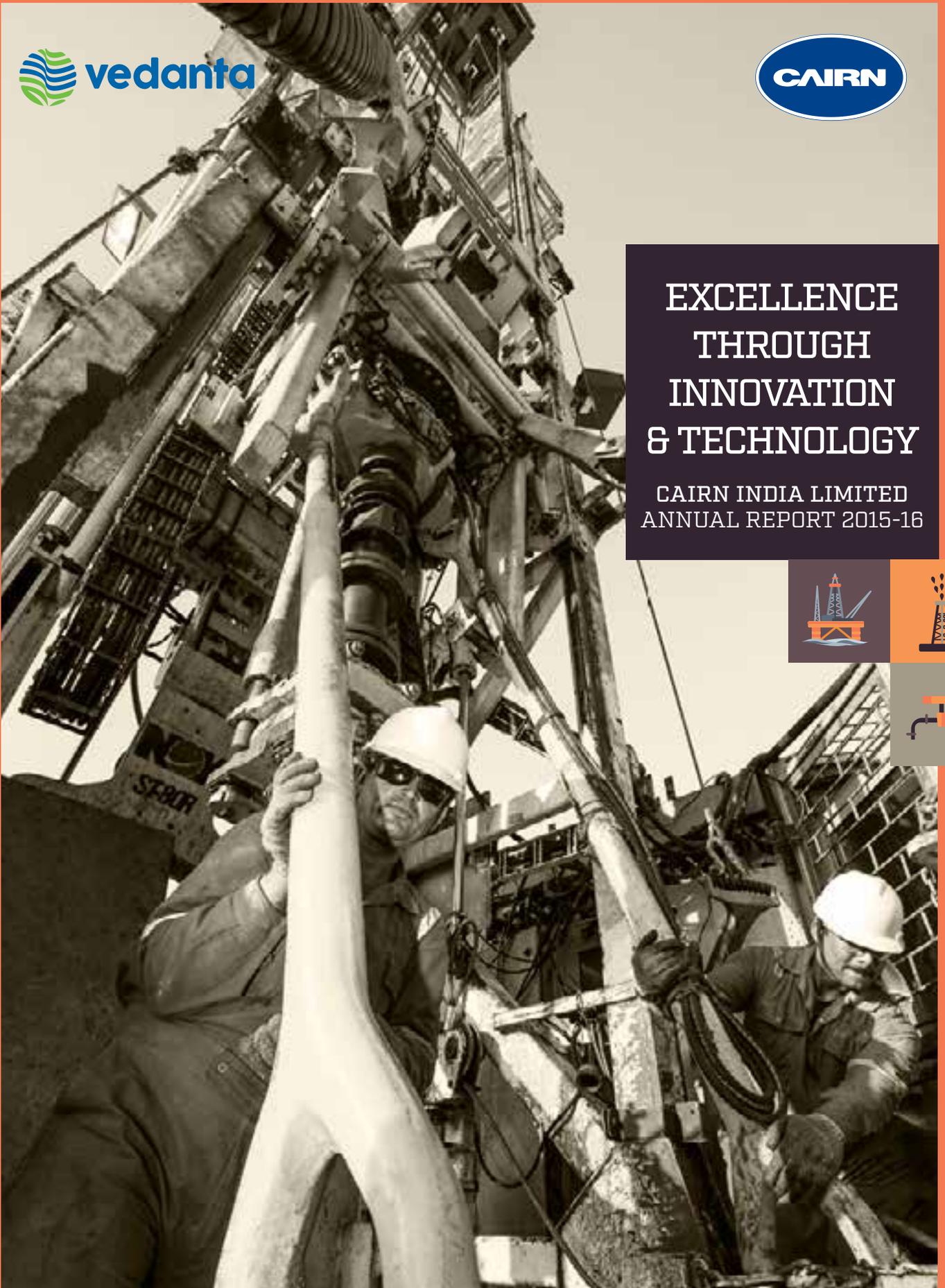




# EXCELLENCE THROUGH INNOVATION & TECHNOLOGY

CAIRN INDIA LIMITED  
ANNUAL REPORT 2015-16



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As one of the largest oil & gas exploration and production companies in India with a portfolio of 8 blocks across India and South Africa, Cairn India contributes significantly to India's quest for energy security. A low cost operator and a pioneer in the innovative application of technologies, Cairn India is also credited with building the world's longest continuously heated and insulated crude oil pipeline, and executing the world's largest polymer flood project. We combine a world-class asset portfolio with proven expertise across exploration, development and production to create significant value for our all stakeholders.

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# 203,703

AVERAGE  
DAILY GROSS  
OPERATED  
PRODUCTION  
(BOEPD)

# US\$ 1.3 BILLION

REVENUE IN  
FY2016

# US\$ 2.9 BILLION

CASH & CASH  
EQUIVALENT

# US\$ 1.6 BILLION

GROSS CONTRI-  
BUTION TO THE  
EXCHEQUER IN  
FY2016

# INDEX

## **02      MANAGEMENT SPEAK**

04      Chairman's Statement

## **08      MANAGEMENT DISCUSSION & ANALYSIS**

10      Overview  
12      Key Annual Highlights  
14      Rajasthan Block  
24      Other Producing Assets  
28      Asset Portfolio  
30      Technology & Innovation  
32      Financial Overview  
36      Our People  
38      Health, Safety, Environment, Quality and Sustainability  
42      Corporate Social Responsibility  
46      Internal Controls and their Adequacy  
50      Business Risks  
52      Board of Directors

## **54      CORPORATE GOVERNANCE**

56      Report on Corporate Governance  
70      Additional Shareholder Information  
76      Certificate of the MD & CEO and CFO  
77      Auditors' Certificate  
78      Board's Report

## **122     BUSINESS RESPONSIBILITY REPORT**

## **136     AUDITED FINANCIAL STATEMENTS**

138      Independent Auditors' Report  
144      Balance Sheet  
145      Statement of Profit and Loss  
146      Cash Flow Statement  
184      Independent Auditors' Report on  
Consolidated Financial Statements  
186      Consolidated Balance Sheet  
187      Consolidated Statement of Profit and Loss  
188      Consolidated Cash Flow Statement

## **220     GLOSSARY**





# MANAGEMENT SPEAK



> 02 - 07 >





## MANAGEMENT SPEAK

# CHAIRMAN'S STATEMENT



Dear Shareholder,

I am pleased to share that despite testing times, Cairn India delivered excellent operational results.

Global oil and gas industry is navigating a tough phase not seen in recent times. Cairn India saw this as a unique opportunity to further strengthen its business, optimize cost structure and capital spending. We adapted to the changing external environment to lay the foundation for a solid future thereby reinforcing our ability to deliver profitable and long-term growth.

The global recovery has further weakened with significant apprehensions on growth prospects. Amidst the current global uncertainties, however, India's growth story has largely remained intact. It has shown remarkable resilience and remains progressive. Per the IMF's latest World Economic Outlook (WEO) India remains a bright spot with strong growth and rising real incomes.



Cairn India, in line with global companies, has also achieved notable improvements in productivity which will aid future growth.

Low oil and gas prices made fiscal year 2015-16, one of the most demanding years for Cairn India and the entire sector.

Even as these historic low prices are adversely impacting oil producing nations, they can likely give a growth boost to large crude oil importing countries like India. From US\$ 113 billion in 2014-15, India's crude oil import bill has reduced by 43% to US\$ 64 billion in 2015-16. Reduction in the import bill has moderated India's trade and current account deficits, reduced inflation and helped contain the subsidy bill. This has supported the government's efforts to implement numerous developmental projects.

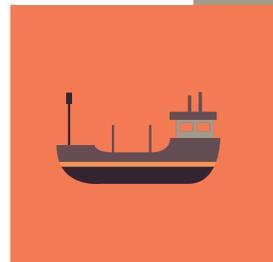
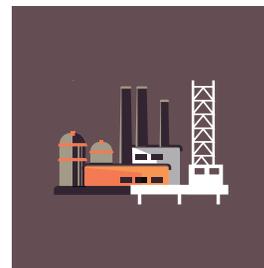
However, we as a nation should continue in our pursuit of higher domestic production of hydrocarbons; for all the future projections portend a steady increase in our dependence on foreign oil.

It is against this backdrop that one should assess your Company's role

in meeting India's oil needs. Through the year, Cairn India's operations reduced India's import bill by over US\$ 3 billion (more than ₹ 21,000 crore) and contributed over US\$ 1.6 billion (more than ₹ 10,000 crore) to the government exchequer.

Given this larger context, it is encouraging to see the government implementing numerous policy reforms which will likely spur investments and reinvigorate the Indian oil & gas sector. During the year, your Company successfully delivered key projects which will support medium and long term production.

One of the world's largest polymer flood projects at Mangala continued to yield positive results. Mangala enhanced oil recovery (EOR) contributed an average of 14,000 barrels of oil equivalent per day during FY2016. Excellent performance by Mangala EOR and encouraging upside from Aishwariya infill programme augurs well for the Rajasthan block. I am happy to share that Mangala EOR



performance reaffirms potential of the Rajasthan block.

During the year, your Company commissioned the Salaya Bhogat Pipeline (SBPL) storage terminal & marine export facilities at Bhogat. This is a significant first step, towards accessing larger market for Crude oil from the Rajasthan block.

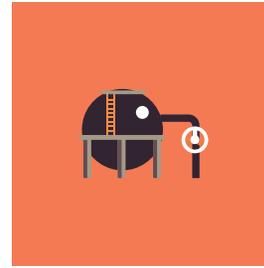
A continual enhancement in productivity has been one of the key factors for the resilience of U.S. production amidst historic low oil prices. I am happy to share that Cairn India, in line with global companies, has also achieved notable improvements in productivity which will aid future growth. For example, the expected ultimate recovery from the Raageshwari Deep Gas field has been upgraded by over 25% as a result of successful application of hydro frac technology and better reservoir characterisation. In the process, Cairn India also successfully placed the largest frac in India.

Leveraging gas potential of the





Despite one of the toughest operating conditions and uncertain economic environment, Cairn India is in a strong position to deliver on key projects



Rajasthan block is pivotal. We envisage quadrupling gas production which will support resource maximization from the block. Cairn India's success, over the years, has been underpinned by adoption and innovative application of technology. Together with enhanced focus on productivity, Cairn India is well placed to maximize its potential.

Despite a steep drop in crude oil prices, Cairn India adhered to its stated dividend policy. The dividend pay-out amounts to 31.6% of Cairn India's annual consolidated normalized net profit. Our relentless focus on improving efficiencies and minimising operating costs enabled free cash flow generation of over US\$ 350 million, which has resulted in a robust cash balance.

Cairn India's continuous drive to operate safely and responsibly sets us apart. This relentless focus has helped build an excellent HSES record over the years. We ensure a safe working environment by upholding the highest international standards.

Our focus on shared prosperity through empowerment and development enables us to forge a lasting relationship with the communities. We continued our contribution to the social and

economic progress in the areas where we operate through strategic investments which are aligned with country's social goals thereby impacting more than 800,000 people.

We continue to work closely with the Government of India and value their unrelenting support and collaborative approach for the growth and development of oil and gas sector in India.

I greatly value the support of the Government of India, the Government of Rajasthan, other State Governments and local communities with whom we share a deep and enduring relationship.

I would also like to thank the state and private companies who are our strategic partners, source of strength, and crucial to our success.

On behalf of the entire Board, I deeply appreciate all our employees for their resilience and continued support. I also take this opportunity to thank my Board colleagues for their valuable guidance and active support to Cairn India's success. Finally, I would like to thank our shareholders for their enduring support.

Your Company continues to work towards completion of merger with

Vedanta. The merger would generate value for the shareholders and de-risks Cairn India.

Over the years, time and again, Cairn India has delivered through its targeted investments, consistent focus on efficiency, execution and reliability. Thus, going forward, despite one of the toughest operating conditions and uncertain economic environment, Cairn India is in a strong position to deliver on key projects. We will continue to invest in our existing assets to increase production and maximize economic recovery.

I remain confident that Cairn India will play a pivotal role in India's quest for energy security. Given the government's steadfast focus on higher domestic production, Cairn India is well placed to expeditiously ramp up production. Our long-standing track record in execution, applying leading technology together with strong balance sheet, would be key enablers for growth. Thus, Cairn India is uniquely placed to deliver enduring, sustainable shareholder value.

**Navin Agarwal**  
Chairman

MANAGEMENT SPEAK





# MANAGEMENT DISCUSSION & ANALYSIS



> 08 - 53 >



## MANAGEMENT DISCUSSION & ANALYSIS

# OVERVIEW

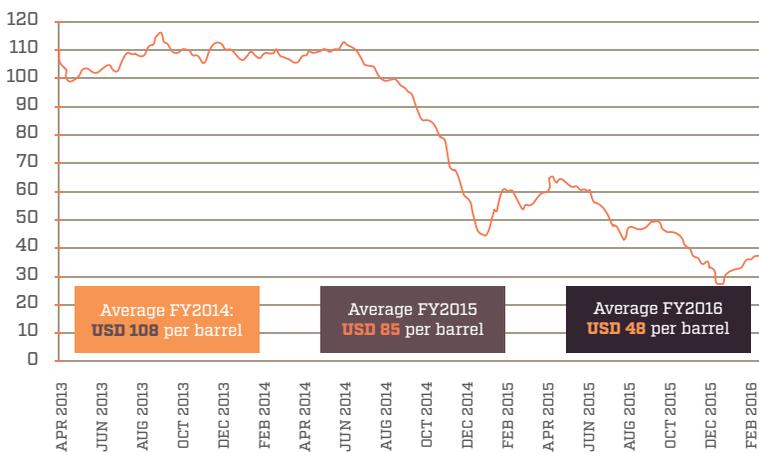


A crude oversupply led collapse in oil prices in FY2016 prompted a matching response from the industry players that is expected to drive re-balancing of supply-demand in second half of current year.

FY2016 has been tumultuous for the global oil and gas industry. This is best illustrated by plotting the price of crude oil over the last three years. As Chart shows, the un-weighted average spot price of Brent crude fell by 21% from USD 108 per barrel in FY2014 to USD 85 per barrel in FY2015; and then dropped by another 44% to USD 48 per barrel in FY2016, with crude oil touching a 12-year low. It has been a torrid time for those in the business of extracting, pumping and selling crude across the world. The story of Cairn India Limited ('CIL' or 'the Company') is no exception.

On the supply side, despite major increases in US shale oil output, the OPEC majors, especially Saudi Arabia, chose not to reduce production in order to protect their market share. This raised global crude supply to record levels. More recently, crude sales from Iran have worsened the glut. On the demand side, far slower economic growth of China, the world's second largest consumer of crude oil, coupled with muted growth of most developed OECD countries

Dated Brent Crude (USD per barrel)



Source: Platts

have come together to severely affect prices.

Given such a milieu, most of the global hydrocarbon exploration and production (E&P) companies have adapted four key strategies. These are:

- **FIRST, deferment as well as cancellation of major capital investment in development and exploration projects.** Given stretched balance sheets and challenges in cash flow generation, global E&P companies have focused on preserving their capital. In most instances, this has also led to sharp reduction or suspending of dividend payments.
- **SECOND, right-sizing of the cost base** through organisational re-structuring, manpower rationalisation and contracts renegotiation.
- **THIRD, a focus on significant**

**efficiency improvements through rapid technological innovation.**

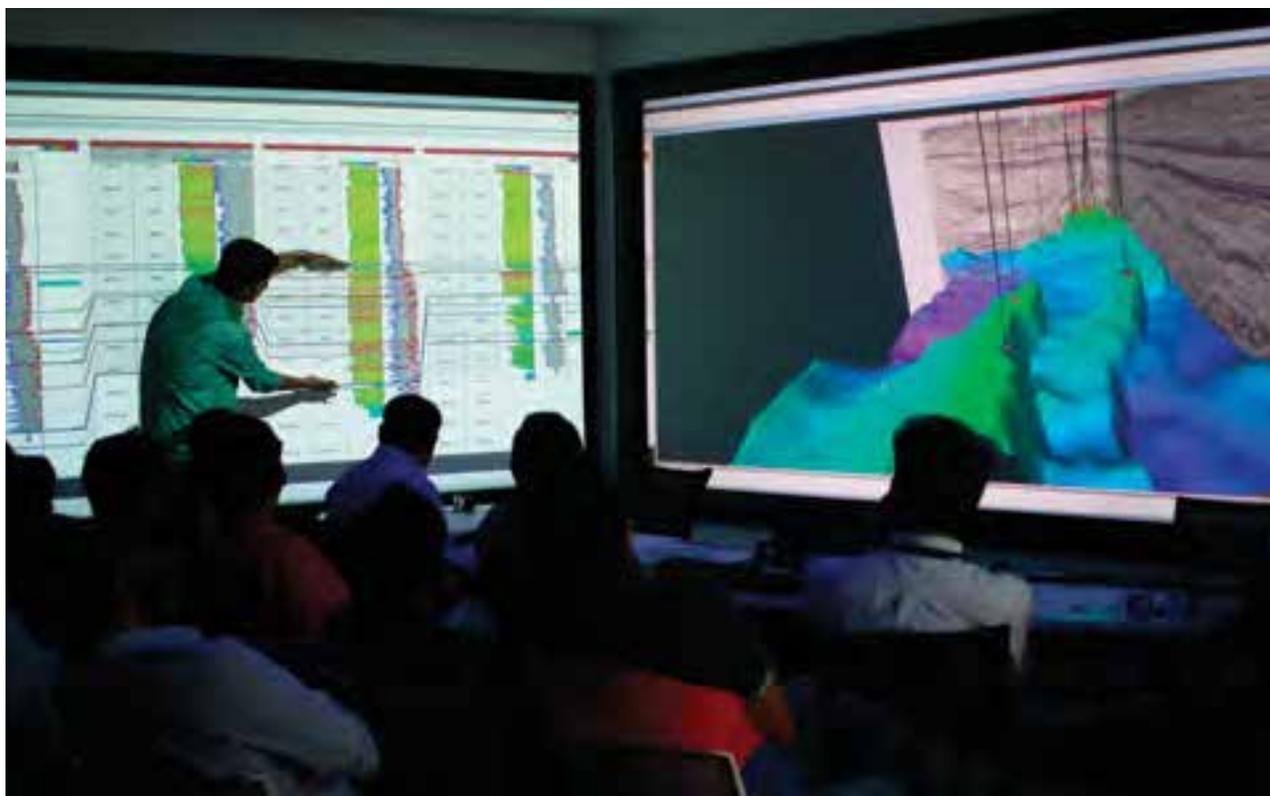
This is particularly true for the US shale industry with major operators having significantly reduced well delivery costs while improving productivity from individual wells. This has been a key reason for the survival of many shale operators despite severe pricing pressures.

- **FOURTH, asset impairments.** Given international accounting standards across OECD countries and elsewhere, most E&P companies have announced large asset impairments and reserves write-down following the steep decline in oil prices.

At the time of writing this Management Discussion and Analysis, the consensus seems to be that things have begun to gradually improve and that the oil and gas industry should reach a demand-supply inflection point sometime

during the second half of the current year. Global supply seems to have stabilised. The extent to which crude oil prices move upward now depends upon how demand picks up, especially in China and the major emerging markets.

Cairn India's major priority in such difficult times has been to capitalise on its strengths. Our world-class talent pool and technological capabilities have helped us to successfully achieve our business goals. In doing so, we continue to strive to be at the forefront of technology and innovation — be it in executing the world's largest polymer flood programme or in using cutting edge fracking techniques to efficiently monetize our tight resources in Rajasthan even at current oil prices. Despite severe constraints imposed upon the business by historically low crude oil prices, Cairn India has performed creditably for the year.





