He has over 37 years' experience in various positions with the HSBC Group from where he retired in January 2004 as CEO Asia Pacific. 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.

Given his rich experience in the corporate world and wider knowledge, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 7 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Aman Mehta is concerned or interested in the said resolution.

ITEM NO. 8

Mr. Edward T Story (DIN 02582353) was appointed as a Director of the Company liable to retire by rotation on 18 March, 2009 in terms of erstwhile applicable provisions of Sections 255 and 256 of the Companies Act, 1956 and was re-appointed on 24 July, 2013. Mr. Story occupies the position as an independent Director as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement and has affirmed that he continues to meet all the requirements specified under the listing agreement in respect of his position as an "Independent Director" of the Company.

As per Section 152 of the Companies Act, 2013, the term of an Independent Director shall not be liable to retire by rotation. It is accordingly proposed to appoint Mr. Story as an Independent Director of the Company as per criteria specified in Clause 49(I)(A)(iii) of the listing agreement, to hold office upto 31 March, 2017 and whose period of office shall not be liable to retirement by rotation. A notice has been received from a member proposing Mr. Story as a candidate for the office of Director of the Company.

Mr. Story, 70, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas, a Masters degree in Business Administration from the University of Texas and an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia. He is a member of the North America Mongolia Business Council. Mr. Story has 48 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.

Based on his vast experience in the international oil and gas industry and positions held in other companies, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 8 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Edward T Story is concerned or interested in the said resolution.

ITEM NO. 9

Mr. Tarun Jain (DIN 00006843), was appointed as a non- executive Director of the Company with effect from 16 December, 2011 and was appointed a Director of the Company, whose term of office shall not be liable to retire by rotation in the annual general meeting held on 22 August, 2012.

In terms of Section 152 of the Companies Act, 2013, not less than two-third of the total number of Directors of the company, other than independent Directors, shall be retiring Directors. To comply with the requirements of this Section, it is recommended to appoint Mr. Jain as Director whose term of office shall be liable to retirement by rotation. A notice has been received from a member proposing Mr. Jain as a candidate for the office of Director of the Company.

Mr Jain 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. Mr. Jain, 54, is a Wholetime Director of Sesa Sterlite Limited. He has over 35 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 M&As.

Based on his rich experience, the Board considers his appointment to be in the interest of the Company and recommends the resolution contained in item no. 9 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, except Mr. Tarun Jain is concerned or interested in the said resolution.

ITEM NO. 10

The Board of Directors of the Company at their meeting held on 23 April, 2014 has, on recommendation by the Audit Committee, appointed M/s Shome & Banerjee (firm registration number: 000001), Cost Accountants as the Cost Auditors for the financial year 2014-15 at a remuneration of INR 885,000/- (Rupees eight lacs eighty five thousand only) plus applicable taxes and out of pocket expenses.

As per Section 148 of Companies Act, 2013 and applicable rules thereunder, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company.

The Board considers the remuneration payable to the cost auditor as fair and recommends the resolution contained in item no.10 of the accompanying notice for approval of the members as an Ordinary Resolution.

None of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs are interested or concerned in the said resolution.

By Order of the Board of Directors
For **Cairn India Limited**



Place: Gurgaon
Date: 23 April, 2014

Neerja Sharma
Director – Risk Assurance
& Company Secretary

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to clause 49 of the listing agreement)