## MANAGEMENT DISCUSSION & ANALYSIS

## KEY ANNUAL HIGHLIGHTS



# ₹10,784

CRORE

## GROSS CONTRIBUTION

TO EXCHEQUER  
OVER FY2016

# 27

MMSCFD

## AVERAGE GAS PRODUCTION

AT RAAGESHWARI DEEP  
GAS, SURPASSING OUR  
GUIDANCE

# 203,703

BOEPD

## GROSS AVERAGE PRODUCTION

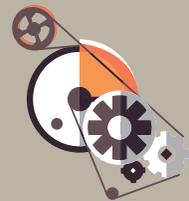
RAJASTHAN ASSET  
ACCOUNTED FOR  
169,609 BOEPD

# 32,000

BOEPD

## PRODUCTION CONTRIBUTION IN Q4 FY2016

DUE TO SUCCESSFUL  
EXECUTION OF POLYMER FLOOD  
PROGRAMME IN MANGALA



# ₹3,505

CRORE

EBITDA



# 38<sup>th</sup>

DISCOVERY

## IN RAJASTHAN

AT RAAGESHWARI NORTH;  
OIL FOUND ALSO IN THE  
RAAGESHWARI DEEP  
MAIN WELLS

# BHOGAT

TERMINAL  
COMMENCED  
CRUDE OIL  
DISPATCH

ACCESS TO LARGER MARKET  
FOR RAJASTHAN CRUDE

**₹8,626**  
CRORE

## REVENUE

41 % LESS THAN FY2015, ON  
ACCOUNT OF SHARP DECLINE  
IN GLOBAL CRUDE PRICES

**₹2,145**  
CRORE

## NET PROFIT

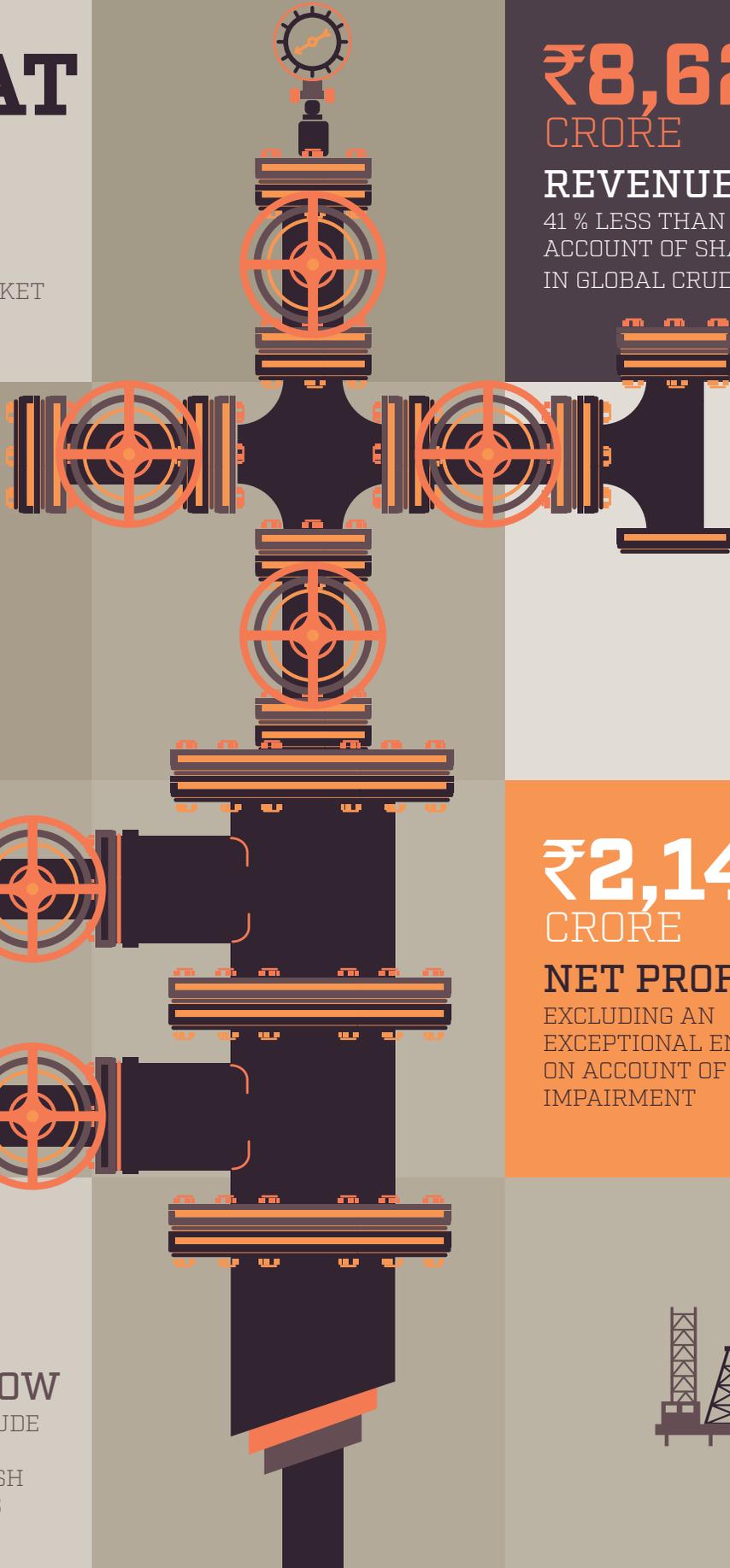
EXCLUDING AN  
EXCEPTIONAL ENTRY  
ON ACCOUNT OF  
IMPAIRMENT

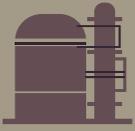
**₹2,485**  
CRORE

## FREE CASH FLOW

GENERATED DESPITE CRUDE  
OIL PRICES TOUCHING 12  
YEAR LOWS. STRONG CASH  
AND CASH EQUIVALENTS  
AT ₹ 19,521 CRORE

MANAGEMENT DISCUSSION & ANALYSIS





## MANAGEMENT DISCUSSION & ANALYSIS

# RAJASTHAN BLOCK

RJ-ON-90/1



The Rajasthan block is a world class asset and of significant national importance. By contributing to around 23% of domestic crude production in India, it has significantly reduced the crude oil imports in the country. In FY2016, Cairn India's Rajasthan block alone contributed Rs.9,099 crore (approximately US\$ 1.4 billion) to the national and state exchequers.

Cairn India, with its 30% joint venture (JV) partner, the Oil and Natural Gas Corporation Limited (ONGC), has invested substantially in the block. Mangala, Bhagyam and Aishwariya (MBA) are the key producing fields. Mangala, the largest onshore hydrocarbon find in India over past two decades, was discovered in January 2004, followed by Bhagyam and Aishwariya. Till date, 38 discoveries have been made in Rajasthan. Key facts of the block are given overleaf.

Given the world class resource base of this block, Cairn India is committed to maximise its potential

through the application of cutting edge technology, superior human capital and excellence in project execution.

### **MANGALA, BHAGYAM AND AISHWARIYA (MBA)**

The Mangala, Bhagyam and Aishwariya (MBA) fields with 2.2 billion barrels of hydrocarbons in place are the key pillars of our strong production. Mangala continues to perform above expectations with a ramp up of production on account of successful EOR project execution. Aishwariya is also producing steadily because of systematic implementation

of its infill programme. Performance of the Bhagyam field continues to be challenging with the consistent rise in water cut and natural decline of crude oil. Reservoir management programmes have been used to address these challenges.

In the core MBA reservoirs, Cairn India's focus continues to be on building infrastructure and prudent reservoir management through technology and innovation — which should ensure production excellence in both water flood and EOR implementation. Given below is an abridged list of key projects and activities that were completed in the Rajasthan Block during FY2016.

■ **MANGALA POLYMER EOR**

An exemplar of our commitment towards cutting edge technology and innovation is the performance of the Mangala EOR, the world's largest polymer flood. The first polymer injection at the Mangala field started in October 2014. By Q4 FY2016, polymer injection was ramped up to the target levels of 400,000 bldpd and, going forward, we plan to maintain injection at this rate. Successful execution of polymer flood has yielded positive results with an increase in oil production and stabilisation of the water cut. EOR alone led to an increased oil recovery averaging about 32,000 boepd in Q4 FY2016. The integrated drilling programme was completed for 93 new wells during the year. In October 2015, the central polymer facility was made fully operational with five trains preparing polymer solution. The focus for the next year is to continue to maintain polymer injection in Mangala as per the sub-surface requirements and complete the residual development work in the field.



■ **AISHWARIYA INFILL**

During FY2016, the planned infill wells programme in Aishwariya was successfully completed; all the 20 infill wells have been brought online and these are playing a key role in sustaining the field oil rates. The wells along with ramp up of injection and sector-wise voidage management have helped to optimise reservoir management and increase production recovery. The surface facilities have been developed in line with existing systems to complement the current operational facility. Cairn's strong track record in earlier infill programmes helped bring down drilling time by 15% to 20%. In FY2016, a new record was set when some wells were drilled in less than five days.

■ **THUMBLI PIPELINE PROJECT**

A new water well has been drilled at Thumbli and hooked up with Mangala Processing Terminal (MPT) through a new 30" pipeline. The pipeline was installed with state of art internal Fusion Bonded Epoxy (FBE) coating to improve the reliability and efficiency of water injection at the Rajasthan Block. The additional pipeline also helped create spare capacity for managing operations effectively.

■ **INJECTION WATER UPGRADE**

Capacity of the injection water system has been upgraded to around 700,000 barrels of water per day by adding an additional injection water pump. This additional facility will not only augment injection water capacity, but also increase the voidage replacement ratio — which will help in maintaining field pressure, and thus aid in enhancing recovery rates

## THE RAJASTHAN BLOCK

The block, or RJ-ON-90/1, is spread over 3,111 km<sup>2</sup> west of Barmer.

Cairn India is the operator with 70% participating interest. Our joint venture (JV) partner, ONGC, has the remaining 30% interest.

The block consists of three contiguous development areas: (i) Development Area (DA) 1, which includes Mangala, Aishwariya, Raageshwari and Saraswati fields; (ii) DA2, comprising the Bhagyam, NI, NE and Shakti fields; and (iii) DA3, consisting of the Kaameshwari West fields.

In FY2016, the block produced 62 mmboe, at an average of 169,609 boepd of crude oil and gas. During the year, an average of 168,852 boepd was sold to government owned (public sector) and private refiners across India. Gas production from the RDG field ramped up to an average of 27 mmscfd with total production of 9.9 bcf. Gas sales were 14 mmscfd, amounting to a total of 5.1 bcf.

The cumulative production of the block was 343 mmboe till the end of FY2016.

During the year, 85 new wells were brought online. In addition, some 66 wells were converted into polymer injectors for Mangala EOR by the end of FY2016.

Water-flood operating expense in Rajasthan was further reduced to US\$ 5.2 per barrel, which remains one of the lowest in the world.

from the field. Additionally, commissioning of the Thumbli pipeline has improved the overall integrity of our water injection systems.

■ **BHAGYAM POLYMER FLOOD**

The Bhagyam Polymer Field Development Plan (FDP) was submitted to our JV partner in June 2015. We plan to conduct further polymer injection tests in multiple wells to improve injection rate modelling.

■ **AISHWARIYA POLYMER FLOOD**

Significant alignment has been reached with our JV partner on the need for a polymer flood programme at Aishwariya. Sub-surface and surface concept is

Mangala EOR performance reaffirms potential in the Rajasthan Block



presently under development. Teams at Cairn are looking at implementing the polymer flood programme in a phased manner with focus on injection in the most productive zones in the lower Fatehgarh areas of the reservoir. The plan is to scale-up to a full field flood only after an appreciable recovery in crude prices.

Successful completion of these projects is helping to maximise hydrocarbon recovery from our core MBA fields. Lessons learnt from the Mangala EOR project will help us to efficiently implement polymer flooding in the Bhagyam and Aishwariya fields and to optimise the development time and costs and, hence, improve the overall economic viability of these projects.

### **RAAGESHWARI DEEP GAS (RDG)**

Gas offers a promising growth opportunity to Cairn India. The Rajasthan block has significant

gas potential and we are working towards creating the appropriate infrastructure for monetising it. Given the strategic importance of this project to Cairn India, we remain committed to building a viable gas business by enhancing the gas production from RDG field at the earliest.

During FY2016, average gas production from RDG was increased to 27 mmscfd from 16 mmscfd in FY2015. This was achieved by better than expected well performance, optimising the plant operation and stabilising the compressors installed at the Raageshwari and Viramgam terminals.

Hydraulic fracturing is key for the development of RDG field. In hydro-fracking, water is crucial given that approximately 20,000 barrels are needed for each well. Cairn has adopted current industry best practices used to minimise environmental impacts associated with the use of sub-surface water in hydraulic fracturing and other

associated processes. Prior to start of the frac campaign, Cairn decided to use non-potable ground water source to support frac activities and have near zero impact on the scarce natural resource in the region.

An ongoing 15 well hydro-frac campaign has resulted in higher than expected well productivity that will aid in future growth. About half the planned number of fracs to sustain the growth level has been completed by March 2016 and the campaign is expected to conclude by the end of June 2016. Based on the improved initial well rates and a better technical understanding of the reservoir, we now expect the ultimate recovery from the RDG field to be higher by over 25%.

Our hydro-fracking programme is focused on exploiting this multi-layered deep tight gas reservoir with the objective of maximising recovery from each well. For the first time in Cairn, simultaneous fracturing of multiple reservoir bodies through what is called





## Cutting edge fracking technology to aid monetize our tight resources



a Limited Entry Technique (LET) was adopted to exploit these thin layered tight gas sands efficiently with an optimum number of fracs. The most challenging task for the LET was to model the distribution of fracking fluid into multiple clusters under down hole conditions. This was successfully done by a multi-disciplinary in-house team. The model was calibrated through temperature logging and by measuring the time lapse temperature change inside of the casing. Adoption of LET has resulted in significantly improved well

performance due to increase in net sand coverage.

As we move ahead on the RDG field development plan for 100 mmscfd, we are also working on phased ramp-up of gas production by some low cost augmentation of the existing facility and installation of additional gas compressor stations. Our objective is to increase volumes to 40-45 mmscfd with this initiative alone.

Given the current environment and pressure on prices, we went back

to drawing board to revisit the development concept — namely, the wells, surface facilities and the terminals of RDG FDP at 100 mmscfd. In doing so, we have successfully optimised surface layout and equipment requirement, enhanced synergy with existing plant and improved operating parameters. On the pipeline front, we signed an agreement with GSPL India Gasnet Limited (GIGL) which has agreed to construct the pipeline connecting Raageshwari Gas Terminal to Palanpur via their Mehsana-Bhatinda Pipeline under the Petroleum

and Natural Gas Regulatory Board (PNGRB) approval.

## **BARMER HILL AND SATELLITE FIELDS**

The development of Barmer Hill and Satellite Fields is a key growth driver for Cairn India, with a focus on increasing non-MBA production through the development of these fields. During FY2016, Barmer Hill appraisal campaign was successfully completed and the results are broadly in line with our expectations. A total of 15 wells were drilled, a combination of seven vertical and eight horizontal wells, across Mangala and Aishwariya formations in FY2015. The wells were put on long term testing to ascertain decline rates and deliverability. A set of advanced technologies was deployed to delineate key parameters.

Using world class technology and learning from North America fracking, the overall well hook-up time and cost was reduced by approximately 15%. Fracking was extensively used in the campaign with some 100 fracs and an average of 200,000 lbs. per stage proppant being placed during these operations. Appraisal activities produced significant learning on fraccability and well productivity in Mangala and Aishwariya. Wells at Aishwariya showed greater productivity (800-1000 bopd) and a full field development plan (FDP) for it is under preparation, with a focus on increasing well recoveries and reducing cost through synergies with existing infrastructure and well pads.. We have achieved sub-surface technical alignment with ONGC, our JV partner, and are progressing on technical alignment for the surface facility.

The Satellite Fields produced 1.3 mmboc of oil during FY2016. The focus is to improve productivity, reduce operating expenditure

and to bring more wells online. Several optimisation interventions have helped reduce total cost of production and enabled the project to withstand current oil price conditions.

In FY2016, we successfully concluded the appraisal work in the Guda field. A total of eight wells were tested and modular quick production facilities were deployed in a number of well pads. Long term testing of the wells has yielded positive indication and a revised FDP is being prepared for monetising this field.

A major area of focus in the coming year with regard to reducing operating expenses is to connect the electrical systems in these fields to the existing overhead line infrastructure in MBA. This will reduce overall diesel requirement and hence help lower the operating expenses. Additionally, plans are on the anvil to connect the NI field to Bhagyam through a pipeline and thereby eliminate the need for trucking. This would improve evacuation reliability while reducing operating expenses. Tight oil development is a strategic focus area for Cairn India. With the use of modern technology, know-how and global best practices, the Company is committed to its development plan. Low oil prices have only motivated us to walk the extra mile in terms of pursuing greater efficiency.

## **COMMISSIONING OF THE BHOGAT TERMINAL**

The work on Phase-II of Mangala Development Pipeline (MDP) was initiated once concept was approved in 2009. The project included construction of almost 66 km of Salaya-Bhogat Pipeline (SBPL) section, storage terminal and marine export facilities at Bhogat. The terminal consists of tankages with

storages capacity of about 2.1 million barrels of Rajasthan crude. It also has associated facilities for operation of terminal and marine export of crude.

In November 2015, the facilities were commissioned and the first cargo of 500,000 barrels of Rajasthan crude oil was successfully loaded in December 2015 through the Bhogat terminal for Mangalore Refinery and Petrochemicals Limited (MRPL).

Commissioning of Bhogat is expected to go a long way in realising the true value of Rajasthan crude. The terminal will help in accessing larger market for crude oil from the Rajasthan block. This should enable us to diversify customer mix and reduce dependence on limited number of customers and, thereby, help us to realise a better value of the Rajasthan crude. Availability of additional storage capacity at Bhogat has put us in a better position to handle any operational contingencies at customers' end.

## **OPERATIONAL EFFICIENCY**

Overall operating expense for water flood in Rajasthan continued to be best in class at US\$ 5.2 per barrel, which is one of the lowest in the world. During FY2016, several steps were taken for keeping the operating costs at optimal levels. Some of the major highlights are:

- **Effective well reservoir management** activities resulted in reducing uneconomic work-overs, decreasing well-intervention units and lowering unit rentals. The number of development and completion rigs in the field was brought down during the year due to reduction in number of work-overs through weeding out uneconomic barrels at prevailing

oil prices. Only one completion rig now operates in the field and is targeted towards the most high impact work-over activities in the core MBA fields. Effective deployment of rig less well intervention units helped us reduce the overall unit requirement by almost 40%. Additionally, the rentals of these units were also reduced by 10% to 15% through contract re-negotiations.

- In the current crude price environment, there has been a drive for **price renegotiation of existing contracts** with our suppliers. For example, we have realised a cost saving of approximately 20% on polymer through such interventions.
- **Consolidation of major contracts** for staggered requirements to reduce the number of transactions and also avail of bulk discounts.
- **Implementation of open access** to purchase power through the energy exchange at cheaper rates. We are purchasing 10MW power from the open energy exchange at about 25% lower costs. Concurrently, throughput maximisation of the captive power plant's operations has yielded significant savings through decrease in the quantity of purchased power.
- In-house initiatives such as **internal modification of filters** at Bhagyam and Aishwariya are expected to add to savings through lower filter consumption in any given year.

## EXPLORATION UPDATE

As on 31 March 2016, Cairn India has estimated Hydrocarbons Initially-In-Place (HIIP) of 7.8 billion boe. Of this, gross proved and probable reserves (2P) and resources (2C) is 1.3 billion boe. The core MBA fields have HIIP

of 2.2 billion boe, and the Company expects to ultimately recover 50% of the resource base through water flooding and EOR. Other Rajasthan fields have HIIP of 4.2 billion boe — an increase of 356 million boe over the previous year driven by active appraisal programme during FY2016.

In FY2016, Cairn India announced one new discovery thus taking the overall discoveries made till date in the block to 38. Since resumption of exploration in the Rajasthan block in 2013, the Company has announced 13 new discoveries. Thus, by 31 March 2016, Cairn India has discovered 1.7 billion boe of drilled and tested hydrocarbons in-place with an additional 0.45 billion boe drilled but yet to be tested. During this period, Cairn India discovered 2C resources of 200 mmboe in Rajasthan. An additional 70 mmboe of prospective 2C resource has been drilled and awaits testing.

During FY2016, activity continued to be focused upon appraisal of the RDG field and the key oil discoveries at DP, NL and V&V, with the objective of progressing these discoveries to development.

Advanced technologies like Non-Radioactive Traceable (NRT) Proppant and oriented guns were used in conjunction with advanced geo-mechanical modelling to optimise the fracking programme, with improved results. Sparse layer inversion technique has also been used, resulting in improved imaging and reservoir scale mapping. The following appraisal wells were fraced and tested during FY2016:

- The new discovery was Raageshwari North, which flowed the oil at an average rate of 150 bopd from Zone-1 in the Felsic reservoir. Appraisal well Raageshwari Deep North-1

was drilled in Q3 FY2015 to test the potential of a separate fault block contiguous to the Raageshwari Deep Main block.

- Appraisal well Raageshwari Deep Main, drilled in Q4 FY2015, was taken for fracing and testing during this year. Five zones were fraced and tested in the well during this year. Zone-1 in the Felsic reservoir produced oil at an average rate of 175 bopd and Zone-2 produced oil at an average rate of 220 bopd. Testing of these zones established oil bearing reservoirs in new zones below the existing gas accumulation. Zone-3 in the Volcanic section produced gas at 1 mmscf. Zones 4 and 5 in the Fatehgarh section have been fraced and flowed gas at a low rate. The successful testing of these zones has established a southern extension of the RDG field.
- Appraisal well Vandana-10A, drilled in Barmer Hill Turbidite (BHT) reservoirs in Q3 FY2015, was fraced and tested during this year. Zone-1 in the Lower BHT-10 reservoir produced oil at 20 bopd, from a low permeability zone during initial flow back and activation. The Upper BHT-10 was fraced and tested in two zones in the Barmer Hill Turbidite and produced oil at 300 bopd on co-mingled flow.
- Appraisal well V2Y Downdip was drilled in Barmer Hill Turbidite reservoirs in Q4 FY2015. A single zone was fraced and tested, and produced oil at 75 bopd.
- Exploration well NL-2 was drilled in Q1 FY2015 and was put on extended test during the year. A zone in the Barmer Hill formation produced oil at 350 bopd.
- Appraisal well Raageshwari South-3, drilled in Q2 FY2015, was fraced and tested during



## Successful exploration programme added 1.7 billion boe of HIIP since resumption of exploration in Rajasthan block

this year. A zone in the Dharvi Dungar formation produced oil at 252 bopd.

- Appraisal well DP-4, drilled in Q3 FY2015, was fraced in the Barmer Hill formation and flowed oil at 30 bopd with a high percentage of water.

The 3D seismic acquisition programme continued in Rajasthan, with a total of 432 km<sup>2</sup> acquired during this year. The processing of newly acquired 3D seismic data is in progress with a focus on identifying additional prospects that will act to replenish the exploration inventory.

### CAPITAL SPENDING

Cairn India has increased its focus on maximising value from its core MBA fields. The Company witnessed a significant decline in its capital investment during FY2016 in response to the sharp decrease in oil prices. Net capital expenditure for FY2016 was reduced to USD 248 million from USD 1.1 billion in FY2015, almost all of which was on Rajasthan. Over three-quarters of this capital was invested in well development projects and the balance in exploration. The Mangala EOR and Aishwariya infill programmes received the largest share of total investment, which helped partially offset the natural decline across

these assets. During FY2017, we estimate a net capital expenditure of USD 100 million with 20% for exploration and 80% for development activities which include the RDG project and Mangala EOR completion activities. This also includes pre-engineering work for Bhagyam EOR and Aishwariya Barmer Hill.

With our financial strength we will continue to invest in pre-development activities of our key projects in the core MBA fields, Barmer Hills and the Satellite Fields. This will ensure project readiness for rapid development once oil prices rebound and we are granted the PSC extension going beyond 2020.



## MANAGEMENT DISCUSSION & ANALYSIS

# RAJASTHAN BLOCK

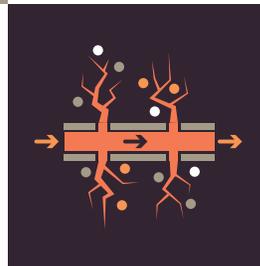


## MBA Fields

- Mangala EOR injection ramped up to target level
- Mangala EOR facilities nearing completion, drilling programme completed & rigs demobilised
- Aishwariya infill completed, production performance in-line
- Concept optimisation of Bhagyam & Aishwariya EOR underway, focus on targeting sweet spots first
- Water-flood opex further lowered to \$5.2/bbl through enhanced operating efficiencies and contract renegotiations

## Gas Business

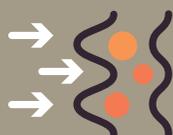
- Successful implementation of frac programme, ~25% increase in reserves estimates through better well productivity and hydro-frac optimization
- Gas production increased 70% year-on-year to 27 mmscfd, surpassing our guidance of 25 mmscfd
- Signed an agreement with GSPL for transportation of gas, GSPL to build pipeline and provide us with the tie-in provision to connect to their grid
- Tendering of long lead equipment for new terminal and facilities underway

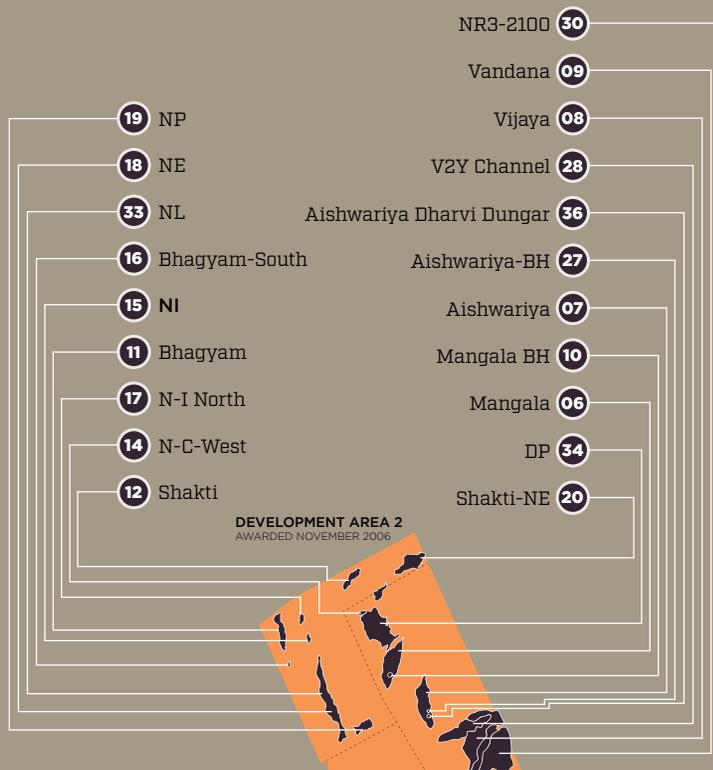


**1.7** BNBOE  
In-Place  
hydrocarbons  
drilled and  
tested since  
March 2013

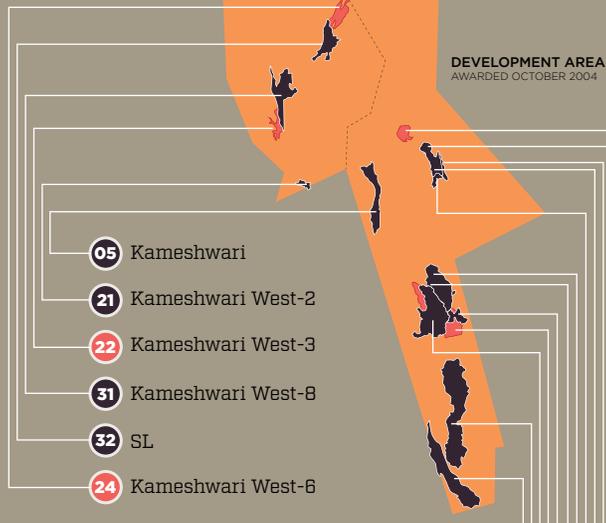
## Barmer Hill

- Successful testing of Barmer Hill formation in different fields
- Use of cutting-edge fracking technology
- Conceptualisation of tight oil field development plan focusing on leveraging infrastructure near Mangala and Aishwariya
- Planning for additional technology testing for enhancing recovery from these fields





**DEVELOPMENT AREA 2**  
AWARDED NOVEMBER 2006



**DEVELOPMENT AREA 3**  
AWARDED DECEMBER 2008

**DEVELOPMENT AREA 1**  
AWARDED OCTOBER 2004

01 ... 38 Discoveries in chronological order

● OIL  
● GAS



**169,609**  
BOEPD  
Gross  
production  
for the year

**343**  
MMBOE  
Cumulative  
production  
from the block  
till FY2016

**5.2**  
US\$/BBL  
Water-flood  
operating  
expenditure  
for FY2016

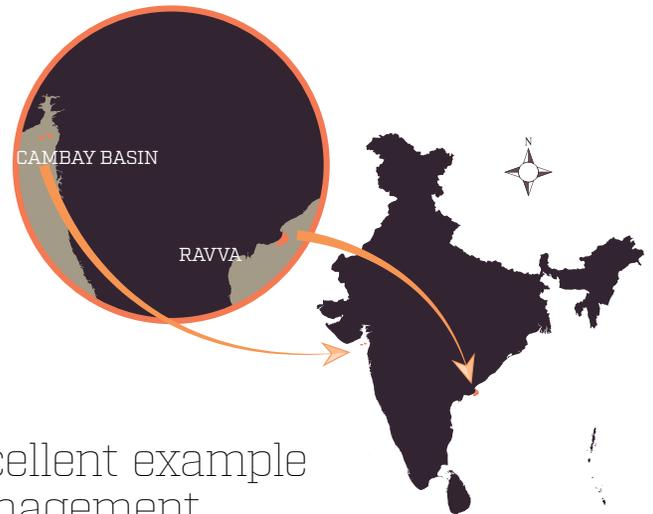
**13**  
DISCOVERIES  
Announced  
post resumption  
of exploration in  
the block



## MANAGEMENT DISCUSSION & ANALYSIS

## OTHER PRODUCING ASSETS

RAVVA & CAMBAY



Our offshore blocks are excellent example of innovative reservoir management and production optimisation practices delivering best-in-class recovery

### **RAVVA**

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

The Ravva field, located in the shallow offshore area of Krishna Godavari Basin, has completed 21 years of successful operations. Various surface and sub-surface initiatives over its life have helped it perform well beyond expectations. Exploration, development and production in the block are governed by a PSC that runs until 2019, which is in partnership with ONGC, Videocon and Ravva Oil Singapore. Currently, there are eight unmanned offshore platforms and a 225 acre onshore processing facility at Surasaniyanam which processes the natural gas and crude oil produced from the field.

The onshore terminal operates at an internationally recognised environmental standard (ISO 14001), and has the capacity to handle 70,000 bopd, 95 mmscf of natural gas and an injection capacity of 110,000 bwpd. The terminal also has the capacity to store

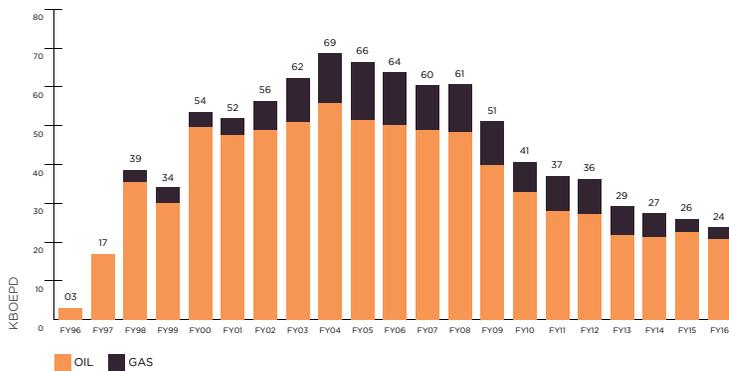
1 million barrels of crude oil and a captive power generation capacity of 10 MW.

Our world class reservoir management of the Ravva field is expected to deliver ultimate recovery of above 50%, which is far ahead of global standards. Coil tubing based rig-less well intervention programme was completed in Q1 FY2016, which contributed significantly to the total field production. Production optimisation efforts such as deeper gas lift valve installation in oil wells and the de-bottlenecking of the water separation unit also assisted in realising higher production — thus arresting the average field decline during the year.

With continued focus on prudent reservoir management, adopting sound engineering practices and latest technologies, the field is likely to sustain production levels and enhance overall recovery factor. Our coil tubing and acid stimulation programmes, which completed in Q4 FY2016, are likely to replicate the success of previous campaign and mark the beginning of FY2017 with strong production.

## PRODUCTION JOURNEY: RAVVA

PRODUCTION TILL DATE : 334 MMBOE...



Recovery from ravva is far greater than the initial resource estimates at the time of the PSC award

## RAVVA: KEY FACTS

Since inception in 1994, Ravva has produced more than 276 mmbbls of crude and over 344 bcf of gas, representing close to 50% recovery till FY2016.

During FY2016, the block produced an average of 23,845 boepd, with a plant up-time of 99.7%.

Oil production for FY2016 was 20,845 bopd. It crossed the milestone of 275 mmbbls production from field.

During the year, 7.8 mmbbls of crude and 6.6 bcf of gas were sold, averaging 21,385 bopd of crude oil and 18 mmscfd of gas, respectively.

Ravva has clocked 4.5 million LTI free man hours by the end of FY2016.





## CAMBAY

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

The Lakshmi and Gauri oil and gas fields are at the centre of Cairn India's operations in the Cambay Block. Exploration, development and production in the block are governed by a PSC that runs until 2023, which is in partnership with ONGC and Tata Petrodyne Limited. Gas production commenced from the Lakshmi gas field in 2002 and from the Gauri field in 2004. In 2005, Gauri also commenced crude oil production.

Application of advanced geophysical tools have transformed the CB/OS-2 block from a predominantly gas field to an oil field through the discovery of an oil leg. In the past, Cairn India's technology driven approach helped in doubling the production of the block.

An 82-acre onshore processing facility at Suvali processes natural gas and crude oil from the fields. It can process 150 mmscf of natural gas and 10,000 bopd of crude oil. It includes three stage separator trains, four storage tanks with total capacity of 37,700 bbls as well as 4.8 MW captive power generation capacity. The processing plant and offshore infrastructure are certified to ISO 14001 and OHSAS 18001 standards.

FY2016 was very positive operationally. Cleaning and intelligent pigging of the 24" diameter 36 km long sub-sea pipeline in Cambay was accomplished with minimal downtime, with a total of 97 pig runs completed over a span of 50



Commissioning of gas lift compressor, execution of coil tubing and acid stimulation campaigns helped in arresting the natural decline in the fields

## CAMBAY: KEY FACTS

Since inception in 2002, Cambay has produced approximately 25 mmbbls of crude and over 225 bcf of gas.

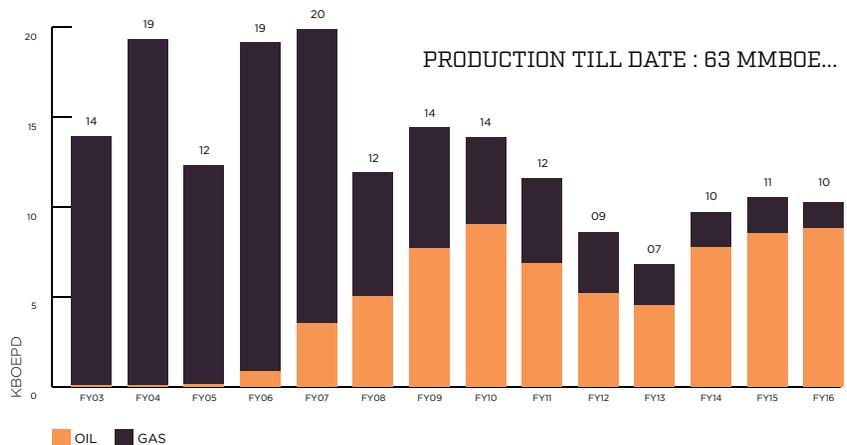
During FY2016, gross average production declined 3% year-on-year to 10,249 boepd, with a plant uptime of 99.9%.

Cambay 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 (GBA) with Niko and Gujarat State Petroleum Corporation JV.

During FY2016, 3.2 mmbbls of crude and 3.1 bcf of gas were sold at an average daily rate of 8,867 barrels of crude oil and 8.4 mmscf of gas.

Safety of operations continued to be of paramount importance, and the asset recorded 3.1 million LTI free man-hours by the end of FY2016.

### PRODUCTION JOURNEY: CAMBAY



days. A successful well intervention campaign carried out during the first quarter, helped improve the deliverability of producer wells, thereby arresting the natural decline. Operating expenses have been brought down significantly through continuous cost optimisation efforts while maintaining asset integrity. As

part of the asset's long term facility augmentation plan, a storage tank to expand the crude storage capacity at Suvali terminal and an offshore gas lift compressor package to provide artificial lift to the wells have been commissioned.



## MANAGEMENT DISCUSSION & ANALYSIS

# ASSET PORTFOLIO



1. **RAJASTHAN BLOCK** [RJ-ON-90/1]
2. **CAMBAY BASIN** [CB/OS-2]
7. **RAVVA** [PKGM-1]

### 3. **MUMBAI OFFSHORE** [BLOCK MB-DWN-2009/1] **[Cairn India has 100% participating interest]**

The block has poor prospects, as concluded after performing analysis during the year. Cairn India will exit block at the end of the current license period. The closure report has been finalised.

### 4. **PALAR-PENNAR** [BLOCK PR-OSN-2004/1] **[Cairn India has 35% participating interest]**

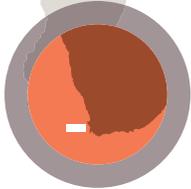
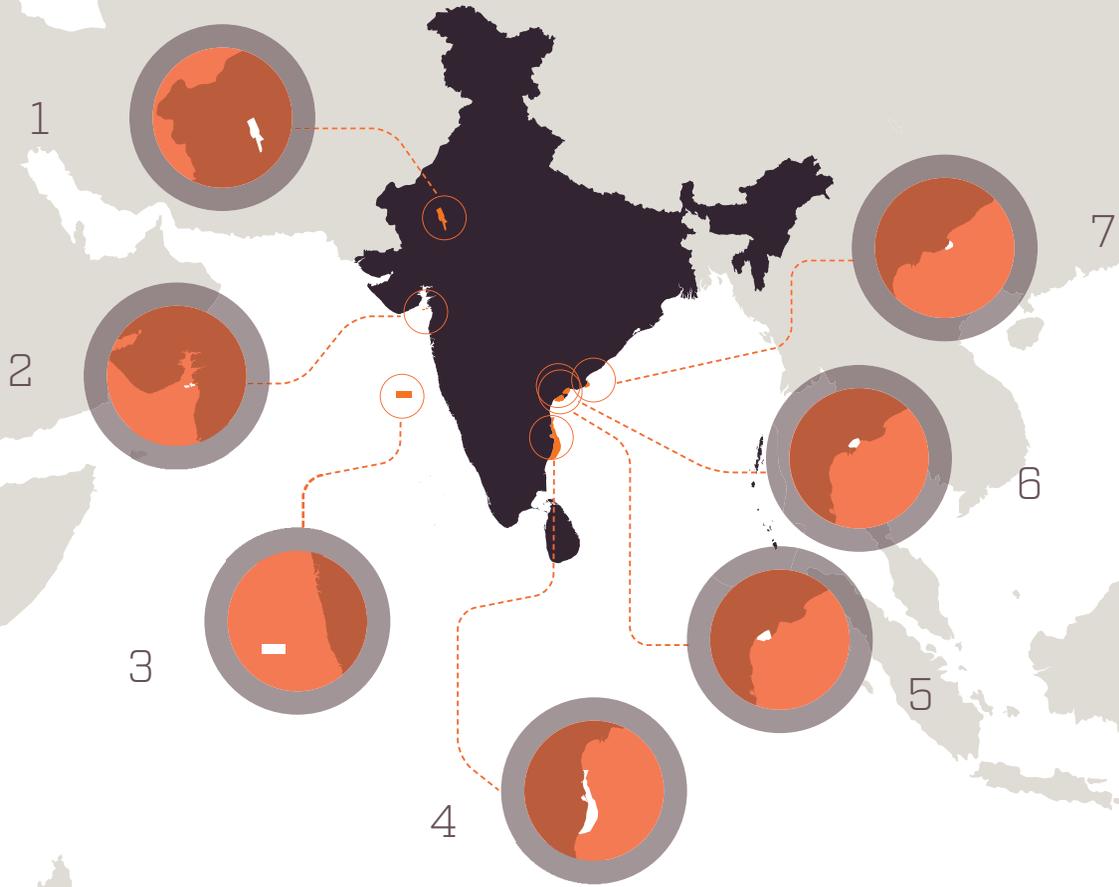
The prospect inventory description of the block has been completed. Preparation for drilling three commitment wells in FY2018 is in progress. Cairn India has made a request to the government to extend the current exploration license period by two years.

### 5. **KG OFFSHORE** [BLOCK KG-OSN-2009/3] **[Cairn India has 100% participating interest]**

During the year, seismic processing and interpretation projects were carried out and a high quality prospect inventory was matured. Site surveys were carried out on five possible drilling areas, and technical studies and preparations for exploration drilling progressed. Clearance to commence safe drilling operations is awaited from the Government. Cairn India is currently engaging with the government for an extension of the Initial Exploration Phase for the block, which expired on 8 March 2016.

### 6. **KRISHNA-GODAVARI BASIN** [Block KG-ONN-2003/1] **[Cairn India has 49% participating interest]**

In accordance with PSC, ONGC took over the Development Phase operatorship on 9 July 2014. Thus, Cairn India handed over the existing well sites to ONGC. Preparation of the FDP for the Nagayalanka-1z and Nagayalanka SE-1 discoveries has been undertaken with the Directorate General of Hydrocarbon's approval in place for extension of FDP submission deadline.



**8. ORANGE BASIN, SOUTH AFRICA** [BLOCK 1]  
**[Cairn India has 60% participating interest]**

The prospect inventory for the block has been finalised. Cairn awaits a decision on proposed changes to the MPRDA and consequently applicable fiscal regime before considering a decision to progress into the second exploration license phase.



**9. MANNAR BASIN, SRI LANKA** [BLOCK SL 2007-01-001]  
**[Cairn India has 100% participating interest]**

The exploration license for the block expired on 15 October 2015. Cairn India has completed exit formalities with the Sri Lankan government. Arrangement for movement of the inventory to a Special Economic Zone in India is in progress.