Name of Director	Mr. Aman Mehta	Dr. Omkar Goswami	Mr. Naresh Chandra	Mr. Edward T Story	Mr. Tarun Jain	Ms. Priya Agarwal
Date of Birth	1 September, 1946	29 August, 1956	1 August, 1934	7 November, 1943	6 March, 1960	10 August, 1989
Nationality	Indian	Indian	Indian	American	Indian	American
Date of Appointment	21 September, 2006	21 September, 2006	21 September, 2006	18 March, 2009	16 December, 2011	2 January, 2012
Expertise in specific functional areas	Banking and Finance	Economics and Research	Administrative Services and General Management	Oil & Gas Industry	Finance, audit, taxation, secretarial and legal matters	General Management
Qualifications	B.A (Economics)	M.A (Economics) & D.Phil (Economics)	M.Sc. in Mathematics & retired IAS Officer	B.Sc. & MBA	ICWA, CA and CS	BSc (Psychology) with Business Managemnet
Directorship held in other companies	<ul style="list-style-type: none"> • Tata Consultancy Services Ltd. • Wockhardt Ltd. • Jet Airways Ltd. • Godrej Consumer Products Ltd • Max India Ltd. • Vedanta Resources Plc. • PCCW Ltd. 	<ul style="list-style-type: none"> • Dr. Reddy's Laboratories Ltd. • Infosys Ltd. • IDFC Ltd. • Crompton Greaves Ltd. • Ambuja Cements Ltd. • Godrej Consumer Products Ltd. • Bajaj Finance Ltd. • Max Healthcare Institute Ltd. • Infosys BPO Ltd. • CERG Advisory Pvt Ltd. • DSP Black Rock Investment Mangers Pvt. Ltd. 	<ul style="list-style-type: none"> • Electrosteel Castings Ltd. • Bajaj Auto Ltd. • Bajaj Finserv Ltd. • Bajaj Holdings & Investments Ltd. • Balrampur Chini Mills Ltd. • Gammon Infrastructure Project Ltd. • EROS International Media Ltd. • AVTEC Ltd. • Sesa Sterlite Ltd. • G4S Corporate Services (India) Pvt. Ltd. • Emergent Ventures India Pvt. Ltd. • EROS International Plc. 	<ul style="list-style-type: none"> • SOCO International Plc. • Baanhang Properties • TMB- Mongolian Health Clinic 	<ul style="list-style-type: none"> • Bharat Aluminium Company Ltd. • Sterlite (USA) Inc. • Sterlite Infra Ltd. • Vedanta Medical Research Foundation (under section 25 of the Companies Act, 1956) • Rajtaru Charity Foundation (under Section 25 of the Companies Act, 1956) • Sesa Sterlite Ltd. 	None
Committee position* in Cairn India Ltd.	Audit Committee-Chairman	<ul style="list-style-type: none"> • Audit Committee.- Member • Stakeholders' Relationship Committee-Chairman 	Audit Committee-Member	<ul style="list-style-type: none"> • Audit Committee-Member • Stakeholders' Relationship Committee-Member 	<ul style="list-style-type: none"> • Audit Committee-Member • Stakeholders' Relationship Committee-Member 	None
Membership/Chairmanship of Committees* of other Indian public companies:						

Name of Director	Mr. Aman Mehta	Dr. Omkar Goswami	Mr. Naresh Chandra	Mr. Edward T Story	Mr. Tarun Jain	Ms. Priya Agarwal
Audit Committee	<ul style="list-style-type: none"> • Jet Airways Ltd.- Chairman • Godrej Consumer Products Ltd.- Member • Wockhardt Ltd.- Member • Tata Consultancy Services Ltd.- Chairman 	<ul style="list-style-type: none"> • Dr. Reddy's Laboratories Ltd.- Member • IDFC Ltd.- Member • Crompton Greaves Ltd.- Member • Ambuja Cements Ltd.- Member • Godrej Consumer Products Ltd. - Member • Bajaj Finance Ltd. - Member • Infosys BPO Ltd. – Member. 	<ul style="list-style-type: none"> • Bajaj Auto Ltd.- Member • Bajaj Holdings & Investments Ltd.- Member • Bajaj Finserv Ltd.- Member • Electrosteel Castings Ltd.- Member • Gammon Infrastructure Project Ltd.- Member • EROS International Media Ltd.- Member. • Sesa Sterlite Ltd. -Member 	None	Bharat Aluminium Company Ltd.- Member	None
Shareholders'/ Investors' Grievance Committee	Wockhardt Ltd.- Member	Infosys Ltd.- Chairman	<ul style="list-style-type: none"> • Bajaj Auto Ltd.- Member • Sesa Sterlite Ltd. - Member 	None	None	None
Shareholding in the Company	Nil	Nil	Nil	Nil	Nil	Nil

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

No. of Board/Committee Meetings held/attended during the financial year 2013-14 by Directors seeking appointment/re-appointment

Name of Director	Board Meeting		Audit Committee		Nomination & Remuneration Committee		Stakeholders' Relationship Committee		Corporate Social Responsibility Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Aman Mehta	5	5	4	4	3	3	NA	NA	NA	NA
Dr. Omkar Goswami	5	4*	4	3	3	2	2	1	NA	NA
Mr. Naresh Chandra	5	4	4	3	3	2	NA	NA	1	1
Mr. Edward T Story	5	4**	4	3	NA	NA	2	2	NA	NA
Mr. Tarun Jain	5	4	4	4	3	3	2	2	1	1
Ms. Priya Agarwal	5	3	NA	NA	NA	NA	NA	NA	NA	NA

* Participated in the proceedings of one Board meeting through video conference.

** In addition, also participated in the proceedings of one Board meeting through audio conference.

Disclosure in terms of Clause 49 (IV) (G) (ia) of the listing agreement

None of the Directors have inter-se relationship except Mr. Navin Agarwal and Ms. Priya Agarwal. Ms. Agarwal is the daughter of Mr. Navin Agarwal's elder brother, Mr. Anil Agarwal.