## MANAGEMENT DISCUSSION & ANALYSIS

# TECHNOLOGY & INNOVATION



Cairn India's constant focus on adoption of technology & innovation is a key driver for enhanced recovery

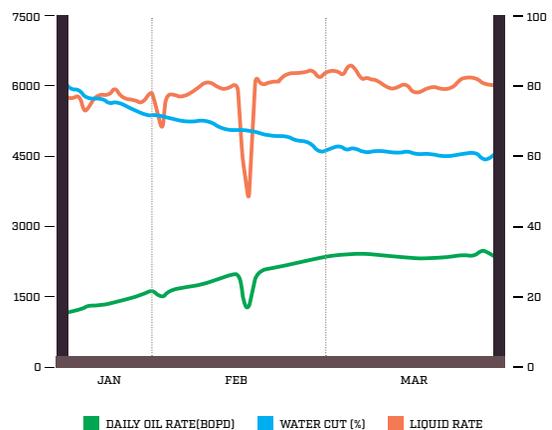
## Mangala EOR

- Successful full field peak polymer injection (400 kblpd) achieved in the Mangala Field during the year; all five formations of Mangala being targeted
- World's largest Centralised Polymer Mixing Facility with a capacity of 80,000 bpd of 15,000 ppm mother solution operational at site.
- Average oil volumes contribution due to polymer flood in the year was ~14,000 bopd; Polymer flood to contribute an average of ~50,000 bopd for FY2017
- Water cut decrease observed in multiple wells pointing to excellent reservoir response



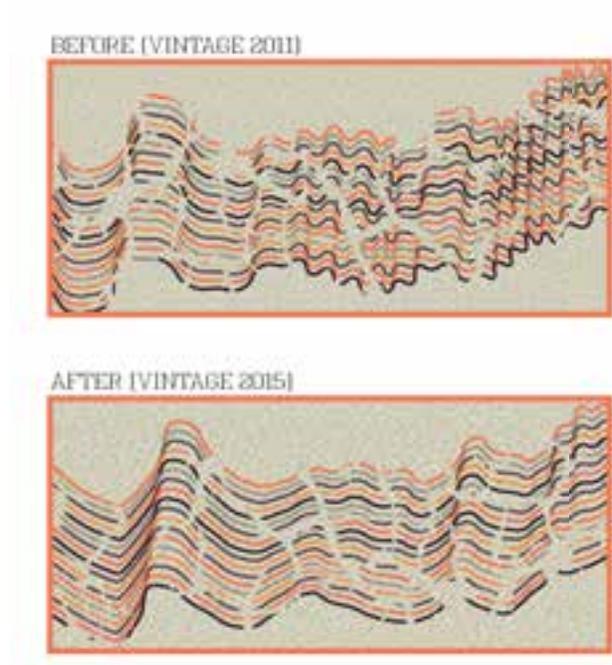
## Innovation in Concept Optimisation

- Reduction of field installation time and cost by using 'Spool-able Reinforced Thermoplastic Pipe' instead of DSS lines
- Skid based modular polymer mother solution preparation unit instead of conventional plant to reduce execution time and onsite construction, and provide flexibility for relocation
- Low invasive drilling fluid system to control wellbore damage
- Use of flexible cement slurry to enhance well integrity



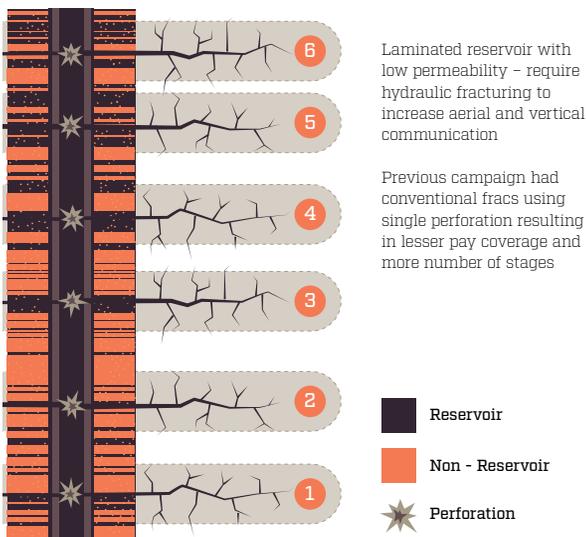
## 3D Seismic

- Cairn India introduces state of art seismic imaging technology in the structurally complex Central Basin High area in Rajasthan block
- Billions of acquired seismic samples processed to generate 3D subsurface image
- Mapping on the new seismic image provided structural enhancement and detailed reservoir architecture for the Raageshwari area, and will be key for reducing development drilling risks
- Identified additional gas resources and added approximately 300 mmmboe of HIIP
- Continuity of events leading to easier interpretation and lesser uncertainty resulting into increase in volumes

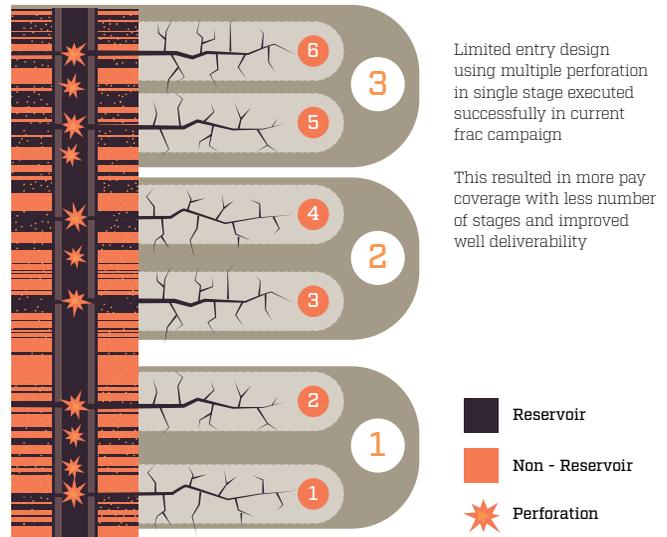


## Hydraulic Fracturing

- Successfully placed the largest frac (430K lbs per stage proppants) job in India in one of the RDG wells; Improved operation efficiency (Reduction in days from 4.5 to 2.2 per frac)
- Limited entry technique used to increase reservoir coverage from 60 % to 85 %
- Expected ultimate recovery from the RDG field upgraded by ~25% as a result of successful application of hydro frac technology and better reservoir characterisation
- Addressable switch technology implemented for perforating multiple zones in a single E-line run.
- Evaluating and implementing fiber assisted frac technology to increase fracture conductivity and reduce cost per frac by ~50%
- Operational excellence: Multiple wells in Barmer Hill formations being accessed in tandem



CONVENTIONAL FRAC DESIGN



CLUSTER FRAC DESIGN USING LIMITED ENTRY TECHNIQUE



## MANAGEMENT DISCUSSION & ANALYSIS

# FINANCIAL OVERVIEW



## CONSOLIDATED PROFIT AND LOSS

Following table list the performance of Cairn India as a consolidated entity for the year ended 31 March 2016 compared to the previous year. Further details are given in the balance sheet, statement of profit and loss and the notes accompanying this annual report.

(All amounts are in ₹ crore)

| PARTICULARS   | FY 2016        | FY 2015       |
|---|----------------|---------------|
| Revenue from operations   | 8,626          | 14,646        |
| Other income  | 2,008          | 1,809         |
| <b>Total revenue</b>  | <b>10,634</b>  | <b>16,455</b> |
| Share of expenses from producing oil and gas blocks including stock adjustments | 2,045          | 1,766         |
| Employee benefit expenses   | 99             | 111           |
| Depletion, depreciation and amortization expenses                               | 3,107          | 2,570         |
| Cess on crude oil   | 2,605          | 2,799         |
| Finance costs   | 27             | 20            |
| Exploration costs written off   | 260            | 1,098         |
| Other expenses  | 252            | 349           |
| <b>Total expenses</b>   | <b>8,395</b>   | <b>8,713</b>  |
| <b>Profit before tax and exceptional items</b>                                  | <b>2,239</b>   | <b>7,742</b>  |
| Exceptional Items   | 11,674         | 2,633         |
| <b>Profit before tax</b>  | <b>(9,435)</b> | <b>5,109</b>  |
| Net Current tax expense   | 166            | 93            |
| Deferred tax charge/(credit)  | (72)           | 1,108         |
| Deferred tax (credit) on exceptional items                                      | (97)           | (572)         |
| <b>Tax expense</b>  | <b>(3)</b>     | <b>629</b>    |
| <b>Profit for the year</b>  | <b>(9,432)</b> | <b>4,480</b>  |

### INCOME

Revenue was impacted by the significant decline in Brent prices and somewhat lower production during the year as compared to last year. Revenue from operations for FY 2016, post profit sharing with the GoI and the royalty expense in the Rajasthan block, was ₹ 8,626 crore down by 41% YoY due to sharp decline in Brent prices. Further

there is decrease in working interest sales volume to 127.8 kboepd (in FY2015 it was 133.0 kboepd). Decrease in revenue was partially offset by rupee depreciation against the US dollar.

Other income excluding gain/loss on exchange fluctuation for the year was up by 1% to ₹ 1,294 crore. The increase was primarily due to

higher interest income from INR bonds which was partly offset by lower capital gain due to a fewer redemption of FMPs and MTM loss on USD bonds.

Exchange gain (net) for the year increased to ₹ 714 crore as against ₹ 524 crore in previous year, mainly on account of rupee depreciation of over 5.9% (FY2015: 4.5%) against the dollar in FY2016.

## EXPENSES

Water-flood operating cost in Rajasthan decreased from USD 5.8 per barrel in FY2015 to USD 5.2 per barrel in FY2016. However, the share of expenses in producing oil and gas blocks including stock adjustments for the year increased to ₹ 2,045 crore, a rise of 16% mainly due to ramping up of polymer injection for the EOR project and other maintenance activities carried out. This was partially offset by cost saving from reduction in uneconomic

work-overs, decrease in requirement of well-intervention units and lower unit rentals.

Employee benefit expense includes the stock option charge. Employee cost has been lower by 11% in FY2016 largely due to the manpower rationalisation.

Depletion, depreciation and amortisation expenses increased by 21%, due to additional capitalisation (mainly related to EOR) and faster depreciation of the same, since technically the PSC is slated to expire in 2020.

Cess has decreased due to lower production during the year and revision in cess rates from fixed to ad valorem from March 2016.

Exploration costs written off represent the costs incurred and charged to profit and loss as per the accounting policy of the Company

under the 'Successful Efforts Method'. The charge has decreased to ₹ 260 crore in FY2016 versus ₹ 1,098 crore in FY2015 due to less exploration spend in the current year. The previous year's charge was higher on account of higher spend on seismic study of ₹ 282 crore and wells plugged and abandoned by ₹ 489 crore (in Ravva, KG-ONN and Rajasthan).

## EXCEPTIONAL ITEMS

Due to decline in crude oil prices in the international market, a non-cash impairment of ₹ 11,390 crore on the carrying value of goodwill and of ₹ 284 crore on some of non-producing oil and gas assets (such as MB-DWN, KG-OSN, KG-ONN and South Africa) has been recorded as an exceptional items.

In FY2015, method of depreciation on some of oil and gas assets was changed from 'Straight Line' to the 'Unit of Production'. Additional charge of ₹ 2,128 crore on this account for the

Rajasthan water-flood operation cost was further lowered by 11% to US\$ 5.2/BBL through improvement in operating efficiency and contract renegotiation



period up to 31 March 2014 had been disclosed as an exceptional item.

Further, the carrying value of the SL-2007-01-001 block in Sri Lanka of ₹ 505 crore had been impaired in FY 2015 and consequential charge was disclosed as an exceptional item.

### TAX EXPENSE

Tax expense decreased to ₹ 3 crore

in FY2016 from ₹ 629 crore in FY 2015. The effective income tax rate of the Company on the profit before exceptional items was at 4.3%. The tax rate was lower than previous year mainly due to lower deferred tax charge on decreased exploration and development expenditure in Rajasthan Block and reversal of tax provision related to previous years. Tax charge for FY2016 includes

deferred tax credit on exceptional items.

### PROFITABILITY

After accounting for impairments, there was a net loss of ₹ 9,432 crore in FY2016 versus a net profit of ₹ 4,480 crore in FY2015. Net profit before exceptional item was at ₹ 2,145 crore in FY2016 compared to ₹ 6,541 crore in previous year.

## CONSOLIDATED BALANCE SHEET

The table below summarises the consolidated balance sheet as on 31 March 2016 versus 31 March 2015.

(All amounts are in ₹ crore)

| PARTICULARS   | 31 MARCH 2016 | 31 MARCH 2015 |
|---|---------------|---------------|
| Shareholders' funds                                       | 48,793        | 58,870        |
| Non-current liabilities                                   | 2,927         | 2,890         |
| Current liabilities                                       | 4,776         | 5,074         |
| <b>Total</b>  | <b>56,496</b> | <b>66,834</b> |
| Net fixed assets  | 16,286        | 29,540        |
| Long-term loans and advances and other non-current assets | 10,787        | 17,936        |
| Current assets  | 29,423        | 19,358        |
| <b>Total</b>  | <b>59,496</b> | <b>66,834</b> |

A robust balance sheet with cash and cash equivalent at US\$ 2.9 billion



## CAIRN INDIA'S 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 ₹ 10,784 crore to the exchequer in FY2016.

At the state level, Cairn India contributes through royalty payments on its onshore assets. During FY2016, net royalty from Cairn India's Rajasthan block was ₹ 1,517 crore.

### CAPITAL STRUCTURE, RESERVES AND SURPLUS

Total shareholder's fund as at 31 March 2016 aggregated ₹ 48,793 crore, of which equity capital is ₹ 1,875 crore, comprising 187 crore shares of ₹ 10 each.

Reserves and surplus aggregated ₹ 46,918 crore. Out of total reserves, ₹ 19,043 crore (41%) pertains to securities premium account, ₹ 248 crore of employee stock options outstanding, ₹ 36 crore of capital redemption reserves and the balance is in general reserves and surplus in the statement of profit and loss. Reserves and surplus during the year decreased by ₹ 10,078 crore.

### NON-CURRENT LIABILITIES

Provision for site restoration increased to ₹ 1,820 crore due to change in estimates. Deferred tax liability decreased to ₹ 1,103 crore on account of higher depletion charges compared to the exploration and development spend.

### NET FIXED ASSETS

The net fixed assets as at 31 March 2016 was ₹ 16,286 crore compared to ₹ 29,540 crore as at 31 March 2015. The decrease is primarily due to impairment charge of ₹ 11,674 crore.

Further, depreciation charge was higher during the year compared to exploration and development spend,

resulting in reduction of net fixed assets.

Long-Term Loans and Advances and Other Non-current Assets  
As at 31 March 2016, long term loans and advances aggregated to ₹ 7,755 crore. It constitutes mainly of MAT credit entitlement of ₹ 7,324 crore, which has decreased on account of utilisation/reversal of MAT credit. Other non-current asset increased to ₹ 3,032 crore primarily due to investment in bank deposits with maturity for more than 12 months.

### CURRENT ASSETS

Current investment constitutes 51% of total current assets.





## MANAGEMENT DISCUSSION & ANALYSIS

### OUR PEOPLE



This year our focus was to bring about a decisive shift in the organisation to make it adapt to new way of working in a low oil price regime. This was achieved through a multi-pronged focus on optimising costs, building talent and capabilities from within, and keeping employees focused on goals and priorities of the organisation.

#### OUR VALUES

Cairn India's vision is built on the foundation of our core values of Pioneering Spirit, Teamwork, Respect and Ownership. These core values guide our actions every day and help transform the Company's purpose into reality. This year, we renewed our commitment to these values by launching a communication campaign, encouraging employees and leaders to role model these behaviours, and integrate these closely with all our processes such as recruitment, promotion and individual performance assessment.

#### CAPABILITY BUILDING

We focused on building talent from within by aiding our employees to continuously develop their skills through various learning and development opportunities, and by also encouraging them to take on higher responsibilities and job rotations. With a focus on building internal capability through innovative approaches, we leveraged our internal leaders and subject matter experts to hold regular learning sessions for our employees under the 'Leaders Teach' initiative. To impart 'anytime, anywhere learning' through access to our vast database, we leveraged technology by providing e-modules. For employees in our technical functions, we launched a project to create a comprehensive technical skills

database, which will help in identifying in-house expertise and focus development efforts on the most critical areas.

#### EMPLOYEE ENGAGEMENT

We organised a number of platforms such as town halls, leadership roundtables connect sessions to connect and cascade key organisational messages and plans to all our employees, and also to establish an open and two-way communication with employees, understanding their needs and provide better clarity on the Company's goals. To leverage on the feedback and ideas of our employees, we conducted a company-wide employee engagement survey in the last quarter of FY2016. Our engagement scores at 57% are at par with the industry benchmark and was a 6% improvement over the last survey conducted in 2012.

#### HEALTH AND WELLNESS

At Cairn India, we recognise that a healthy and engaged workforce is a key to the productivity and growth of the organisation. We launched the Cairnfit initiative, which saw participation of over 400 employees in Transformational Yoga, Functional Fitness, Running and Nutritional Awareness. We also participated in the Stepathlon programme, where over 900 of our employees participated in a 100 day virtual race focused on building healthier lifestyles. Some

new policies around health and wellness, insurance and medical reimbursement were rolled out to enhance the feeling of care among employees.

### **DRIVING A HIGH PERFORMANCE CULTURE**

Cairn India's performance management system is built on the pillars of meritocracy, transparency and differentiation. Through a highly systematic, accountable and technology enabled process, we reinforce not just the performance standards but also the right

behaviours that need be displayed by employees at all levels. We continued to lead the market in terms of compensation of key talent. This year, we also leveraged technology to make it easier for managers to recognise employees' accomplishments through the launch of the CAFÉ online platform integrated with our HR information system.

### **DRIVING PROCESS AND COST EFFICIENCY**

We re-aligned our field manpower to our business plan and target projects. We involved employees at various levels to optimise costs

by re-engineering processes. Our Top-60 leaders worked closely with the management team to work on cross-functional projects to improve organisational effectiveness for the Procurement and HSE functions. Many of our employees were also part of the cross-functional teams for Project DRIVE, an enterprise wide initiative aimed at optimising costs.

Overall, the focus was on getting more from less, building internal capabilities and bringing down costs through application of technology and innovation, while keeping the employees engaged.

Our world class talent pool is helping us achieve our business goals successfully





## MANAGEMENT DISCUSSION & ANALYSIS

### HSEQS

HEALTH, SAFETY, ENVIRONMENT, QUALITY & SUSTAINABILITY



Cairn India is committed to sustainable development that involves balancing short and long term interests and integrating economic, health, safety and environmental aspects into our business decisions. We have rigorous standards and procedures in place to help manage potential impacts. Health and safety of people and environment remains at the centre of everything that we do. All our major producing sites are compliant to internationally accepted health, safety and environment standards and are ISO 14001 and OHSAS 18001 certified.

#### SAFETY

Safety is a core value and integral to our culture. We manage safety across our sites through controls and compliance systems combined with a safety-focused culture. Our standards and operating procedures define the controls and physical barriers that require preventing incidents. We regularly check and maintain these barriers to ensure we meet our standards. We also routinely conduct mock-drills to test our emergency response to potential incidents such as a fire or an oil spill. We expect everyone working for us to intervene and stop work that may appear to be unsafe and to comply with our policies.

While we continually work to minimise the likelihood of incidents, some do occur. We investigate all such incidents in detail to understand the underlying causes and translate these into improvements in standards or ways of working that can be applied broadly across similar facilities in Cairn India.

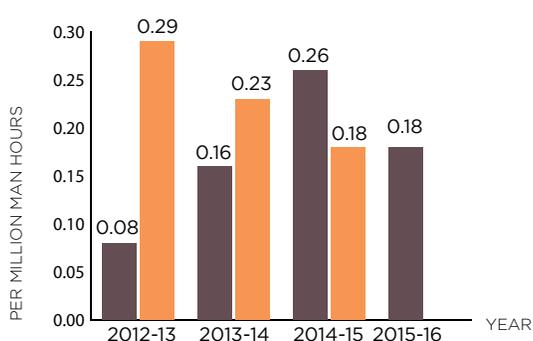
#### Key highlights of our safety programme are listed below:

- Implementation of the Company's drugs and alcohol policy across all Cairn sites.
- Revision of the HSE process for the Satellite Fields in Rajasthan. The revision allowed us to strengthen the implementation of our

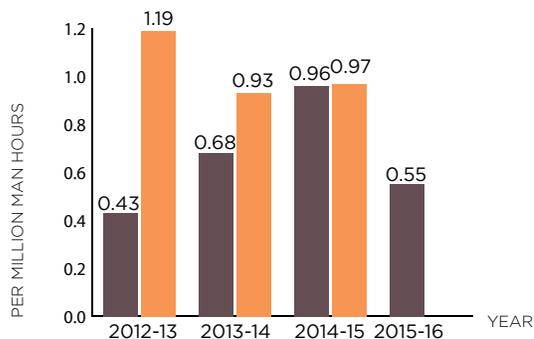
HSE systems and make the operations of the fields more cost effective.

- Effective management of the flood situations in the Rajasthan and Gujarat operational sites.
- Revision of Emergency Management Plans across our sites based on our response to floods.
- Certification of our Security Management System for Pipeline Operations compliant with ISO 9001:2008 (except Bhogat Terminal) by BVQI.
- Initiation of health programmes including yoga, functional training, guidance on diet and nutrition and participation in Stepathalon 2015. All these were geared towards improving the health of our employees and ensuring that the prevalence of lifestyle diseases is minimised.
- Internal Baseline Review for Process Safety Management across all of Cairn's operational sites.

| LOST TIME INJURY (LTI) FREE MAN-HOURS (IN MILLION) |      |                                    |     |
|--|------|------------------------------------|-----|
| <b>Rajasthan Projects</b>                          | 29   | <b>Drilling + PE + Exploration</b> | 6.3 |
| <b>MBA Operations (including Pipeline)</b>         | 17.1 | <b>Ravva</b>                       | 4.5 |
| <b>Raageshwari Operations</b>                      | 11.5 | <b>CBOS-2</b>                      | 3.1 |



Lost Time Injury Frequency Rate - Cairn vs IOGP



Total Recordable Incident Frequency Rate

■ Cairn
 ■ IOGP -Top Quartile
 \* IOGP reports data on Calendar Year basis. 2014-15 refers to IOGP 2014 safety statistics

Our safety initiatives were well recognized with our Pipeline and Ravva operations being awarded by the Oil Industries Safety Directorate (OISD).

## SUSTAINABILITY AND ENVIRONMENTAL PERFORMANCE

Towards the end of FY2016, we had expanded our Sustainability Steering Committee to include senior management from our drilling, petroleum engineering,

gas and satellite field operations. This was done so that we make a more coordinated effort to reduce our environmental footprint. That decision has resulted in an enhanced focus on aspects of our business where we have significant environmental impact.