CAIRN INDIA LIMITED

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025
Principal Business Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon – 122 002
Corporate Identification Number: L11101MH2006PLC163934 | Website: www.cairnindia.com
Phone: +91 124 4593000, +91 22 24338306, Fax: +91 124 2889320, +91 22 24311160



PROXY FORM

EIGHTH ANNUAL GENERAL MEETING

Wednesday, 23 July, 2014

Name of the member(s): (IN BLOCK LETTERS)

Registered address:

E-mail Id:

Folio No./ DP ID-Client ID No.:

I/We, being the member(s) of shares of the above named Company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him/ her

2. Name:

Address:

E-mail Id:

Signature:, or failing him/ her

3. Name:

Address:

E-mail Id:

Signature:

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Eighth Annual General Meeting of the Company, to be held on Wednesday, 23 July, 2014 at 10.30 a.m. at Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of Resolution
1	Adoption of the financial statements of the Company for the year ended 31 March, 2014 together with the reports of the Directors' and Auditors' thereon
2	Confirmation of declaration and payment of interim dividend of INR 6 per share made during the year 2013-14 and declaration of final dividend of INR 6.50 per share for the year ended 31 March, 2014
3	Re-appointment of Ms. Priya Agarwal as a Director, liable to retirement by rotation
4	Appointment of S. R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Company
5	Appointment of Mr. Naresh Chandra as an Independent Director upto 31 March, 2017
6	Appointment of Dr. Omkar Goswami as an Independent Director upto 31 March, 2017
7	Appointment of Mr. Aman Mehta as an Independent Director upto 31 March, 2017
8	Appointment of Mr. Edward T Story as an Independent Director upto 31 March, 2017
9	Appointment of Mr. Tarun Jain as a Director, liable to retirement by rotation
10	Ratification of remuneration of INR 885,000/- plus applicable taxes and out of pocket expenses payable to M/s. Shome & Banerjee, Cost Accountants as Cost Auditors for the financial year 2014-15

Signed this day of 2014.

Signature of shareholder(s) Signature of Proxy holder(s)

Notes:

- i. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
- ii. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/ depository participant.
- iii. A Proxy need not be a Member.

AFFIX
REVENUE
STAMP
(15 paise)

CAIRN INDIA LIMITED

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025
Principal Business Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon – 122 002
Corporate Identification Number: L11101MH2006PLC163934 | Website: www.cairnindia.com
Phone: +91 124 4593000, +91 22 24338306, Fax: +91 124 2889320, +91 22 24311160



ATTENDANCE SLIP

EIGHTH ANNUAL GENERAL MEETING

Wednesday, 23 July, 2014

DP ID- Client ID No./ Folio No.:

No. of Share(s) held:

Name of the Member/Proxy:(IN BLOCK LETTERS)

Address of the Member:

I/We hereby record my/our presence at the Eighth Annual General Meeting of Cairn India Limited on Wednesday, 23 July, 2014 at 10.30 a.m., at Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

.....
Signature of Member/ Proxy

Notes:

- i. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
- ii. Members are informed that no duplicate slips will be issued at the venue of the meeting and are requested to bring this slip for the Meeting.

CAIRN INDIA LIMITED
3rd & 4th Floor | Vipul Plaza | Sun City | Sector 54 | Gurgaon 122 002
T : +91 124 459 3000, 414 1360 | F : +91 124 288 9320, 414 5612/13
www.cairnindia.com



WE FUEL AMAZING

18th June, 2014

National Stock Exchange of India Ltd.

Listing Department
Exchange Plaza, Plot C/1, G Block
Bandra Kurla Complex Bandra (E)
Mumbai 400 051.
T: +91 022-26598235/36
Fax: 022-26598237/38

Bombay Stock Exchange Ltd.

Dept. of Corporate Services
P. J. Towers
Dalal Street
Mumbai 400 001.
T: +91 022-22721233/34
Fax: 022-22722037/39/41/3121/3354

Sub: Annual Report 2013-14 and AGM Notice

Dear Sir,

Pursuant to Clause 31 of the Listing Agreement, please find enclosed six copies each of the Annual Report of the Company along with Form A for the year ended 31st March, 2014 and Notice of the Annual General Meeting scheduled to be held on 23rd July, 2014.

Further, we wish to inform that as per SEBI Circular No. CIR/CFD/DIL/8/2012 dated 13th August, 2012 and Clause 55 of the Listing Agreement, Business Responsibility Report has been published by the Company and the same forms part of the Annual Report 2013-14.

Further, we have also uploaded the above said documents at your respective online filing platform (NSE - 'NEAPS' and BSE - 'The Listing Centre').

We hope that you shall find the same in order.

Thanking you,

Yours faithfully,
For Cairn India Limited


Neerja Sharma
Director-Risk Assurance & Company Secretary

Encl.: a/a

Business Responsibility Report





BUSINESS RESPONSIBILITY REPORT

SECTION A

General Information about the Company		
1	Corporate Identity Number (CIN) of the Company	L11101MH2006PLC163934
2	Name of the Company	Cairn India Limited
3	Registered address	101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 Tel +91 22 24338306, Fax +91 22 24311160
4	Website	http://www.cairnindia.com
5	E-mail id	cilir@cairnindia.com
6	Financial Year reported	2013-14
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 06 - Extraction of crude petroleum and natural gas
8	List three key products/ services that the Company manufactures/ provides (as in balance sheet)	<p>Cairn India produces only two products, viz.</p> <ul style="list-style-type: none"> 1. Crude Oil 2. Natural Gas
Total number of locations where business activity is undertaken by the Company		
9	Number of International Locations	<ul style="list-style-type: none"> • Sri Lanka • South Africa
10	Number of National Locations	<p>Cairn India produces crude oil and natural gas from the</p> <ul style="list-style-type: none"> • RJ-ON-90/1 hydrocarbon block located in the districts of Barmer&Jalore in Rajasthan, • PKGM-1 block (Ravva) located off-shore, Suraisaniyanam, Bay of Bengal, Andhra Pradesh and • CB/OS-2 (Suvali), located offshore, Suvali, Gulf of Khambhat, Gujarat. • We also operate crude oil evacuation pipeline system that extends from Barmer (Rajasthan) to Salaya (Gujarat) which is presently being extended to the Arabian sea coast off Bhoghat (Gujarat). <p>The company also utilizes its Natural Gas pipeline infrastructure to evacuate some of its natural gas from the Rajasthan block to a government nominated buyer in Gujarat.</p>
11	Markets served by the Company	<p>"Cairn India's crude oil customers include both Public Sector Units (PSU) refineries like - Indian Oil Corporation Ltd (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Chennai Petroleum Corporation Limited (CPCL) as well as private refineries like Reliance India Limited (RIL) and Essar Oil Limited.</p> <p>Natural gas buyers are Gujarat Narmada Valley Fertilizers Company Limited (GNFC), GAIL (India) Ltd. and Gujarat Gas Co. Ltd. (GGCL) & CLP India Private Limited (CLPIPL)."</p>

SECTION B

Financial Details of the Company		
1	Paid up Capital (INR)	19,076,298,710
2	Total Turnover (INR)	18,762 Crore
3	Total profit after taxes (INR)	12,432 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.38% (47.6 Crore)
5	List of activities in which expenditure in 4 above has been incurred:-	<p>Cairn India CSR spend are classified in following 5 categories:</p> <ul style="list-style-type: none"> 1. Health, Water & Sanitation – 27% 2. Education – 12% 3. Sustainable livelihood (Vocational skill development and non-farm) – 14% 4. Sustainable Livelihood (farm-based) – 10% 5. Construction of Cairn Center of Excellence (Vocational Training Center): 37%

SECTION C

Other Details

- 1 Does the Company have any Subsidiary Company/ Companies?

Cairn India has five Joint Venture partnerships in India. These are with:

1. Oil and Natural Gas Corporation (ONGC), Cairn Energy Hydrocarbon Limited (CEHL) and Cairn India Limited (CIL) for RJ-ON-90/1 Block
2. ONGC, Tata Petrodyne Limited (TPL) and CIL for CB/OS-2 Block
3. ONGC, Videocon India limited (VIL), Ravva Oil Singapore (ROS) and CIL for Ravva Block
4. ONGC and CIL for KG-ONN-2003/1, and
5. ONGC, TPL and CIL for PR-OSN-2004/1 Block.

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

As on 31st March, 2014, the Company had 19 subsidiaries including indirect subsidiaries, as per details provided below. All these companies are 100% beneficially owned by Cairn India Limited.

1. Cairn India Holdings Limited, Jersey
2. Cairn Energy Holdings Limited, Scotland
3. Cairn Energy Hydrocarbons Ltd, Scotland
4. Cairn Exploration (No. 7) Limited, Scotland
5. Cairn Exploration (No.6) Limited, Scotland
6. Cairn Exploration (No. 2) Limited, Scotland
7. Cairn Energy Gujarat Block 1 Limited, Scotland
8. Cairn Energy Discovery Limited, Scotland
9. Cairn Energy Cambay B.V., Netherlands
10. Cairn Energy India West B.V., Netherlands
11. Cairn Energy Gujarat B.V., Netherlands
12. Cairn Energy Netherlands Holdings B.V., Netherlands
13. Cairn Energy Australia Pty Limited, Australia
14. CEH Australia Limited, British Virgin Islands
15. Cairn Energy India Pty Limited, Australia
16. CIG Mauritius Holding Private Limited, Mauritius
17. CIG Mauritius Private Limited, Mauritius
18. Cairn Lanka (Pvt) Ltd., Sri Lanka
19. Cairn South Africa Proprietary Limited, South Africa