### ■ WATER

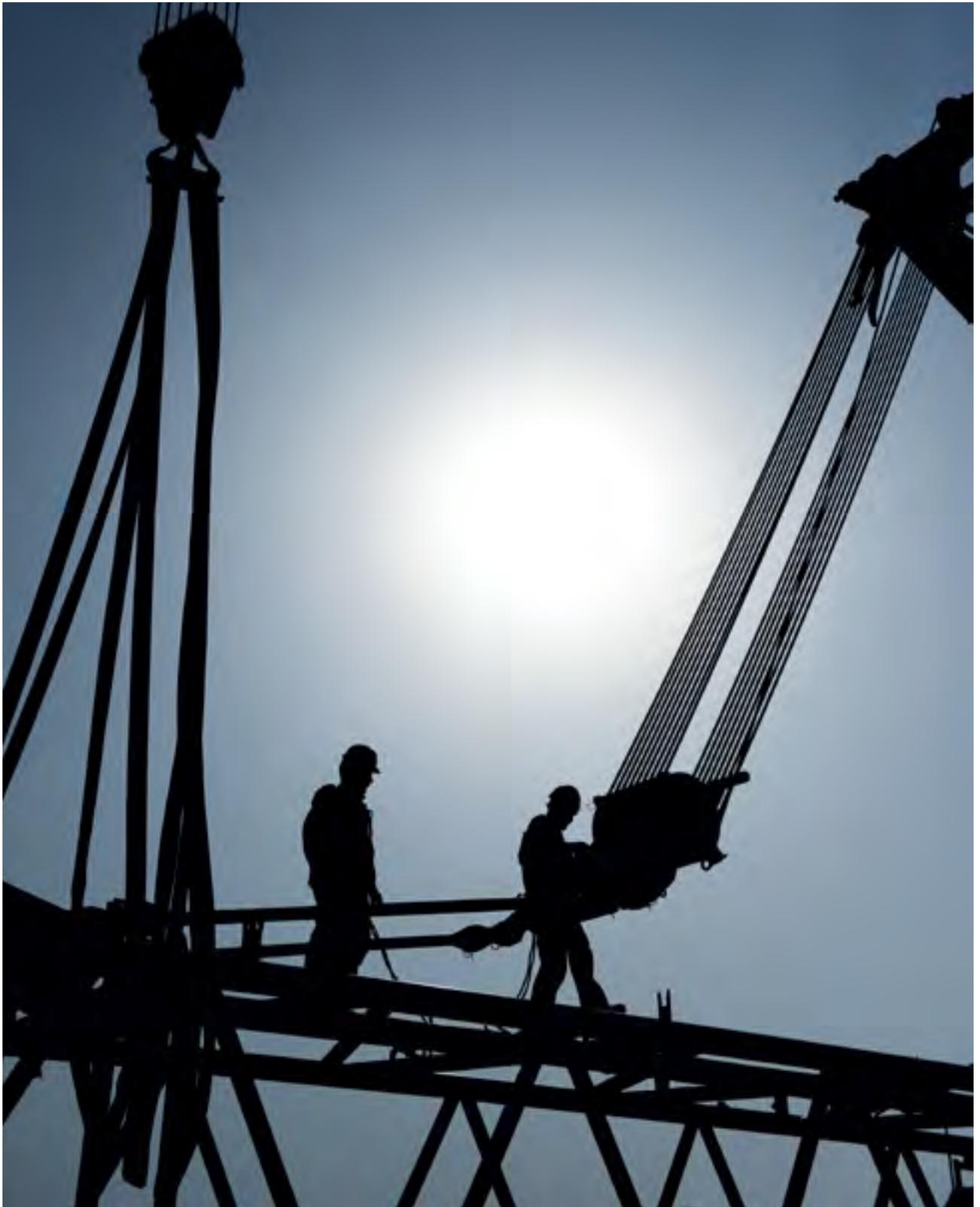
Water has been a key focus area for our work. Being situated in a desert region, we have been cautious about our sources

and use of water. In FY2016, we made significant strides in reducing our dependence on local sources of fresh water. By re-examining our water sourcing strategy for our drilling and PE operations, we were able to transition nearly 97% of all water sourcing requirements to the saline aquifer.

### ■ WASTE MANAGEMENT

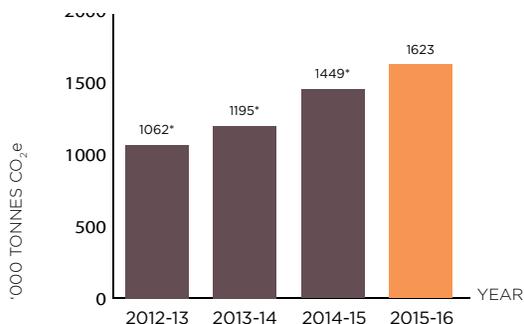
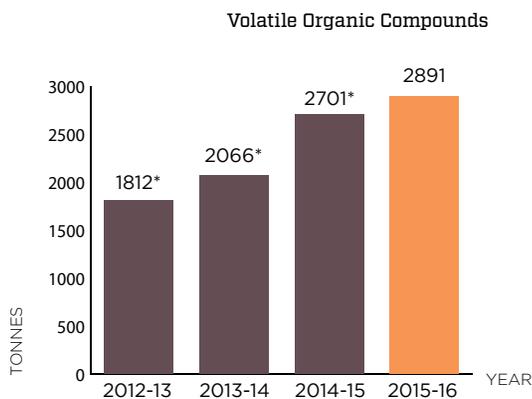
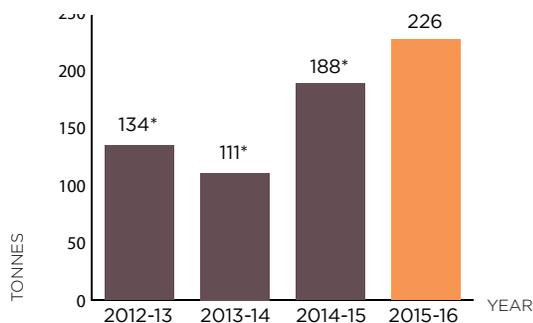
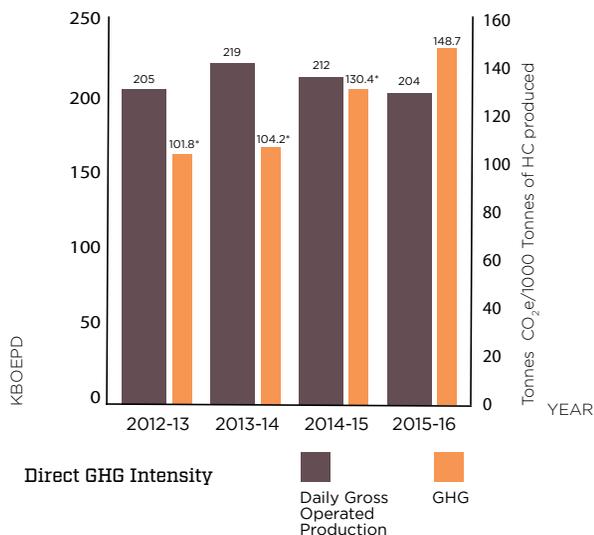
In FY2016, the Company undertook several programmes





Safety remains our core value in daily operations





\*NUMBER HAS BEEN REVISED

to reduce the quantum of waste generated and increase the rates of recycling and reusing some of our waste products. Several pilot projects were tried to reduce the quantity of water based mud (WBM) and synthetic oil based mud (SOBM). We also put in place initiatives to recycle WBM. In the year, over 9,800 barrels of WBM were recycled. Additionally, over 6,100 MT of WBM was recycled and used as material for internal well-pads and roads.

**RENEWABLE ENERGY**

We have substantially expanded the use of renewable energy in our operations. Overall supply of power from renewable sources of energy went up from 141 MWH in FY2015 to 1,203 MWH in FY2016. Additionally, the Company also purchased Renewable Energy Credits worth ₹ 16.4 crore in compliance with Government of India's Renewable Energy Purchase Obligations.

**ENHANCING OUR MANAGEMENT SYSTEMS**

In FY2016, we made significant progress in improving our management systems to incorporate sustainability principles. In collaboration with Vedanta Limited, we conducted detailed audits of our systems against the Vedanta Sustainability Framework. This framework has been designed to incorporate best practices from global sustainability standards and guidelines arising from organisations such as GRI, IFC, ILO, and ISO among others. The Company performed well on these external third-party audits, indicating that our systems are robust and aligned to global sustainability principles. The audits also highlighted improvement areas, which are being considered for implementation over the next year.



## MANAGEMENT DISCUSSION & ANALYSIS

### CSR

## CORPORATE SOCIAL RESPONSIBILITY



Cairn India is committed to empower local communities in its areas of operation and support them for their sustainable and inclusive growth. This commitment is fundamental to our long-term success and we are focused on creating shared value and making a difference through our CSR initiatives.

Cairn conducts its CSR programmes with the two interlinked objectives:

- Measurable improvement in socio-economic status of the local community in our area.
- Continuous engagement with the local community to develop a relationship of mutual trust and interdependence.

Cairn India perseveres for holistic development of local community by focusing on all segments of the households across five thematic areas: livelihood (farm and vocational skill), education, health, water & sanitation. All our programmes have been designed encapsulating two core principles:

- Empower communities to make them self-reliant.
- Partner with government to extend reach and ensure long term sustainability.

This year has been remarkable in terms of the impact our existing programmes were able to create as their coverage grew wider and deeper. These include the following:

- As an extension of our already successful 'provision of safe drinking water' project, we are in the process of establishing as many as 330 more water purification plants across the Barmer district in collaboration with the Public Health Engineering Department (PHED) of the Government of Rajasthan.

This is one of the largest such initiatives in the whole country; and is expected to result in several additional benefits such as both direct and indirect local employment generation (operators at plant level, water distributors, electricians, plumbers etc.). We entered into an MOU with PHED for this in January 2016 and the initiative has also received good press coverage.

- Our flagship training centre in Jodhpur, the Cairn Centre of Excellence, made strong progress in establishing a solid reputation for itself. An MoU with the Rajasthan Skills and Livelihood Development Corporation (RSLDC) was signed in the presence of the Chief Minister Ms Vasundhara Raje in 2015 to support trainees under the RSLDC scheme. Following success of the initial batch, this has been further extended to more than 600 trainees. The centre has also received support under the Ministry of New and Renewable Energy (MNRE)'s 'Suryamitra' programme, and is currently the only institute in Rajasthan to receive this. We also entered into MoUs with IIIT (Kota) and the Malaviya National Institute of Technology (Jaipur), and are planning a partnership with IIT (Jodhpur). Placement of initial batches have been good, with job offers being made by reputed companies such as Suzlon,

Vodafone, Amazon, PepperTap, Samsung, Minda, Hero Group, the State Bank of India and others.

- As per MOU signed between Vedanta Limited and Ministry of Women and Child Development, Government of India, we have constructed 50 anganwadis in Barmer district.

**Our efforts received due recognition as Cairn won the prestigious CII-ITC CSR Award, 2015** and was selected as one of the 12 finalists among the major global oil and gas companies under 'Stewardship Awards – Corporate Social Responsibility' category by Platts, USA. The CII-ITC Committee strongly appreciated our solar and water projects and advocated their scale up, and suggested publicising the operating model.

## OUR THEMATIC AREAS

### SUSTAINABLE LIVELIHOOD SKILL DEVELOPMENT

The **CAIRN ENTERPRISE CENTRE (CEC)**, a vocational training centre in Barmer, was established in 2007 with support from Government of Rajasthan to develop local talent and vendors. We significantly expanded this programme by adding seven satellite centres (in the districts of Barmer and Jalore) and a new centre at Sanchore to link youths to the employment opportunity created by our business. Since its inception, about 12,000 students have been trained in various vocational and enterprise development skills, including around 1,250 in FY2016. Some of the vocational courses taught at CEC are Advanced Electrician, Basic Computers,

Mobile Repairing, Welding, Masonry, Domestic Electrical Repairing and trainings in BPO. We also aimed at enhancing employability skills for graduate students in the district through a specially targeted programme. This also saw the establishment of computer labs and classrooms in the two government colleges in Barmer. The existing ITIs at Barmer and Balotra are being supported through improving the quality of education and Industry interface. We also established two training centres in Barmer and Baitu for providing training to women for tailoring and stitching.

The **CAIRN CENTRE OF EXCELLENCE (CCOE)** is a premier world-class vocational training centre and a Cairn India flagship initiative in Jodhpur, offering residential accommodation to trainees. The

Vocational training center in Barmer to develop local talent and vendors



training and certification is provided by well-known German training provider, TUV Rheinland that has operations in over 60 countries. Support and sponsorship to trainees is being provided by the Rajasthan Skills and Livelihood Development Corporation (RSLDC), the Ministry of New and Renewable Energy (MNRE), the Department of Tribal Affairs, and others.

Cairn India continues to strengthen its **local vendor development programme** by imbuing a culture of safety and quality in the entrepreneurs with the objective of promoting local vendor content in our business.

## **SUSTAINABLE LIVELIHOOD FARM BASED**

The programme is aimed at increasing incomes of farming community around our sites through productivity enhancement of agriculture and livestock.

A total of 476 rain channels (or wadis) have been established and 49,000 fruit saplings planted, with 200 farmers supported through drip irrigation. The project has established more than 240 individual khadins, benefiting some 270 farmers over 600 hectares of land spread across 28 villages. Construction of two community khadins converted 140 hectare of hitherto barren and fallow land into a cultivable land for 74 farm families. Renovation of Nadi structures (village ponds) and establishment of silvi-pasture and agro-horticulture units have not only benefited farmers with increased revenue, but also helped in managing natural resources (soil, water, and pasture) on a sustainable basis.

To address the shortage of skills in agriculture and allied occupations in Barmer, the project created a

cadre of entrepreneurial farmers or local youth. At the end of 2015, the first batch of 21 Cairn Agro-Fellows graduated to start their own enterprise, including dairying, goat farming, mushroom farming, and to work as a field extension workers. Our dairy cooperative programme has been significantly expanded with an increase in daily milk production to 9,500 litres per day with the set-up of five Bulk Milk Coolers.

## **EDUCATION**

Cairn India's efforts in education are aimed at improving the quality of education at rural government schools. It was found that lack of teachers and poor academic performance were key reasons for very high drop-out at the secondary school level. We worked with 37 government schools in Barmer with a collective enrolment of almost 7,000 students and 250 teachers to reduce drop-out and improve academic performance by providing supplementary teachers, certified teaching-learning material, information and communication technology laboratories with adequate computers and internet access, and other need based infrastructure. Over time, there has been an improvement in attendance and academic performance of the students as measured by a standard test.

In addition, Cairn India runs mobile science vans and imparts teaching through digital learning across 60 rural government schools in seven districts of Gujarat, benefiting 18,000 students. We also provide scholarship to meritorious students of Class X and Class XII.

## **HEALTH**

### **MOBILE HEALTH VANS**

Villages in our operational area in Rajasthan are very scattered with poor transportation and mobility. Our

mobile health vans address this need and provide basic medical services at the doorstep of the rural community. These vans cover almost 350,000 villagers, including 55% women. In the last three years, we have conducted some 30 multi-speciality health camps using the services of gynaecologists, orthopaedic specialists, paediatricians, dentists, ENT specialists and general practitioners in addition to 35 health awareness camps. We have also continued support the district hospital at Barmer through daily housekeeping services and regular repairs and refurbishments.

### **MOTHER AND CHILD INITIATIVE**

The programme is designed to improve preventive healthcare in community for mothers, children and adolescent girls by creating awareness, behavioural change, strengthening institutions and through capacity building of government workers. It covers 500,000 community members across three states (Rajasthan, Gujarat, and Andhra Pradesh) and all districts where we have operations. It addresses maternal health, awareness of family planning and adolescent health, neonatal and child healthcare, and the promotion of timely immunisation. We have trained more than 1,500 health workers, supported national health-related campaigns, and have helped sensitise some 2,000 adolescent girls and women, and 150 adolescent boys on menstruation hygiene and reproductive health.

### **ANGANWADI PROJECT**

An MoU has been signed between Vedanta Limited and the Women and Child Development Ministry, Government of India under which Cairn India intends to contribute to 2,000 anganwadis (or courtyard shelters) over three years. In FY2016, we constructed 50 anganwadi centres

in Barmer which target 2,000 children (0-6 years of age) and around 1,000 pregnant and lactating women.

## WATER AND SANITATION

**SWACHH BHARAT ABHIYAN.** Cairn India undertook large scale initiatives under this programme to support the national mission. In FY2016, we facilitated the construction of 3,200 household toilets in the Barmer district out of our commitment of 20,000 toilets in partnership with the local government. This will make the entire Baitu block of the district free from open defecation. In addition, we have constructed 188 school toilets. Under the Nirmal Bharat Abhiyan, we have completed 3,600 toilets out of the 4,440 committed. Owing to this initiative, the Beriwalla Tala Gram Panchayat has been declared as the first open defecation free Gram Panchayat in the district of Barmer.

### **JEEVAN AMRIT PROJECT (Safe Drinking Water through Community Run RO Plants)**

Cairn India's Jeevan Amrit Project addresses the serious shortage of safe potable water by providing reverse osmosis (RO) treated drinking water to communities. We have already established 44 water purification plants and are in the process of significantly scaling up the initiative. Accordingly, we have entered into an MoU with the PHED, Government of Rajasthan, to establish 330 water purification units spread across 800 villages in Barmer with an objective to serve over a million people in the district. This would be one of the largest such initiatives in India.

Our operating model has received considerable attention. Renewable energy is used to run some of the RO plants. Once installed, an RO plant is operated and managed by local community, which also appoints the operator who is



### **Cairn India's Spend by CSR Themes, FY2016**

| THEME                                      | SPENDS (₹ CRORE) |
|--|------------------|
| Sustainable Livelihood - Skill Development | 5.50             |
| Sustainable Livelihood - Farm Based        | 3.20             |
| Education                                  | 3.78             |
| Health                                     | 9.78             |
| Water and Sanitation                       | 23.33            |
| Renewable Energy                           | 1.39             |
| Others                                     | 2.47             |
| <b>Total Spend</b>                         | <b>49.45</b>     |

typically from the village. This ensures community ownership of the initiative and supports in creating awareness on health benefits. We are also establishing chillers in many plants, a value add in a region that experiences summer temperatures of over 45°C.

During FY2016, the focus was on increasing utilisation of the existing plants through various water distribution mechanisms with the help of our NGO partners and the local entrepreneurs. Several water mobile vans — called 'Jal Rath' — have been started to ensure delivery of purified water at the doorstep.

### **COMMUNITY RUN SOLAR PLANT**

To provide household electricity to a Barmer village, a 27 KW mini grid solar power plant was established at Meghwalon Ki Dhani with a

population of around 600. This has been operating smoothly and was officially handed over to the community in January 2016. The model demonstrates ownership and self-reliance of the community with all operations and maintenance expenses being borne by the community. The plant operation is managed by a villager who was trained at the CEC in Barmer.

In a noteworthy extension, a local entrepreneur has established a flour grinding facility at this village that runs on solar power, thus benefiting over 500 community members through an eco-friendly solution. Moreover, 500 Solar Home Systems (SHS) were provided in various villages. The project has provided access to electricity to people, thus substantially impacting their quality of life.



## MANAGEMENT DISCUSSION & ANALYSIS

# INTERNAL CONTROLS AND THEIR ADEQUACY



### **BUSINESS RISK MANAGEMENT AND ASSURANCE PROCESS**

In a rapidly changing business environment, companies in the oil and gas industry face numerous risks that impact their businesses. It is therefore, imperative to identify and address these risks and at the same time leverage opportunities for achieving business objectives.

The Board and the Audit Committee of Cairn India is responsible for risk management and to ensure that robust internal controls are implemented to respond to changes in the business environment. Risk Management Committee (RMC) comprising of two Board members and 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 faced by the Company, and proposed 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 business/ function-specific risk management sub-committees, which are responsible for overseeing various activities including pro-

The Company's internal control systems are commensurate with the nature of its business, size and complexity of operations. During FY2016, to strengthen the overall control environment, the Company initiated automation of process level controls of Governance, Risk and Compliance (GRC) solution of SAP. Further, it carried out Fraud Risk Assessment (FRA) of select high risk processes to pro-actively assess fraud vulnerabilities in order to mitigate these through process re-design and improved compliance.

actively identifying any emerging risks that may impact the Company.

At an operational level, the respective functional managers are responsible for identifying and assessing risks within their area of responsibility. Cairn has a dedicated central risk team which partners with business in implementing Cairn's Risk Management Framework, under the direction of the RMC.

Further, 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 annually to the Board of Directors. The risk assurance team reviews the control assertions made by functions, and agrees on action items emanating from control gaps identified along with an action owner. 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.

The Company's Risk Management Framework endorses the Principles and Guidelines as stated

in ISO 31000 and is continuously evaluated against current good practices. The key dimensions of the risk management process include:

- **GATED REVIEWS:** Cairn's Gated Process across the project life cycle provides an overall framework towards project risk management activities including analysis of investment options, technical and commercial feasibility, and execution risks.
- **INDEPENDENT RISK REVIEWS:** The central risk team engages in qualitative and quantitative risk assessment of key opportunities / projects to provide an independent view to management to enable risk based decision making. The risks are looked at from different perspectives including contractual risk, business value chain risk, insurance risk, project plan reviews, business resiliency, location specific issues, key dependencies, etc.
- **LINKAGES TO BUSINESS PLANNING:** The Risk Team engages with the Planning Team during the annual Business Planning and Strategy exercise and highlights key risks faced by business and challenges key assumptions keeping risk perspectives in mind.
- **RISK AWARENESS:** The team also promotes a 'risk culture' among employees within the organisation in general, by way regular of risk newsletters covering topics of interest in the area of risk management.

Cairn India was felicitated with the Golden Peacock Award for Risk Management in 2015 by Institute of Directors (IOD).



## OPERATING POLICIES AND PROCEDURES

In line with the Company's corporate governance initiatives, some new policies were adopted during the year while some of the existing policies were updated to make these more in line with the business needs. Cairn India's operational policies, procedures and activities are subjected to internal audit. Implementation of recommendations arising from the audit reports is regularly monitored by the senior management and the Audit Committee of the Board of Directors.

## LEGAL AND COMMERCIAL PROCEDURES

Legal and Commercial Procedures have been disseminated throughout the Company. A legal compliance management system to track regulatory compliance requirements is used across Cairn India. It maps the organisation 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 timely identification of areas which require immediate legal attention. The system is periodically reviewed and updated to bring it in line with the changes made in law and applicable compliances.

## CODE OF BUSINESS ETHICS

The Company has adopted a Code of Business Ethics that develops and formalises its vision and values, and serves as a guide for the business actions. The Code sets forth Cairn India's commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and conduct guidelines designed to ensure ethical and responsible behaviour. The Code is applicable to the Company and its

subsidiaries including its directors, employees, officers, service providers and contractors working for and/or on behalf of the Company. All directors and employees including senior management have affirmed compliance with the Code for the year ended 31 March 2016.