Further, during the financial year under review, the following dormant subsidiary companies were deregistered:

S.No	Name of the Company & Country of Incorporation	Effective date of deregistration
1.	Cairn Petroleum India Limited, Scotland	21 March, 2014
2.	Cairn Exploration (No.4) Limited, Scotland	21 March, 2014
3.	Cairn Energy Cambay Holding B.V, Netherlands	26 March, 2014
4.	Cairn Energy Gujarat Holding B.V, Netherlands	26 March, 2014
5.	Cairn Energy India West Holding B.V, Netherlands	26 March, 2014
6.	Cairn Energy India Holdings B.V, Netherlands	26 March, 2014
7.	Cairn Energy Group Holdings B.V, Netherlands	26 March, 2014
8.	Sydney Oil Company Pty Limited, Australia	24 February, 2014
9.	Cairn Energy Investments Australia Pty Limited, Australia	24 February, 2014
10.	Wessington Investments Pty Limited, Australia	24 February, 2014
11.	Cairn Energy Asia Pty Limited, Australia	31 March, 2014
12.	CEH Australia Pty Limited, Australia	31 March, 2014

Other Details

- 2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Cairn's Code of Business Ethics defines the company's approach towards responsible business. It is applicable to Cairn India Group (CIG), viz. Cairn India Limited and all its Subsidiary Companies. All entities under CIG abide by the Code of Business Ethics. Where applicable, the subsidiary companies support the 'Responsible Business' initiatives of the parent company. The Code of Business Ethics address areas like ethics, bribery, Health, Safety, Environment practices, Fair employment practices, and Regulatory Compliance.

Cairn India also has specific Joint Venture partners for each of its blocks. The terms of the operating framework of the PSC define the role and responsibilities of the Joint Venture partners regarding Health, Safety and Environment (HSE) practices, ethics, regulatory compliance and human rights.

- 3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

Cairn's suppliers/ contractors/ service providers are contractually bound to abide by Cairn's Code of Business Ethics and related performance standards. In this capacity they are involved & participate in the Business Responsibility initiatives of the company, as applicable

SECTION D

Business Responsibility Information: Details of Director/Directors responsible for Business Responsibility

1	Details of the Director/Director responsible for implementation of the BR policy/policies
DIN Number	06475821
Name	Elango Pandarinathan
Designation	Interim CEO & Whole Time Director
2	Details of the BR head
DIN Number (if applicable)	06475821
Name	Elango Pandarinathan
Designation	1. Interim CEO & Whole Time Director
Telephone number	2. 0124 4593000
e-mail id	3. Elango.P@cairnindia.com

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)



Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

4	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	NA	N	N	
5	Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y	
6	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y	
7	Indicate the link for the policy to be viewed online?	http://cairnindia.com/sustainability http://cairnindia.com/investors/corporate-governance/code-business-ethics									
8	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y	
9	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	NA	Y	Y	
10	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y	
11	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y	

If answer to S.No. 1 against any principle, is 'No', please explain why:
Please refer to the response provided in Section E, Principle 7.

Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The Board of the Company meets every quarter to assess the business and financial performance of the company. Video/tele-conferencing facilities are also provided to enable Directors to participate in Board meetings. As part of Board deliberations, it also discusses among other points, business responsibility issues. The BR performance of the company is compiled every year in the BR report, which forms a part of the Annual report, and is placed before the Board of Directors for their approval.
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Cairn India Limited has published its first Sustainability Report for FY 2012-13 based on GRI G3.1 Guidelines. The report is published on an annual basis and is available at: http://www.cairnindia.com/sites/default/files/Sustainability_Report_2012_2013.pdf The Sustainability Report of the Company also addresses the principles related to business responsibility as defined in the National Voluntary Guidelines (NVG) guidelines. Cairn India also produces a Business Responsibility Report in accordance with SEBI guidelines and forms a part of the Annual Report.



Healthcare initiatives as part of community engagement at Rajasthan

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 –Ethics, Transparency & Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/ NGOs /Others?

Cairn India's Code of Business Ethics, governs the manner in which the company carries out its activities and interacts with its stakeholders. It extends to the entire Group, Joint Ventures, Suppliers, Contractors, Business Partners and all other associated entities. The provisions of this Code are a mandatory condition for employment, contract, or business relationship with Cairn India and among other things cover ethics, bribery and corruption.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details

thereof, in about 50 words or so.

We received a total of 1,337 queries/ complaints from shareholders of the Company during April'13 to March'14, out of which a total of 16 complaints were related to ethics, bribery and corruption. Shareholders' complaints were related to non-receipt of annual report, dividend etc. and were resolved successfully. Among the complaints related to ethics, bribery and corruption, 11 have been resolved satisfactorily through appropriate grievance redressal mechanisms. The 5 remaining complaints are still under investigation

Principle 2 – Sustainable Products and Services

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Cairn India is an Oil & Gas Exploration & Production company, producing only processed Crude Oil and Natural Gas. While we recognize the limitation of incorporating environmental and social

design concerns in the composition of our products, we ensure that best-in-class practices are followed while designing and operating our processing facilities and transportation infrastructure.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- i. Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

Cairn India carries out its business with the prime objective of optimizing resource use. The associated gas from the well-fluid processing is separated and used for captive power generation ensuring that flaring of excess gas is minimal. The processed crude oil is transported to the buyers through a heated, insulated and buried pipeline using state-of-art technology. This ensures minimal environmental impact due to crude transportation.

Cairn's average energy consumption

during FY 13-14 for production operation was 1.452 GJ per Ton of Crude equivalent produced, compared to last year's value of 1.42¹ GJ per Ton of Crude equivalent produced. Cairn's fresh water consumption for FY 13-14 was 115,584 cubic meters as compared to 98,995 cubic meters consumption last year.

During FY13-14, Cairn's flaring intensity reduced to 2.18 T of natural gas per 1000 T of HC produced, from last year's value of 3.90² T of natural gas per 1000 T of HC produced. The global average for exploration and production upstream operation the OGP report for exploration & production industry for year 2012 is 13.9 T of gas per 1000 T of HC produced

During FY13-14, Cairn's flaring intensity reduced to 2.15 T of natural gas per 1000 T of HC produced, from last year's value of 3.87 T of natural gas per 1000T of HC produced. The global average for exploration and production upstream operation the OGP report for exploration & production industry for year 2012 is 13.9 T of gas per 1000 T of HC produced

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Cairn's operations are Business-to-business (B2B) with no direct interaction with the product's end consumers.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Water is a critical input resource for our operations. The company undertakes several measures to ensure sustainable usage built on the principles of reduce, reuse and recycle. Key to our efforts

is sourcing a majority of our water requirement from sub-surface water, which is saline in nature. More than 99% of all our water needs are fulfilled by this saline water.

Our operations are designed to incorporate:

- The majority of our freshwater requirements are met by the desalination of saline water.
- The treated produced water and the reject from the desalination process is commingled with the injection water for re-injection into the oil reservoir, thereby avoiding any surface discharge of wastewater in our Rajasthan operations. There is some discharge of treated produced water into the sea for our Rava operations.
- Water efficiency through the installation of Drip Irrigation at Mangala and Rageshwari

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Cairn India has a "local content" policy to encourage good, services and employment to the local community near our area of operation. All major tenders have condition that require a majority of unskilled labour to be sourced from the local community, subject to availability and requirement. Vendor from local communities are developed through Quality and HSE training and provided preferences on certain tenders. More than 600 vendors from local area (near our operation) is registered with us and from whom we procure \$150M worth of goods and services. During FY13-14 49% of the total procurement spend was on domestic suppliers of which 15% is from vendors near our area of operation.

In addition, specific efforts are made to improve employability of the local community through skill development initiative. 950 individuals from the local communities were provided skill development and vocational training out of which 760 people were linked to employment.

Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Cairn India recycles the by products resulting from its operations.

- The well fluid from the sub-surface reservoir comprises of crude oil, water (produced water) and natural gas (associated gas). The produced water is the most significant liquid waste from Cairn India's operations. It is treated and recycled back into the hydrocarbon reservoir to maintain the reservoir pressure. During FY 13-14, Cairn India recycled about about 96% of the produced water.
- Drill cuttings and drilling mud are significant solid wastes generated from Cairn's operations. The drilling process is designed to reuse the drilling mud and thereby reduce the volume of waste drilling mud. The drill cuttings and waste mud are stored in lined and concrete paved pits. During FY 13-14, Cairn obtained regulatory approval to co-process the above waste for use as raw material by the cement industry. Currently, operationalizing the initiative is underway.
- The crude oil that does not meet buyer specification is automatically routed for re-processing and thus there is no generation of waste product.
- The spent lube oil and other oily wastes are disposed/ recycled through government approved recyclers.