## FINANCIAL AND MANAGEMENT REPORTING

The Company circulates across the organisation its financial policies, standards and delegations of authority, which covers all relevant activities. These are periodically updated and shared through the intranet. Budgets are allocated for all key activities / functions at the beginning of the year and an analysis of the variance between budgets and actuals is carried out on a periodic basis to understand the quantum and cause of variance, if any, and to adopt 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 and the Audit Committee of the Board. The Company has established an IT enabled application for monitoring and escalating agreed corrective actions based on audit findings. This provides regular reminders and escalation notifications to respective stakeholders, thus 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. These provide clear guidance on key priorities to the business teams and ensure execution of the Board approved work programme, budget and business plan. A system is in place to monitor the actual performance against each of these KPIs and to 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 and Cambay has been developed and implemented in line with requirements of ISO 22301:2012. Training as well as testing of the business continuity plan for all locations was completed in 2015. Table top as well as mock drills at the sites were conducted to test the plan's effectiveness.

Cairn India's strategy for risk management is to ensure that the Company and its employees operate using 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.

On-shore facility  
at MPT, Barmer,  
Rajasthan







## MANAGEMENT DISCUSSION & ANALYSIS

### BUSINESS 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 reserves estimates for a given reservoir over a period of time. For these reasons, actual recoveries may vary substantially. Such variation in results may materially impact Cairn India's actual production, revenue and expenditures.

**RISK: UNFAVOURABLE CHANGES IN THE PRODUCTION SHARING CONTRACT (PSC) TERMS OR FAILURE TO EXTEND THE PSC FOR THE RAJASTHAN BLOCK COULD HAVE AN ADVERSE IMPACT ON OUR FINANCIAL PERFORMANCE**

Our current reserves and production are significantly dependent on the Rajasthan block

The Company 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 organisation's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

in India. The current PSC for the block is valid till May 2020. If the PSC does not get extended, or is extended on unfavourable terms, this could result in a substantial loss of value and have an adverse effect on our results of operations and financial condition.

**RISK: REGULATORY UNCERTAINTIES MAY IMPACT THE COMPANY'S BUSINESS**

The Company's business might be affected by changes in legal and regulatory conditions 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.

**RISK: DELAYS IN EXECUTION OF PROJECTS**

To capitalise on the potential of our resources, Cairn India has regular plans to implement sustenance and growth projects. Some of these have long execution timelines and interdependencies, and are brown-field projects involving tie-ins with existing facilities. To successfully execute the work programme, the Company has to rely on multiple equipment and services providers and construction contractors. Ensuring the delivery of services and equipment as per schedule, of the right quality and cost, managing security of men and materials at

remote sites and ensuring all compliances are met, could pose a potential challenge. Under our PSCs and the regulatory framework that we are governed by, we are required to obtain necessary approvals from our Joint Venture (JV) partners, Management Committee (comprising of nominees of GoI, JV partners and our management) and other relevant regulatory authorities. Any delays due to above dependencies may delay our project execution and have an adverse impact on project completion and consequently on operational and financial performance.

**RISK: INTERNATIONAL PRICES FOR OIL AND GAS ARE VOLATILE, AND HAVE A SIGNIFICANT EFFECT ON OUR BUSINESS**

Majority of our revenue is derived from sales of crude oil and natural gas in India. The price that we receive for these hydrocarbons is linked to their international prices. Historically, international prices for crude oil and natural gas have fluctuated as a result of many macro-economic, geo-political and regional factors. Crude price has declined significantly over last year and the near future outlook continues to be bearish. Substantial or extended declines in international crude oil and gas prices could have an adverse effect on the economics of existing/ proposed projects, capital outlay, results of operations and the financial condition of the Company.

**RISK: THE EOR PROJECT MAY NOT ACHIEVE ALL ITS OBJECTIVES**

Following a successful EOR polymer flood pilot at Mangala, an FDP for full field application of polymer flood in the Mangala field is currently under advanced stages of implementation. In terms of scale, the project is one of the largest of its kind across

the globe. Risks associated with it include lower than expected recovery, inadequate processing of produced fluids thereby impacting performance of surface facilities and managing the polymer supply chain. In addition, the use of such a recovery technique may significantly increase operational costs. All these factors could have an adverse impact on Cairn India's production, operations and profitability.

**RISK: HEALTH AND SAFETY RELATED PERFORMANCE OF OUR STAFF INCLUDING CONTRACTORS / SUB-CONTRACTORS**

Compliance with applicable health and safety requirements and regulations is an inherent part of our business which imposes controls on aspects such as, but not limited to, the storage, handling and transportation of petroleum products, employee exposure to hazardous substances, etc. Cairn India also depends on multiple contractors for the delivery of projects, construction, on-going operations, maintenance activities and road transportation of individuals and materials. Inadequate health and safety performance either on our part or non-performance of some of our contractors is considered a key risk to personnel safety and company's reputation.

**RISK: ATTRACTING AND RETAINING TALENT AT TECHNICAL, MANAGERIAL AND LEADERSHIP LEVEL IS A CHALLENGE**

We depend on specialised skill sets and key talent such as geologists, geophysicists, reservoir engineers, petroleum engineers and other upstream energy specialists. Attracting and retaining scarce top quality talent in the upstream oil and gas sector is often a key challenge. We are dependent to a

large degree on the continued service and performance of our senior management team and other key team members in our business units and functions. The loss or diminution of such talent pool could have an adverse effect on our delivery of business objectives.

**BUSINESS OUTLOOK**

In order to navigate through the oil price downturn, Cairn India's near term focus lies in capital expenditure rationalisation and maximising volumes from core fields. This is primarily targeted towards right sizing the cost base and driving operational efficiencies. Although there has been a partial deferment of capital outlays, the Company remains agile enough to make selective investment in growth projects to enhance production volumes. 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. Nevertheless, Cairn India remains cautiously optimistic about FY2017.

**CAUTIONARY STATEMENT**

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



## MANAGEMENT DISCUSSION & ANALYSIS

## BOARD OF DIRECTORS



**Mr. Navin Agarwal**  
Chairman and  
Non-Executive Director

Mr. Navin Agarwal (DIN 00006303), 55, is the Executive Chairman of Vedanta Ltd and Chairman of Cairn India Ltd, and Executive Vice Chairman of Vedanta Resources Plc. He has been with the Vedanta group since its founding and has extensive experience in the natural resources industry. Mr. Agarwal plays a key role in the strategic and governance framework of the Vedanta Group, and provides leadership for its long-term planning, business development and capital planning. He has been instrumental in the growth of the group, through world-scale organic projects, as well as acquisitions.

He is a member of the nomination and remuneration committees for both Vedanta Limited and Cairn India Limited. He is passionate about developing leadership talent for the group, and identifying and nurturing future leaders.



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

Mr. Edward T Story (DIN 02582353), 72, 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 50 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.



**Ms. Priya Agarwal**  
Non-Executive Director

Ms. Priya Agarwal (DIN 05162177), 26, 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. Aman Mehta**, Non-Executive and Independent Director

Mr. Aman Mehta (DIN 00009364), 69, is an economics graduate from Delhi University. He has over 39 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.

**Dr. Omkar Goswami**  
Non-Executive and  
Independent Director

Dr. Omkar Goswami (DIN 00004258), 59, holds a Master of Economics Degree from the Delhi School of Economics. He is a D. Phil in Economic History 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 (DIN 00006843), 56, 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 Vedanta Limited (erstwhile Sesa Sterlite Limited). Mr. Jain has over 37 years' experience in corporate finance, accounts, audit, taxation, secretarial and legal matters. He is responsible for Vedanta's strategic financial matters, including corporate finance, corporate strategy, business development and M&As.



**Mr. Naresh Chandra,**  
Non-Executive and  
Independent Director

Mr. Naresh Chandra (DIN 00015833), 81, 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 Industrialization and Policy in Colombo (Sri Lanka), advisor to the Governor 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 Service. 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. He is currently serving as a director on Board of some listed companies like Bajaj Auto, Bajaj Finserv, Vedanta Limited (erstwhile Sesa Sterlite Limited), Cairn India Limited etc.

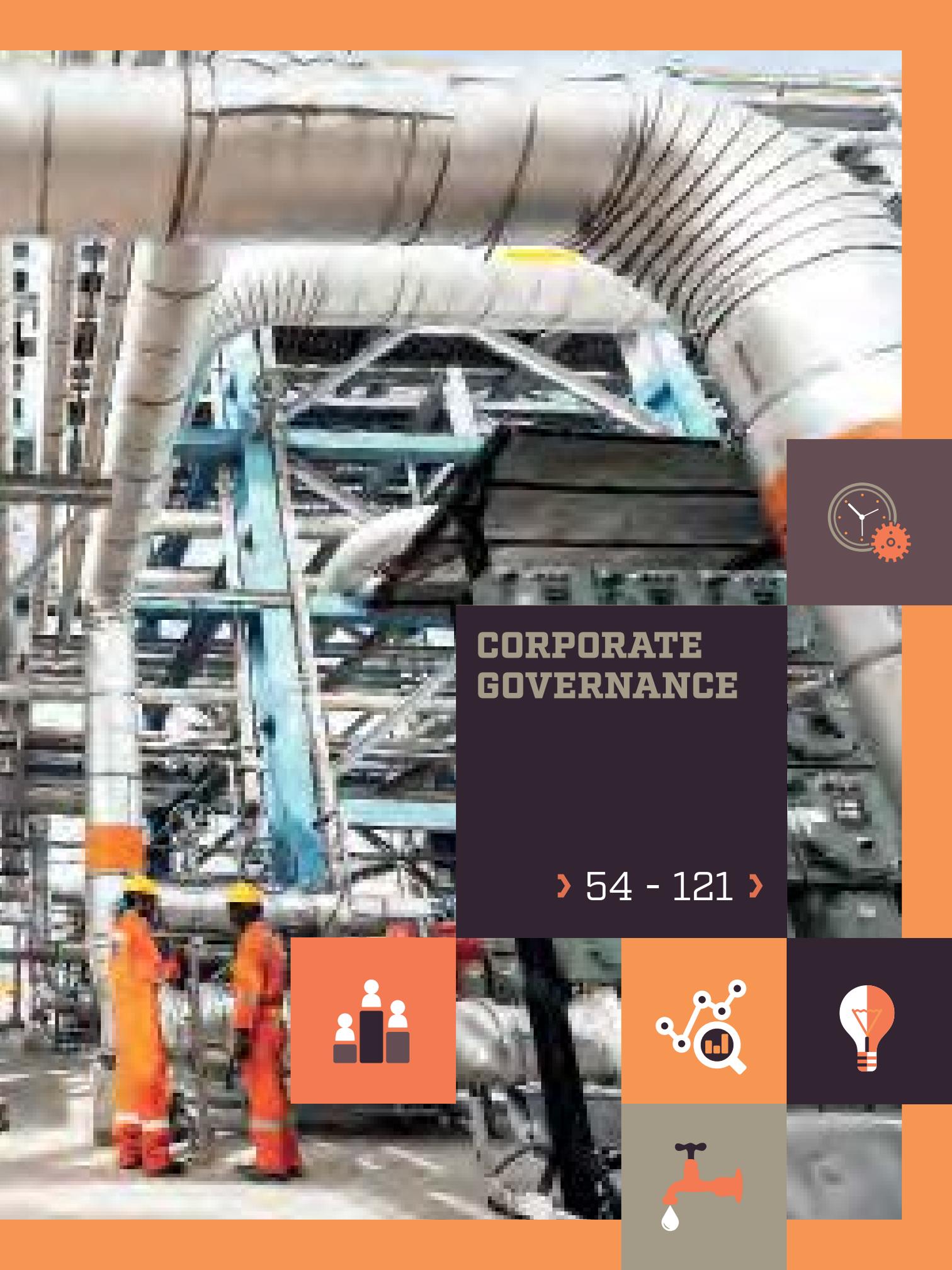


**Mr. Mayank Ashar**  
Managing Director &  
Chief Executive Officer

Mr. Mayank Ashar (DIN 07001153), 61, has completed his Masters in Engineering as well as MBA from the University of Toronto, Canada. Mr. Ashar has over 38 years of rich & exhaustive experience in international Oil & Gas industry through various senior management and top leadership roles in leading global companies such as British Petroleum, Petro-Canada, Suncor Energy and Irving Oil. Mr. Ashar brings a rare mix of driving corporate strategy and on-ground execution. He has worked in all aspects of the refining and marketing business: refining, logistics, retail marketing, corporate planning and M&A. From 1996-2003, he managed Suncor's Oil Sands Operation in Fort McMurray. Mr. Ashar has delivered industry-leading business results and demonstrated expertise in driving strategic growth, both organic and inorganic, delivering operational efficiency and executing large, complex capital intensive projects. In 2003, Mr. Ashar was named as the "Operations Executive of the Year" by the Canadian business magazine in recognition of his operational excellence & large scale project management leadership in the oil sands with Suncor Energy.







# CORPORATE GOVERNANCE

> 54 - 121 >





## 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.

### **COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD**

Your Company endeavors to have a 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. Your Company also has a woman



Director which brings diversity on the Board.

As on 31 March, 2016, the Board comprised eight 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, strengthens the governance and management of Company's affairs.

The details of composition of the Board along with the number of Directorship(s) / Committee Membership(s)/Chairmanship(s) as

Mr. Mayank Ashar - Managing Director & Chief Executive Officer, Mr. Sudhir Mathur - Chief Financial Officer and Ms. Neerja Sharma - Director Assurance & Communication and Company Secretary are the Key Managerial Personnel (KMPs) of the Company. During the year under review, there was no change in the position of Directors/ KMPs of the Company.

The Company follows a structured process of decision-making by the

items are backed by comprehensive background information to enable the Board to take informed decisions. The matters of strategic importance including business plan, annual budget, key borrowings, declaration of dividend, significant changes in the accounting policies, Board appointments and removals etc. are reserved for consideration & approval of the Board.

The Board has complete access to all the relevant information of the

#### 1. COMPOSITION OF THE BOARD AND DIRECTORSHIP(S) / COMMITTEE MEMBERSHIP(S) / CHAIRMANSHIP(S) THEREOF AS ON 31 MARCH, 2016

| S. No. | Name of the Director | Category                                    | No. of other Directorships |         | Memberships / Chairmanships of Board level Committees ** |          |
|--------|----------------------|---|----------------------------|---------|--|----------|
|        |                      |   | Indian                     | Others* | Member   | Chairman |
| 1      | Mr. Navin Agarwal    | Chairman, Non-Executive Director            | 3                          | 3       | -  | -        |
| 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                          | 3       | 7  | 4        |
| 5      | Mr. Naresh Chandra   | Non-Executive Independent Director          | 8                          | 2       | 10   | 1        |
| 6      | Dr. Omkar Goswami    | Non-Executive Independent Director          | 9                          | 2       | 8  | 1        |
| 7      | Mr. Edward T. Story  | Non-Executive Independent Director          | -                          | 3       | 2  | -        |
| 8      | Mr. Mayank Ashar     | Managing Director & Chief Executive Officer | -                          | 1       | -  | -        |

\* Directorships in foreign companies/bodies corporate and in private limited companies & not-for-profit companies under the Companies Act, 2013.

\*\* Only Audit Committee and the Stakeholders' Relationship Committee of Indian public limited companies (including Cairn India Limited) have been considered.

on 31 March, 2016 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 independent Directors serves as an independent Director in more than seven listed companies. Mr. Mayank Ashar, Managing Director & Chief Executive Officer of the Company holds directorship in an overseas listed company.

None of the Directors are related to the other Directors, 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.

Board and its Committees. There is a well organised system 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 in consultation with the respective Board and Committee members. To address specific urgent needs, meetings are also called at shorter notice but never less than a minimum of seven days. Detailed agenda, management reports and other explanatory statements are circulated at least seven days ahead of the meeting. The Directors are also free to recommend inclusion of any matter in the agenda for discussion. All agenda

Company. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated under Companies Act, 2013, Secretarial Standard on the meetings of the Board issued by Institute of Company Secretaries of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Directors may seek necessary clarification from the management on any information provided to them and also have the right to seek external legal advice as may be required for the performance of their duties.

If required, the Board also approves resolutions by way of circulation between two successive Board



## Offshore operations at Suvali, Gujarat



Committee meetings provides an effective post meeting follow up, review and reporting mechanism for the action taken on the decisions/ instructions of the Board and its Committees. As per Board's decision, the Company Secretary informs the concerned functional heads about matters arising out of the deliberations during a meeting. The functional heads 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 at least once in a quarter to review inter-alia the quarterly financial results and other items on the agenda. Additional meetings are also held to address the specific business needs of the Company. Facility of video conferencing or other audio visual means are also provided to enable Directors to participate in Board meetings. In addition, the independent Directors also hold separate meeting at least once in

meetings. These are often preceded by Board discussions through audio conference.

### **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 preparation of the agenda as well as convening of the Board/ Committee meetings. The Company Secretary reports to the Board about compliance with the applicable statutory requirements and laws and advises on good governance principles.

The Company Secretary attends all the meetings of the Board and its Committees and ensures appropriate recording of minutes of the meetings. Further, the process for the Board/

a year, to review the performance of non-independent Directors, the Board as a whole and the Chairman.

During the year ended 31 March, 2016, the Board of Directors met five times viz. on 23 April, 2015, 14 June, 2015, 21 July, 2015, 21 October, 2015 and 22 January, 2016. The maximum gap between any two meetings was not more than one hundred and twenty days.

Directors' attendance at Board meetings and the annual general meeting of the Company held during the year ended 31 March, 2016 is given in Table 2.

## COMMITTEES OF THE BOARD

### Audit Committee

Your Company has a duly constituted Audit Committee and its composition meets the requirement of Section 177 of Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, the Board has amended and enhanced the terms of reference of the Audit Committee to align with the additional requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The current charter of the Audit Committee is in line with international best practices as well as the regulatory requirements mandated by Companies Act,

## 2. DIRECTORS' ATTENDANCE RECORD FOR THE YEAR ENDED 31 MARCH, 2016

| 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  | 4                        | Yes                      |
| 5     | Mr. Naresh Chandra   | 5  | 3                        | Yes                      |
| 6     | Dr. Omkar Goswami    | 5  | 5                        | Yes                      |
| 7     | Mr. Edward T. Story  | 5  | 5                        | Yes                      |
| 8     | Mr. Mayank Ashar     | 5  | 5                        | Yes                      |

2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31 March, 2016, 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. Apart from Mr. Tarun Jain, all other Committee members are independent. All members of the Committee are financially literate and have accounting or related financial management expertise as mandated by Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year ended 31 March, 2016, the Audit Committee met five times viz. on 23 April, 2015, 14 June, 2015, 20 July, 2015, 21 October, 2015 and 22 January, 2016. The attendance record of the Audit Committee meetings is given in Table 3. Mr. Aman Mehta, Chairman of the Audit Committee, was present at the Company's last AGM held on 21 July, 2015. Ms. Neerja Sharma, Director - Assurance & Communication and

Company Secretary is the secretary of the Committee. 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.

### Terms of Reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure correct, sufficient and credible financial information.
- Recommending to the Board the appointment, re-appointment or replacement of statutory auditors and 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

## 3. ATTENDANCE RECORD OF AUDIT COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH, 2016

| Name                | Position               | Status   | No. of meetings held during the financial year | No. of meetings attended |
|---------------------|------------------------|----------|--|--------------------------|
| Mr. Aman Mehta      | Independent Director   | Chairman | 5  | 4                        |
| Mr. Naresh Chandra  | Independent Director   | Member   | 5  | 3                        |
| Dr. Omkar Goswami   | Independent Director   | Member   | 5  | 5                        |
| Mr. Edward T. Story | Independent Director   | Member   | 5  | 5                        |
| Mr. Tarun Jain      | Non-Executive Director | Member   | 5  | 4                        |



Safety remains our key core value in daily operations

- to Companies Act.
- 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 judgment 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 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 utilised 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 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 is also required to review 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.
  - e. Quarterly and annual statement of use of proceeds of public issue, right issue etc. for purposes other than those stated in the offer document/ explanatory statement, before submission to stock exchange and reviewing annual statement of the monitoring agency on the said matters.
- Nomination & Remuneration Committee**
- The Company has a duly constituted Nomination & Remuneration Committee, which amongst others is responsible for identifying and recommending persons who are qualified to become directors or appointed as part of senior management of the Company and laying down remuneration policy.

**4. ATTENDANCE RECORD OF NOMINATION & REMUNERATION COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH, 2016**

| <b>Name</b>        | <b>Position</b>        | <b>Status</b> | <b>No. of meetings held during the financial year</b> | <b>No. of meetings attended</b> |
|--------------------|------------------------|---------------|---|---------------------------------|
| Mr. Naresh Chandra | Independent Director   | Chairman      | 4   | 3                               |
| Dr. Omkar Goswami  | Independent Director   | Member        | 4   | 4                               |
| Mr. Aman Mehta     | Independent Director   | Member        | 4   | 4                               |
| Mr. Navin Agarwal  | Non-Executive Director | Member        | 4   | 4                               |
| Mr. Tarun Jain     | Non-Executive Director | Member        | 4   | 4                               |

As on 31 March, 2016, the Committee comprised five non-executive Directors viz. Mr. Naresh Chandra (Chairman), Mr. Navin Agarwal, Mr. Tarun Jain, Mr. Aman Mehta and Dr. Omkar Goswami. Three of these members are independent Directors. During the year ended 31 March, 2016, the Nomination & Remuneration Committee met four times viz. on 23 April, 2015, 21 July, 2015, 21 October, 2015 and 22 January, 2016. The attendance record of the Nomination & Remuneration Committee meetings is given in Table 4.