1 This number has been corrected. Last year we reported energy intensity to be 1.12 GJ/ Ton of Crude Equivalent Produced

2 This number has been corrected. Last year we reported flaring intensity to be 4.5 T/000 Ton of Crude Equivalent Produced

Principle 3 – Employee's Wellbeing

Employees' Well-being		
1	Total number of employees.	1,643
2	Total number of employees hired on temporary/ contractual/ casual basis.	7,696
3	Number of permanent women employees.	145
4	Number of permanent employees with disabilities	Not tracked
5	Do you have an employee association that is recognized by management?	No
6	What percentage of your permanent employees is members of this recognized employee association? w	Not Applicable

Details of the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

Category	No of complaints filed during the financial year	No of complaints pending at end of the financial year
Child labour/ Forced labour/ Involuntary labour	0	0
Sexual harassment	2	2
Discriminatory employment	0	0

Percentage of your under mentioned employees were given safety & skill up-gradation training during 2013-14

Category	Skill Up-gradation Training	Safety Training
Permanent Employees	80%	
Permanent Women Employees	93%	All employees undergo the required safety trainings on an ongoing basis
Casual/Temporary/Contractual Employees	Not Tracked	
Employees with Disabilities	Not Tracked	

Principle 4 – Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders?

Cairn had carried out a formal mapping/ identification of its stakeholders (both internal and external) in FY 12-13. With there being no significant change in the company's operation, its stakeholders remain the same as identified earlier. Further, each function of the company identifies and engages with its relevant stakeholders on an ongoing basis.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, Cairn's India has identified the disadvantaged, vulnerable & marginalized stakeholders in its area of operations. These include, among others, project affected people, land contributors, local resident / villagers, women & children, and persons with disabilities

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Cairn India has paid due attention towards those sections of the local

communities, which are disadvantaged, vulnerable & marginalized. Methods are initiated for open communication and their needs are considered while designing community development initiatives. This is carried out through continuous interaction and engagement with the stakeholders through appropriate channels and platforms, such as public hearings, surveys, focus group discussions, and most importantly through regular interactions during the course of implement our social programmes. These include programmes to improve health service delivery, improvements to quality of education in rural schools, skill development and economic livelihood, and improvement of

the infrastructure.

SHAREHOLDERS' SATISFACTION SURVEY

The Company has sent feedback forms seeking shareholders' views on various matters relating to investor services and information sharing. The feedback received from the shareholders was placed before the Shareholders'/Investors' Grievance Committee. The Company noted the suggestions of shareholders and will endeavor to implement wherever required and feasible.

Principle 5 – Protecting Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors /NGOs/Others?

Cairn India, through its Code of Business Ethics, has endeavored to extend its value system regarding human rights, among other aspects, throughout its value chain. Cairn India's is currently in the process of understanding its vendor's human rights practices. Cairn is also carrying out vendor capacity building exercises in Rajasthan on topics of Human Rights, among other topics.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

In FY2014 we received no human rights related complaints from our external stakeholders. Two sexual harassment complaints were received from our employees, which have been satisfactorily resolved.

Principle 6 – Reducing Environmental Impact

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ others.

Contractors/ NGOs/ others.

Cairn's vendors, contractors, third-party man power, and suppliers are required to comply with its HSE requirements. Compliance to the policies is a mandatory part of the tender conditions and major non-compliance entails disciplinary action against defaulters. Cairn carries out capacity building exercises and further extends support to vendors to help them improve their Health, Safety and Environmental (HSE) performance.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Cairn India has formalized a Sustainability Policy and nominated a Sustainability Steering Committee to drive its sustainability agenda, which among other things, reflects Cairn's resolve to address global environment issues. Cairn has also voluntarily undertaken Sustainable Development (SD) Goals, such as reduction in GHG (Green House Gas) emissions from its operations, investment in renewable energy technologies, and conservation of water.

Cairn hosted the Global HSE Conference in FY2014 to deliberate, discuss, and bring focus to industry best practices on Health, Safety, Environment and Sustainability. The conference was attended by a global group of experts, industry peers, regulators, suppliers and contractors.

The company also conducted a water & wastewater management workshop to understand upcoming technologies, in order to improve our water management and handling of our wastewater streams.

3. Does the company identify and assess potential environmental risks?

Yes, Cairn follows a structured process of identifying and addressing environmental

risks. Such risks are regularly identified and assessed through the following:

- Environment Impact Assessment (EIA) Studies carried out by independent expert agencies to identify risks and develop appropriate environment and social management and monitoring plans.
- Audits by independent, external agencies.
- Integrated HSE audit carried out by an independent internal audit team.
- Hazard Identification (HAZID), Hazard Operability (HAZOP) and Project HSE Review (PHSER) are carried out as part of designing and establishing any new project or carrying out any major modification.
- Compliance to the Gated process during the project life-cycle.

During FY13-14, as part of the company's expansion activities, Cairn undertook three EIA studies and public hearings activities. Two of these were conducted in the Rajasthan block and the third in the Ravva block.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Cairn has not applied for any projects under the Clean Development Mechanism. However, Cairn India has been active in reducing its GHG emissions in all its operating sites by implementing measures to compress the low pressure gas to maximize gas recovery and reduce flaring.

During FY2014, in the Rajasthan Mangala Terminal further initiatives have been undertaken to use the excess gas as fuel in new boilers. The terminal has also installed additional gas recovery packages and is progressing on projects to commercialize the sale of excess gas.

During FY 13-14, CB/OS-2 implemented

vapor balancing and nitrogen blanketing for Crude Oil Storage Tanks; this will reduce GHG emissions and minimize natural gas consumption.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

During FY 13-14, Cairn has undertaken many initiatives to increase the share of renewable energy in its energy consumption, some of which are as follows:

- Installed solar-powered lighting at well-pads and offshore platforms
- Carried out feasibility study for generating power from Solar Photovoltaic (PV) technology at MPT and RGT
- Installed light sensitive timers to reduce energy consumption
- Initiated Solar Home Project for 500 households in partnership with K-energy and Rajasthan Renewable Energy Corporation (RREC).
- Ravva Asset has purchased Renewable Energy Certificates (REC) to be in compliance with Renewable Power Purchase Obligation (RPPO).

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None

Principle 7-Responsible Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that

your business deals with.

Cairn India is a member of several industry associations through which it interacts with its peers and discusses key issues in Oil & Gas sector. The major associations which Cairn India is a part of are:

- Association of Oil & Gas Operators (AOGO)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- Confederation of Indian Industries (CII)
- Petroleum Federation of India (Petrofed)
- International Association of Oil & Gas Producers (OGP)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

If yes, specify the broad areas.
(Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a company policy, Cairn India does not engage in any covert lobbying for issues of corporate interest. However, since it operates in a highly regulated industry, Cairn India needs to interact with the Central and State governments at different levels.

Cairn has mapped and assigned responsibilities for its officials for interaction with each level of government and any interactions are carried out strictly under the overview of the Management.

Cairn India actively engages with the above mentioned associations, specifically for the policy formulation / advancement / improvement of public good and national interest towards Energy Security, Sustainable Business Principles, Governance and Administration and Inclusive Development.

Principle 8 – Inclusive Growth & Equitable Development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Cairn India has the following policies that support inclusive growth and equitable development:

- Sustainability Policy
- PSCM (Local Content) Policy
- HSE Policy
- CSR Policy
- Group CR (Corporate Responsibility) guiding principles

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Cairn India engages with NGO's, government departments/bodies and other third party agencies along with its own teams to ensure that Cairn achieves success in effectively translating the company's vision of promoting inclusive growth successfully.

3. Have you done any impact assessment of your initiative?

Cairn India regularly conducts impact assessment studies for its community development activities/initiatives across its operations. The feedback from these studies serves as an input in planning Cairn's future course of action on CSR.

4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

Cairn spent INR 47.6 Crores towards community development projects in FY2014. The distribution of CSR spend is as follows:

- Health, Water & Sanitation – 27%
- Education – 12%
- Sustainable Training & Vocational



Onshore terminal, Rava

Skills (Non-Farm Based) – 14%

- Sustainable Livelihood (farm-based) – 10%
- Construction of Cairn Center of Excellence (Vocational Training Center): 37%

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Cairn conducts consistent engagement and interaction with the community to ensure that the initiatives undertaken are successfully implemented and addresses specific needs of the community.

To plan, implement, and monitor community development strategies and initiatives, a dedicated, cross-functional steering committee located in Barmer has been appointed. This committee authorizes/ carries out audits and field visits to measure the effectiveness of the initiatives undertaken. This regular interaction, allows for improvisation of ongoing initiatives while also serving as an input in planning Cairn's future course of action.

Principle 9 – Providing Value to Customer

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

None. Cairn India has KPI that ensures that all customer complaints are resolved within 48 hours.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Cairn India operates in a highly regulated industry with stringent quality and safety specification for its products (processed Crude oil and Natural gas). As a part of which, Cairn India provides detailed MSDS (Material Safety Data Sheet) to all its customers.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No. The Cairn crude oil pricing formula is approved by the Government of India and most sales are at an arms-length. The government nomination and the private seller contracts are revised annually. Any un-nominated oil is sold to private parties based on mutually negotiated price.

Did your company carry out any consumer survey/ consumer satisfaction trends?

In the case of crude oil, at the point-of-sale, Cairn conducts a daily audit of quality. This audit is conducted by the Joint Surveyor, comprising of a representative each from Cairn India, the buyer and a third party. Any disputes that might arise are resolved by a third party mediator.

Apart from this, Cairn ensures that daily sample of the products are kept for reference requirements, which might come up in the future. Cairn also carries out regular checks for testing the integrity of the product pipelines through standard pipeline inspection methods, hardware testing, volumetric calibration and checks through sampling ports.