During the year under review, the Board amended the terms of reference of the Nomination and Remuneration Committee to align with the requirement prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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.
- Deciding whether to extend or continue the term of appointment of the independent Directors on the basis of performance evaluation report.
- 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.

**REMUNERATION POLICY**

The Company has in place a remuneration policy for Directors, KMPs and employees. The said policy



People are our greatest asset; Best-in-class workforce



Board or Committees thereof and are also eligible for commission as a percentage of net profits as may be decided by the Nomination and Remuneration Committee.

The remuneration paid to the executive Director is determined keeping in view his professional qualification, relevant industry experience, size of the Company and current remuneration standards for such senior executive positions in the oil & gas industry. Perquisites and retirement benefits are paid according to the Company's policy

is annexed as Annexure III to the Board's report.

The policy represents the overarching approach of the Company to the remuneration of Directors, KMPs and other employees and is directed towards rewarding superior performance, business outcomes and

behaviours and attitudes consistent with Company's core values and culture.

#### **DIRECTORS' REMUNERATION**

The non-executive Directors receive remuneration by way of sitting fee for attending meetings of the

| 5. DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 MARCH, 2016 |        |             |                                |                     |            |              | (in ₹ crore) |  |
|--|--------|-------------|--------------------------------|---------------------|------------|--------------|--------------|--|
| Name   | Salary | Perquisites | Bonus & Performance incentives | Retirement Benefits | Commission | Sitting Fees | Total        |  |
| Mr. Navin Agarwal  | -      | -           | -                              | -                   | -          | 0.040        | 0.040        |  |
| Mr. Tarun Jain   | -      | -           | -                              | -                   | -          | 0.095        | 0.095        |  |
| Ms. Priya Agarwal  | -      | -           | -                              | -                   | -          | 0.015        | 0.015        |  |
| Mr. Aman Mehta   | -      | -           | -                              | -                   | 0.750      | 0.085        | 0.835        |  |
| Mr. Naresh Chandra   | -      | -           | -                              | -                   | 0.750      | 0.065        | 0.815        |  |
| Dr. Omkar Goswami  | -      | -           | -                              | -                   | 0.750      | 0.090        | 0.840        |  |
| Mr. Edward T. Story  | -      | -           | -                              | -                   | 0.750      | 0.065        | 0.815        |  |
| Mr. Mayank Ashar   | 7.509  | 5.943       | 2.416                          | 0.783               | -          | -            | 16.651       |  |

as applicable to all employees. The total remuneration also includes the annual performance bonus and is based on Company's and individual's performance. The annual performance bonus drives high performance culture to achieve the organisational objective by differentiating rewards based on performance.

During the year 2015-16, Cash award of ₹ 2.517 crore (grant value) was granted to Mr. Mayank Ashar, Managing Director & Chief Executive Officer with a lock in period of 3 years from the date of grant. The payout is based on fulfilment of performance conditions and could be upto 113% of grant value.

The appointment contract of Mr. Ashar is terminable with 3 months' notice from either side or without notice by the Company on payment of proportionate amount in lieu of notice period.

The remuneration paid or payable to the Directors for the financial year under review is given in Table 5.

Apart from above, non-executive Directors do not have any material pecuniary relationship or transactions with the Company. None of the non-executive or independent Directors holds any equity shares or convertible instruments of the Company.

## Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is responsible amongst others to resolve the grievances of the security holders of the Company.

As on 31 March, 2016, the Committee comprised three Directors viz. 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 – Assurance & Communication and Company Secretary is the compliance officer of the Company and the secretary of the Committee. During the year ended 31 March, 2016, the Committee met twice viz. on 21 July, 2015 and 22 January, 2016. The attendance record of the Stakeholders' Relationship Committee meetings is given in Table 6. In addition, the Committee approves by way of circulation matters pertaining to allotment/ rematerialisation/ transfer of shares etc. as and when required.

Dr. Omkar Goswami, Chairman of the Committee, was present at the Company's last annual general meeting held on 21 July, 2015.

The registrar and transfer agent of the Company viz. Link Intime India Private Limited handles 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, 2016 is given in Table 7.

## Terms of Reference

- To approve/refuse/reject registration of transfer/transmission/transposition of shares.
- To allot shares on exercise of stock options and to authorise issue of share certificates.
- To authorise:
  - i. issue of duplicate share certificates and issue of share certificates after split/consolidation/rematerialisation of shareholding.
  - ii. printing of share certificates.
  - iii. affixation of common seal on share certificates of the Company.
  - iv. Directors/ managers/ officers /signatories for signing/endorsing share certificates.
  - v. necessary applications / corporate actions to stock exchanges and depositories

### 6. ATTENDANCE RECORD OF STAKEHOLDERS' RELATIONSHIP COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH, 2016

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

### 7. QUERIES AND COMPLAINTS RECEIVED AND ATTENDED DURING THE FINANCIAL YEAR ENDED 31 MARCH, 2016

| Nature of Query/Complaint  | No. of Queries/Complaints |              |          |
|--|---------------------------|--------------|----------|
|  | Received                  | Attended     | Pending  |
| Received from security holders for non-receipt of balance sheet/ dividends/ IPO refund orders/ shares in demat suspense account etc. | 1,843                     | 1,843        | -        |
| Received from regulatory bodies such as Ministry of Corporate Affairs, Securities and Exchange Board of India and stock exchanges    | 21                        | 21           | -        |
| <b>Total</b>   | <b>1,864</b>              | <b>1,864</b> | <b>-</b> |

arising out of and incidental to the exercise of options by the employees.

### CSR Committee

The CSR Committee is responsible for fulfilling CSR objectives of the Company. As on 31 March, 2016, the Committee comprised three Directors viz. Mr. Naresh Chandra (Chairman), Mr. Aman Mehta and Mr. Tarun Jain. The Chairman of the Committee is an independent Director.

During the year ended 31 March, 2016, the Committee met three times viz. on 23 April, 2015, 21 October, 2015 and 22 January, 2016. The attendance record of the CSR Committee meetings is given in Table 8.

### 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.

### Risk Management Committee

The Company has a duly constituted Risk Management Committee which assists the Board in its oversight of the Company's management of key 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.

As on 31 March, 2016, the Committee comprised three members viz. Mr. Mayank Ashar (Chairman), Mr. Tarun Jain and Mr. Sudhir Mathur. During the year ended 31 March, 2016, the Committee met four times viz.

on 3 July, 2015, 29 September, 2015, 6 January, 2016 and 31 March, 2016. The attendance record of the Risk Management Committee meetings is given in Table 9.

### Terms of Reference

- To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership.
- To drive and co-ordinate risk management process covering all areas of risk (including operational, HSE, strategic, financial, commercial, regulatory, reputational etc.), through an appropriate business risk management organisation.
- To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles.
- To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programs.
- To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact the Company's delivery of its business plans, strategy, and

#### 8. ATTENDANCE RECORD OF CSR COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH, 2016

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

#### 9. ATTENDANCE RECORD OF RISK MANAGEMENT COMMITTEE MEETINGS FOR THE YEAR ENDED 31 MARCH, 2016

| Name              | Position                | Status   | No. of meetings held during the financial year | No. of meetings attended |
|-------------------|-------------------------|----------|--|--------------------------|
| Mr. Mayank Ashar  | Managing Director & CEO | Chairman | 4  | 4                        |
| Mr. Tarun Jain    | Non-Executive Director  | Member   | 4  | 2                        |
| Mr. Sudhir Mathur | Chief Financial Officer | Member   | 4  | 4                        |

reputation, if left untreated.

- To monitor external developments in the business environment which may have an adverse impact on the Company's risk profile, and make recommendations, as appropriate.
- To sponsor specialist reviews of key risk areas as appropriate.
- To report to the Board on key risks, risk management performance and the effectiveness of internal controls.

### **Meeting of Independent Directors**

During the year under review, the independent Directors met two times viz. on 22 April, 2015 and 25 March, 2016.

### **CODE OF CONDUCT**

The Company has adopted a "Code of Business Ethics" that develops and formalises its vision and values, and serves as a guide for the business actions in a global, complex and changing environment. The Code sets forth Company's commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct designed to ensure ethical and responsible behavior. The Code is applicable to the Company and its subsidiaries including its Directors, employees, officers and service providers & contractors working for and / or on behalf of the Company. Periodic training and education through learning program is also provided on the said Code.

All Board members and senior management of Cairn India Limited have affirmed compliance with the Code for the year ended 31 March, 2016. Details of the Code are available on website of the Company viz. [www.cairnindia.com](http://www.cairnindia.com).

### **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 Companies (Cost Records and Audit) Rules, 2014.

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 senior management, their associates or their relatives etc. that either had or could have had a conflict with the interest of the Company at large.

Further, the Company has complied with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No penalties or strictures have been imposed on the Company by the stock exchanges, the Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.

### **RELATED PARTY TRANSACTIONS**

The Company has a duly adopted policy for related party transactions which prescribes for prior approval of the Audit Committee and Board of Directors of the Company. Prior approval of the shareholders of the Company is also required for certain related party transactions as prescribed under Companies Act, 2013 and Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on the Company's website viz. <https://www.cairnindia.com/investors/corporate-governance/board-composition/miscellaneous>

All transactions entered into by the Company with related parties during the financial year were on arm's length basis. No material significant related party transactions were entered into by the Company with promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

### **VIGIL MECHANISM**

The Company has in place a whistleblower policy, to support the Code of Business Ethics. The details of the establishment of vigil mechanism forms part of the Board's report.

### **CODE FOR PREVENTION OF INSIDER TRADING**

The Company has a code for prevention of Insider Trading. The code is applicable to Directors, KMPs and designated employees and to connected persons having access or reasonably expected to have access to any unpublished price sensitive information relating directly or indirectly to the Company or its securities or its subsidiary companies. During the year, the code was amended to bring it in line with the requirement of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The code defines the principles and the restrictions to be observed by the designated employees and others while dealing or proposing any transaction in the shares and

securities of the Company or while in possession of any unpublished price sensitive information and related matters. The code clearly specifies that the Directors and designated employees of the Company can trade in the shares of the Company only when 'trading window' is open. The trading window, amongst others, is closed during the time of declaration of financial 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 disclosing their shareholding in the Company at the year end.

### 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, 2016 is attached with this report.

### SUBSIDIARY COMPANIES

As on 31 March, 2016, the Company had a total of 13 (thirteen) subsidiary companies including indirect subsidiaries. All subsidiaries of the Company are unlisted companies incorporated outside India and are 100% beneficially owned by Cairn India Limited. These subsidiaries have their own Board of Directors having the authority to manage such companies in the best interest of the company. The Company regularly monitors the performance of such companies.

During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, Cairn Exploration (No. 6) Limited was dissolved. Subsequent to close of financial year Cairn Exploration (No. 7) Limited was

dissolved effective 19 April, 2016.

Further, in terms of the provisions of Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, minutes of board meetings of subsidiary companies along with summary of key decisions are regularly placed before the Board of the Company.

The Company has in place policy for dealing with the material subsidiaries which is available on the website of the Company viz. <https://www.cairnindia.com/investors/corporate-governance/board-composition/miscellaneous>

### FAMILIARISATION PROGRAM FOR DIRECTORS

The Company provides an orientation and business overview to all its new Directors and provides materials and briefing sessions periodically to all Directors which assists them in discharging their duties and responsibilities.

The Directors of the Company are also informed of the important developments in the Company and industry, through e-mails, internal magazines etc. Directors are fully briefed on all business related matters, risk assessment & minimisation procedures and new initiatives proposed by the Company and updated on changes and developments in the domestic & global corporate and industry scenario.

The details of the familiarisation program for Directors is available on the website of the Company viz. <https://www.cairnindia.com/investors/corporate-governance/board-composition/miscellaneous>

### PERFORMANCE EVALUATION OF THE BOARD

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for the year 2015-16 as per details provided in the Board's Report.

### DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

Brief profile of Ms. Priya Agarwal seeking re-appointment as Director at the ensuing annual general meeting of the Company is given below:

Ms. Priya Agarwal (DIN 05162177), 26, 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.

Ms. Priya Agarwal does not hold any shares in Cairn India Limited nor does she hold directorship or committee membership in any other company.

### MEANS OF COMMUNICATION

#### Financial/ Quarterly Results

The Company intimates unaudited/ 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](http://www.cairnindia.com) and posted

on 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 Communique**

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.

### **NSE Electronic Application Processing System (NEAPS)**

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

### **SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralised web based complaints redress system. The system enables centralised 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 by retail investors  
- *investor.complaints@cairnindia.com*;  
- *rnt.helpdesk@linkintime.co.in*
- b. Queries by institutional investors  
- *cilir@cairnindia.com*
- c. The investors can also lodge their queries on the company's website viz. *www.cairnindia.com* under the "Investors" section.

### **News Releases, Analyst Presentation, etc.**

The quarterly and annual results are generally published in '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 viz. *www.cairnindia.com* contains a separate dedicated section 'Investors' where shareholders' information is available. The full annual report, shareholding pattern, press release, quarterly reports, details of unpaid/unclaimed dividend amounts, policy of material subsidiaries, policy of related party transactions, letter of appointment of independent Directors, status of queries and complaints and other related information is available on the website.

All the events or information disclosed to stock exchanges are also displayed on the website of the Company. Further, various forms like surety, affidavit, indemnity for loss of share certificates, share nomination, ECS mandate etc. are also available on the website.

### **GENERAL BODY MEETINGS**

Since its incorporation, the Company has had nine annual general meetings and four extraordinary general meetings. The forthcoming annual general meeting is scheduled to take place on Thursday, 21 July, 2016. The details in respect of last three AGMs are given in Table 10. Further, no special resolution was passed at any of the said AGMs.

### **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.

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

None of the business proposed to be transacted at 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 scrutiniser appointed by the Board for carrying out the ballot process.

| 10. LOCATION AND TIME OF ANNUAL GENERAL MEETINGS |   |               |            |
|--|---|---------------|------------|
| Financial Year                                   | Venue   | Date          | Time       |
| 2012-13  | Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai | 24 July, 2013 | 10.30 a.m. |
| 2013-14  | Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai | 23 July, 2014 | 10.30 a.m. |
| 2014-15  | Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai | 21 July, 2015 | 10.30 a.m. |

| 11. RESOLUTIONS PASSED THROUGH POSTAL BALLOT IN LAST THREE YEARS IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 |  |   |   |   |   |
|---|--|---|---|---|---|
| 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   | Amendments in Cairn India Performance Option Plan (CIPOP) in terms of the Securities and Exchange Board of India (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   |
| 2   | 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 Section 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   |
| 3   | Appointment of Mr. Mayank Ashar as Managing Director & Chief Executive Officer for a period of five years upto 16 November, 2019.  | 21 October, 2014  | 5.30 p.m. on 8 December, 2014                         | 11 December, 2014/ Ordinary                     | Mr. Sanjay Grover, Practicing Company Secretary |

The e-voting facility is provided by the Company to all shareholders which enables 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 e-voting facility, the shareholders are provided with an electronic platform to participate and vote on the proposed resolutions of the Company. The e-voting window remains open for a period of thirty days whereby the shareholders can vote on the resolution using their login credentials. The step-wise process and manner for e-voting is provided in the postal ballot form and also in the email which is sent to shareholders along with the postal ballot notice. The scrutiniser submits his report to the Chairman/ Director or person authorised by the Board within prescribed time who on the basis of the report announces the results.

### COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

#### Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Discretionary Requirements

#### The Board

The non-executive Chairman during the financial year 2015-16 was not reimbursed any expenses for maintenance of the Chairman's office or performance of his duties.

#### Shareholders Rights

As a part of 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.

The results are also published on the website of the Company viz. [www.cairnindia.com](http://www.cairnindia.com) and in widely circulated newspapers.

#### Audit Qualifications

There are no audit qualifications in the financial statements of 2015-16. The Company continues to adopt best practices in order to ensure unqualified financial statements.

#### Separate post of Chairman and CEO

The Chairman office is separate from that of the Chief Executive Officer.

#### Reporting of Internal Auditor

The Chief Internal Auditor of the Company attends the meeting of the Audit Committee on regular basis. Internal audit findings are reported directly to the Audit Committee.



## CORPORATE GOVERNANCE

# ADDITIONAL SHAREHOLDER INFORMATION



### **ANNUAL GENERAL MEETING**

Date: 21 July, 2016

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 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Members are requested to refer to the AGM notice for the voting instructions.

**Financial Year:** 1 April to 31 March

### **Financial Calendar**

For the year ended 31 March, 2016, results were announced on:

- 21 July, 2015: First quarter
- 21 October, 2015: Second quarter and half yearly results
- 22 January, 2016 : Third quarter
- 22 April, 2016: Fourth quarter and full financial year's results

For the year ending 31 March, 2017, results will be announced by:

- Last week of July 2016: First quarter
- Last week of October 2016: Second quarter and half yearly results
- Last week of January 2017: Third quarter
- Last week of April, 2017: Fourth quarter and full financial year's results

### **Final Dividend**

The Board of Directors of the Company has recommended a final dividend of ₹ 3 per equity share of face value of ₹ 10 per share. The dividend recommended by the Directors for the year ended 31 March, 2016, if declared at the ensuing annual general meeting, will be paid by Friday, 12 August, 2016 to those members, whose names appear in the register of members/depository records as on the closing hours of business on 11 July, 2016.

### **Unclaimed Dividend**

As per the provisions of the Companies Act, any amount that remains unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund (IEPF). In accordance with the said provisions, the dividends

**12. UNCLAIMED DIVIDEND**

| S.No. | Financial Year | Type of Dividend | Dividend/equity share (₹) | 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    |
| 4     | 2013-14        | Final            | 6.50                      | 23 July, 2014       | 28 August, 2021      |
| 5     | 2014-15        | Interim          | 5.00                      | 17 September, 2014  | 18 October, 2021     |
| 6     | 2014-15        | Final            | 4.00                      | 21 July, 2015       | 25 August, 2022      |

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 12.

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 and complete necessary formalities.

**Book Closure**

The register of members and the share transfer books of the Company will remain closed from Tuesday, 12 July, 2016 to Thursday, 21 July, 2016 (both days inclusive).

**National ECS (NECS) Facility**

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised 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/ registrar, 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 2016-17 has been paid to BSE and NSE. The stock codes are given in Table 13.

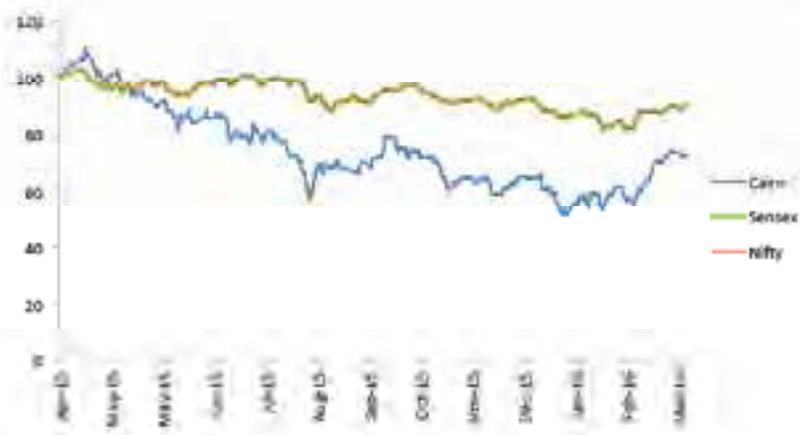
**Compliance of Share Transfer formalities and Reconciliation of Share Capital**

Pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile clause 47(c) of the listing agreement with the stock exchanges, certificate on half yearly basis, was issued by the Company Secretary in practice confirming due compliance of share transfer formalities by the Company.

Audits were also carried out by the practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL. The reports for the same were submitted to BSE and NSE. The audit confirms that the total issued / paid up and listed 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).

**13. STOCK EXCHANGE CODES**

| Name of the Stock Exchange   | ISIN         | Stock Code | Website          |
|--|--------------|------------|------------------|
| The National Stock Exchange of India Limited<br>Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051 | INE910H01017 | CAIRN      | www.nseindia.com |
| BSE Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001   |              | 532792     | www.bseindia.com |

**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 2015-16 i.e. 1 April, 2015.

### Market Price Data

The market price data of Company's share is provided in Chart A and Table 14.

### Distribution of Shareholding

Tables 15 and 16 list the distribution

of the shareholding and shareholding pattern of the Company by size and by ownership class as on 31 March, 2016.

### Dematerialisation of Shares

Cairn India's shares are compulsorily traded in dematerialised form under ISIN INE910H01017 and are available

to be kept in dematerialised form on both the depositories of India-National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31 March, 2016, over 99.99% shares of the Company were held in dematerialised form.

### 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, 2016 are given in Table 17.

As per respective ESOP schemes, if all the outstanding stock options granted, get vested and exercised, the number of equity shares will increase by 14,663,847.

**14. HIGH AND LOW PRICE AND VOLUME OF COMPANY'S SHARES TRADED ON BSE AND NSE DURING THE FINANCIAL YEAR ENDED 31 MARCH, 2016**

| Months | BSE            |               |                      | NSE            |               |                      |
|--------|----------------|---------------|----------------------|----------------|---------------|----------------------|
|        | High Price (₹) | Low Price (₹) | No. of Shares traded | High Price (₹) | Low Price (₹) | No. of Shares traded |
| Apr-15 | 239.70         | 202.20        | 6,582,356            | 239.80         | 202.00        | 43,325,556           |
| May-15 | 221.00         | 190.05        | 5,932,189            | 219.95         | 190.15        | 44,960,765           |
| Jun-15 | 197.70         | 170.60        | 6,984,664            | 197.90         | 170.55        | 71,460,431           |
| Jul-15 | 187.80         | 156.80        | 6,342,988            | 188.00         | 156.60        | 52,091,370           |
| Aug-15 | 175.30         | 121.25        | 6,997,472            | 175.60         | 120.75        | 54,089,639           |
| Sep-15 | 155.00         | 139.20        | 5,295,102            | 155.20         | 139.80        | 48,155,642           |
| Oct-15 | 178.85         | 151.70        | 3,986,533            | 172.80         | 151.65        | 45,150,619           |
| Nov-15 | 157.20         | 129.40        | 4,042,582            | 157.40         | 129.00        | 35,502,482           |
| Dec-15 | 141.30         | 122.00        | 4,273,462            | 141.65         | 122.00        | 41,503,558           |
| Jan-16 | 143.65         | 106.60        | 10,662,421           | 143.75         | 106.50        | 75,708,095           |
| Feb-16 | 134.10         | 111.20        | 7,306,679            | 134.40         | 111.15        | 79,506,578           |
| Mar-16 | 159.50         | 116.40        | 6,951,323            | 159.60         | 116.20        | 98,226,441           |

**15. DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH, 2016**

| Number of Shares | No. of Shareholders | % of Shareholders | Number of Shares     | % of Shares   |
|------------------|---------------------|-------------------|----------------------|---------------|
| Up to 500        | 245,457             | 91.45             | 27,995,969           | 1.49          |
| 501-1000         | 14,965              | 5.58              | 10,269,689           | 0.55          |
| 1001-2000        | 4,299               | 1.60              | 6,236,076            | 0.33          |
| 2001-3000        | 1,243               | 0.46              | 3,170,065            | 0.17          |
| 3001-4000        | 547                 | 0.21              | 1,954,753            | 0.11          |
| 4001-5000        | 369                 | 0.14              | 1,730,862            | 0.09          |
| 5001-10000       | 596                 | 0.22              | 4,351,639            | 0.23          |
| 10001 and above  | 919                 | 0.34              | 1,819,153,428        | 97.03         |
| <b>Total</b>     | <b>268,395</b>      | <b>100.00</b>     | <b>1,874,862,481</b> | <b>100.00</b> |

| 16. SHAREHOLDING PATTERN AS ON 31 MARCH, 2016 |   |  |               |
|---|---|--|---------------|
| S. No.  | Particulars   | No. of Equity Shares of face Value ₹ 10/- each | Shares held % |
| <b>A. PROMOTERS HOLDING</b>                   |   |  |               |
| 1   | Indian Promoters  | 477,227,940                                    | 25.45         |
| 2   | Foreign Promoters   | 645,486,059                                    | 34.43         |
| 3   | Persons acting in concert   | NIL  | NIL           |
| <b>B. NON-PROMOTER HOLDINGS</b>               |   |  |               |
| a)  | Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions) | 176,821,640                                    | 9.43          |
| b)  | Foreign Institutional/Foreign Portfolio Investors   | 299,341,423                                    | 15.97         |
| c)  | Public  | 66,336,014                                     | 3.54          |
| d)  | Qualified Foreign Investors   | NIL  | NIL           |
| e)  | Mutual Funds  | 11,213,993                                     | 0.60          |
| f)  | NRI (Repatriable)/Foreign National  | 1,915,640                                      | 0.10          |
| g)  | NRI (Non-Repatriable)   | 515,814  | 0.03          |
| h)  | Bodies Corporate  | 9,186,821                                      | 0.49          |
| i)  | Foreign Bodies Corporate  | 184,125,764                                    | 9.82          |
| j)  | Clearing Member   | 1,962,831                                      | 0.10          |
| k)  | Directors/relatives   | NIL  | NIL           |
| l)  | Trusts  | 728,542  | 0.04          |
| <b>Grand Total</b>                            |   | <b>1,874,862,481</b>                           | <b>100.00</b> |

| 17. OUTSTANDING ESOPS AS ON 31 MARCH, 2016 |                            |                        |                               |
|--|----------------------------|------------------------|-------------------------------|
| ESOP Scheme                                | No. of Outstanding options | Last date for exercise | Exercise Price per option (₹) |
| CIESOP                                     | 88,244                     | 31 December, 2016      | 160                           |
|  | 182,340                    | 19 September, 2017     | 166.95                        |
|  | 613,919                    | 28 July, 2018          | 227                           |
|  | 1,585,626                  | 28 July, 2019          | 240.05                        |
|  | 1,606,045                  | 26 July, 2020          | 331.25                        |
|  | 2,804,180                  | 25 July, 2021          | 327.75                        |
|  | 2,721,847                  | 22 July, 2022          | 326.85                        |
| CIPOP                                      | 2,270,194                  | 22 October, 2016*      | 10                            |
|  | 2,791,452                  | 21 October, 2017*      | 10                            |
| <b>Total</b>                               | <b>14,663,847</b>          |                        |                               |

\*Indicative date

### Commodity price risk/ foreign exchange risk and hedging activities

Cairn India being part of the Oil & Gas Industry has its revenue linked to Oil prices. The Oil prices are denominated in US Dollar. The spend towards operating costs, capital expenditure and statutory levies are incurred both in Indian Rupee as well as US Dollars. The Company manages exposures that arise from receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. Where residual net exposures are considered significant, the Company may from time to

time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange.

### Share Suspense Account

As per Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the status of the equity shares lying in the suspense account is given in Table 18. As a part of good governance, the Company has sent various reminders to the shareholders to claim shares lying in suspense account. The voting & beneficial rights on these shares are

frozen till the rightful owner of such shares claims the shares.

### Debt Securities

As on 31 March, 2016, 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 Securities and Exchange Board of India. The Company



 Marine facility at Bhogat Terminal, Gujarat

| 18. STATUS OF EQUITY SHARES LYING IN THE UNCLAIMED SECURITIES SUSPENSE ACCOUNT OF CAIRN INDIA LIMITED |  |                     |               |
|---|--|---------------------|---------------|
| 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, 2015                     | 46                  | 7,910         |
| 2   | No. of shareholders who approached for transfer of shares from suspense account during the 12 months year ended 31 March, 2016 | 2                   | 770           |
| 3   | No. of Shareholders to whom shares were transferred from suspense account during the 12 months year ended 31 March, 2016       | 1                   | 525           |
| 4   | Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March, 2016*                   | 45                  | 7,385         |

\*There are no physical shares lying in the unclaimed suspense account.

has a Stakeholders' Relationship Committee for redressing the complaints/ queries of shareholders and investors.

#### Address for Investor Correspondence

##### Link Intime India Private Limited

(Unit: Cairn India Limited)  
C-13, Pannalal Silk Mills Compound  
L.B.S Marg, Bhandup (West)  
Mumbai 400 078, India.  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Tel +91 22 25946970  
Fax +91 22 25946969

Or

##### Director – Assurance & Communication and Company Secretary

Cairn India Limited  
DLF Atria, Jacaranda Marg  
DLF City Phase II, Gurgaon – 122 002  
e-mail: [investor.complaints@cairnindia.com](mailto:investor.complaints@cairnindia.com)  
Tel +91 124 4593000  
Fax +91 124 4145612

#### 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, roadshows, site visits, analyst days 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 viz. [www.cairnindia.com](http://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.

#### Operational Locations

The Company’s producing oil and gas fields are located at:

Barmer (Rajasthan)  
Ravva (Andhra Pradesh)  
Cambay Basin (Gujarat)

#### Registered office:

Cairn India Limited  
101, First Floor, C Wing,  
Business Square, Andheri Kurla Road,  
Andheri (E), Mumbai – 400 059  
Tel +91 22 40902613  
Fax +91 22 40902633

#### Corporate office:

Cairn India Limited  
DLF Atria, Jacaranda Marg  
DLF City Phase II, Gurgaon – 122 002  
Tel +91 124 4593000  
Fax +91 124 4145612

## CORPORATE GOVERNANCE

# CERTIFICATE OF THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The Board of Directors  
Cairn India Limited  
101, First Floor, C Wing,  
Business Square, Andheri Kurla Road,  
Andheri (E), Mumbai – 400 059

Dear Sirs,

We, Mayank Ashar, Managing Director & Chief Executive Officer, 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, 2016 and that to the best of our knowledge and belief:
  - i. These statements or figures do not contain any materially untrue statement or omit any material fact or figure or contain statements or figures that might be misleading;
  - ii. These statements or figures 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, 2016.

**Mayank Ashar**  
Managing Director & Chief Executive Officer

**Sudhir Mathur**  
Chief Financial Officer

Date: 22 April, 2016  
Place: Gurgaon

## 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, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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 provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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  
ICAI Firm Registration Number: 301003E

**Per Naman Agarwal**

Partner  
Membership Number: 502405

Place: Gurgaon  
Date: 22 April 2016

# CORPORATE GOVERNANCE

## BOARD'S REPORT

The Members,

Your Directors are pleased to present the tenth annual report on the business and operations of your Company along with the audited financial statement for the financial year ended 31 March, 2016.

### COMPANY'S PERFORMANCE

During the year under review, Cairn India delivered total revenue of ₹ 10,634 crore (including other income). This was lower on account of significant decline in crude oil prices, with gross operated production at 74.6 million barrels of oil equivalent for the fiscal. Together with its JV partners, Cairn contributed about 27% to the domestic crude production target of Government for financial year 2015-16, thus helping strengthen the energy security of the country. During the year, the Company executed multiple projects in Rajasthan block including one of the world's largest polymer flood EOR program at Mangala. Cairn continues

to be one of the low cost producers in the world resulting in EBITDA margin of 41% and strong cash flow from operations of ₹ 4,134 crore for the year.

Since resumption of exploration in March 2013, Cairn India has established 1.7 billion boe of hydrocarbon in place by delivering a rapid exploration and appraisal drilling program.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with provisions of Section 129 (3) of the Companies Act, 2013 read with Companies Accounts) Rules, 2014, the Company

has prepared Consolidated Financial Statements as per the Accounting Standards on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report thereon forms part of this Annual Report. Further, a statement containing salient features of the financial statements of the subsidiary companies is disclosed separately and forms part of this Annual Report.

### FINAL DIVIDEND

Your Directors are pleased to recommend a dividend amounting to ₹ 3 per equity share of face value of ₹ 10 each for the year ended 31

| FINANCIAL HIGHLIGHTS                    |                              |                |                              |                | (in ₹ crore) |  |
|---|------------------------------|----------------|------------------------------|----------------|--------------|--|
| Particulars                             | Standalone                   |                | Consolidated*                |                |              |  |
|   | For the financial year ended |                | For the financial year ended |                |              |  |
|   | 31 March, 2016               | 31 March, 2015 | 31 March, 2016               | 31 March, 2015 |              |  |
| Total income                            | 5,653                        | 8,855          | 10,634                       | 16,455         |              |  |
| Total Expenditure                       | 4,479                        | 5,005          | 8,395                        | 8,713          |              |  |
| Profit before tax and exceptional items | 1,174                        | 3,850          | 2,239                        | 7,742          |              |  |
| Exceptional item                        | 281                          | 2,256          | 11,674                       | 2,633          |              |  |
| Profit before tax                       | 893                          | 1,594          | (9,435)                      | 5,109          |              |  |
| Taxes                                   | 40                           | 274            | (3)                          | 629            |              |  |
| Profit/ (loss) for the year             | 854                          | 1,320          | (9,432)                      | 4,480          |              |  |

\* Cairn India Limited with its subsidiaries

March, 2016, subject to approval of shareholders at the forthcoming annual general meeting of the Company.

The final dividend, 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 Monday, 11 July, 2016.

### **TRANSFER TO RESERVES**

During the year, your Company has transferred ₹ 14.9 crore (net of tax) to general reserve on account of expiring unexercised stock options.

### **MERGER/ SCHEME OF ARRANGEMENT**

During the year under review, the Board of Directors of the Company at its meeting held on 14 June, 2015, has approved a Scheme of Arrangement in terms of Sections 391-394 read with Sections 100-103 of Companies Act, 1956 and Section 52 of Companies Act, 2013 involving merger of Cairn India Limited with Vedanta Limited. The said scheme is conditional upon approval of the respective shareholders & creditors, concerned Hon'ble High Courts and other regulatory and statutory approvals as applicable.

### **BOARD OF DIRECTORS, ITS COMMITTEES AND MEETINGS THEREOF**

The Company has a professional Board with right mix of knowledge, skills and expertise with an optimum combination of executive, non-executive and independent Directors including one woman Director. The Board provides strategic guidance and direction to the Company in achieving its business objectives

and protecting the interest of the stakeholders. The Board is also supported by five Committees viz. Audit Committee, Nomination & Remuneration Committee, CSR Committee, Stakeholders' Relationship Committee and Risk Management Committee of Directors.

One meeting of the Board of Directors is held in each quarter. Additional meetings of the Board/ Committees are convened as may be necessary for proper management of the business operations of the Company. Separate meeting of independent Directors is also held at least once in a year to review the performance of non-independent Directors, the Board as a whole and the Chairman.

The annual calendar of meetings of the Board/Committees is usually finalised well before the beginning of the year after seeking concurrence of all the Directors. In case of inability of any of the Directors to attend the meeting in person, the Directors endeavor to participate in the meeting through video conferencing or other audio visual means. In addition, if required, the Board/ Committees also approve resolutions by way of circulation between two successive meetings.

During the year ended 31 March, 2016, the Board of Directors met five times viz. on 23 April, 2015, 14 June, 2015, 21 July, 2015, 21 October, 2015 and 22 January, 2016. The maximum gap between any two meetings was not more than one hundred and twenty days.

A detailed update on the Board & its Committees, composition thereof, number of meetings held during financial year 2015-16 and attendance of the Directors at such meeting is provided in the Report on Corporate Governance.

### **APPOINTMENT AND DECLARATION OF INDEPENDENT DIRECTORS**

The Board of the Company comprises eight Directors, out of which four Directors are independent.

All independent Directors of the Company have declared and confirmed that they meet with the criteria of independence, as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year under review, no new independent Director was appointed on the Board by the Company.

### **DIRECTORS'/ KEY MANAGERIAL PERSONNEL (KMP) APPOINTMENT OR RESIGNATION**

Pursuant to the provisions of Section 203 of the Companies Act, 2013, Mr. Mayank Ashar - Managing Director & Chief Executive Officer, Mr. Sudhir Mathur - Chief Financial Officer, Ms. Neerja Sharma - Director Assurance & Communication and Company Secretary are the KMPs of the Company.

In accordance with Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Ms. Priya Agarwal (DIN 05162177), shall retire by rotation as Director at the ensuing annual general meeting and being eligible, offers herself for re-appointment. A brief profile of Ms. Agarwal has been provided in the Report on Corporate Governance and in the notice of the annual general meeting.

During the year under review, there was no change in the position of



## Demonstrating best HSE practices during operations



improving quality of life of the communities in its operational areas.

The Company has a duly constituted CSR Committee, which is responsible for fulfilling the CSR objectives of the Company. As on 31 March, 2016, the Committee comprised three Directors viz. Mr. Naresh Chandra, Mr. Aman Mehta and Mr. Tarun Jain. Mr. Naresh Chandra, Chairman of the Committee is an independent Director.

### CSR Policy

The Company has in place a CSR policy which lays down its philosophy and approach towards CSR commitment. The CSR activities of the Company are implemented in accordance with the core values viz. protecting stakeholder interests, proactive engagement with the local communities and striving towards inclusive development.

The CSR activities are focused on the following five broad themes with goals to improve overall socio-economic indicators of Company's area of operation:

- Promoting healthcare, sanitation and making safe drinking water available;
- Employment enhancement through training and vocational

Directors/ KMPs of the Company.

### AUDIT COMMITTEE

The Company has a duly constituted Audit Committee in line with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31 March, 2016, 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. Except for Mr. Tarun Jain, all other Committee

members are independent. All members of the Committee are financially literate and have accounting or related financial management expertise.

Detailed information pertaining to Audit Committee has been provided in the Report on Corporate Governance.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to conduct its business in a socially responsible, ethical and environmental friendly manner and to continuously work towards

- skill development;
- Income enhancement through farm based and other livelihood opportunities;
- Promoting education and sports; and
- Ensuring sustainable environment.

The annual report on CSR containing particulars specified in Companies (CSR Policy) Rules, 2014 including an update on the CSR initiatives taken by the Company during the year is given in Annexure I and is also provided in the management discussion & analysis section of this report.

The CSR policy of the Company is enclosed as Annexure II to this report and is also placed on the website of the Company viz. [www.cairnindia.com](http://www.cairnindia.com)

#### **POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION**

The Company endeavors to have an appropriate 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.

The selections and appointments on the Board of the Company are done on the recommendation of the Nomination & Remuneration Committee. The appointments are based on meritocracy and the candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

In considering potential candidates for appointment to the Board, the Nomination & Remuneration Committee, amongst others, considers the parameters of highest level of personal and professional

ethics, standing, integrity, values and character, report on credentials of the candidates for the executive positions, appreciation of the Company's vision, mission, values and loyalty to the interests of the Company and its stakeholders, prominence in business, institutions or professions, financial literacy and such other competencies and skills as may be considered necessary.

While evaluating the candidature of an independent Director, in addition to above, the Committee abide by the criteria for determining independence as stipulated under Companies Act 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of re-appointment of independent Directors, the Board shall take into consideration the results of the performance evaluation of the Directors and their engagement level.

The Company's remuneration policy for Directors, KMPs and other employees represents the overarching approach of the Company and is directed towards rewarding performance based on review of achievements periodically.

The copy of the policy is attached as Annexure- III to this report.

#### **PERFORMANCE EVALUATION OF BOARD, COMMITTEES & INDIVIDUAL DIRECTORS**

A formal evaluation of the performance of the Board, it's Committees, the Chairman and the individual Directors was carried out for the year 2015-16. Led by the Nomination & Remuneration Committee, the evaluation was done using individual questionnaires covering amongst others composition

of Board, conduct as per company values & beliefs, contribution towards development of the strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

As part of the evaluation process, the performance of non-independent Directors, the Chairman and the Board was done by the independent Directors. The performance evaluation of the respective Committees and that of independent and non-independent Directors was done by the Board excluding the Director being evaluated. The Directors expressed satisfaction with the evaluation process.

#### **EMPLOYEE STOCK OPTION SCHEMES**

Your Company has in place share incentive schemes viz. Cairn India Performance Option Plan (CIPOP) and Cairn India Employee Stock Option Plan (CIESOP) pursuant to which selected employees and executive Directors of the Company and its subsidiaries may be granted stock options. The said schemes are in compliance with applicable Regulations.

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. No stock options were however granted to the employees of the Company and its subsidiaries under CIPOP & CIESOP schemes during the financial year 2015-16.

The details of stock options granted by the Company in previous

years are set out in Annexure IV to this Report in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014. Necessary disclosure is also available on the Company's website viz. <https://www.cairnindia.com/investors>

### **CHANGES IN CAPITAL STRUCTURE**

During the financial year under review, 9,729 equity shares of ₹ 10 each were allotted on exercise of employee stock options by the employees of the Company. Consequently, the issued and paid up capital of the Company as on 31 March, 2016 was ₹ 18,748,624,810 divided into 1,874,862,481 equity shares of ₹ 10 each.

The Company has not issued any equity shares with differential rights, sweat equity shares or bonus shares. The Company has only one class of equity shares with face value of ₹ 10 each, ranking pari-passu.

### **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.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The management discussion and analysis report on the operations of the Company as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been given separately and forms part of this report.

### **RISK MANAGEMENT**

The Board of Directors is overall responsible for identifying, evaluating and managing all significant risks faced by the Company. The Risk Management Policy approved by the Board acts as an overarching statement of intent and establishes the guiding principles by which key risks are managed across the organisation.

The Board monitors and reviews the implementation of various aspects of the Risk Management policy through a duly constituted Risk Management Committee (RMC). The RMC 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 to facilitate risk reporting and updates, risk policy compliances and provide overall guidance and support to business risk owners.

The Company follows well-established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board. The Company's Business Risk Management Framework helps in 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 following risks are considered to have a potential bearing on the performance of the Company:

- Unfavorable changes in Production Sharing Contract ("PSC") terms or failure to extend the PSC for Rajasthan block after

the expiry of PSC in May, 2020 could have a material adverse impact on Company's operations and financial condition.

- The performance of the Company has been and is expected to continue to be substantially dependent on the reserves and production of the Rajasthan block and any interruption in the exploration, development, production operations at the existing oil and gas fields for any reason (including force majeure conditions) could have a material effect on the results of our operations and financial condition.
- Inability/substantial delay in reserves replacement along with natural decline in the producing fields could lead to decline in company's overall production in future, which could materially and adversely affect results of operations and financial condition and therefore, sustenance of Company's operations in the longer term.
- International prices for oil and gas are volatile and such volatility could have a significant effect on Company's revenue and profits. In case there are substantial and/ or extended declines in international crude oil prices, it may have an adverse effect on Company's business, results of operations and financial condition.
- The Company operates under regulatory uncertainties driven by political developments by the central, state, local laws and regulations such as changes in taxes, royalties and other amounts payable to various governments or their agencies. A tax demand of approximately ₹ 20,495 crore (comprising tax of approximately ₹ 10,248 crore and interest of approximately ₹ 10,247 crore) has been made in relation to retrospective tax

legislation for alleged failure to deduct withholding tax on alleged capital gains in the hands of erstwhile parent, Cairn UK Holdings Limited. The Company's parent, Vedanta Resources Plc. has filed a notice of claims against GoI under the UK-India bilateral investment treaty challenging the tax demand, seeking resolution through international arbitration. The Company has filed a Writ Petition with the Hon'ble Delhi High Court praying for quashing/ setting aside the order passed by the Tax Authorities. Further, the Company has also filed an appeal before Commissioner Appeals. Although considered unlikely, if enforced, such tax demand would have a material adverse effect on the business and financial condition of the Company.

## **INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

As per the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust systems/ framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. To enable the Directors to meet these responsibilities, the Board has devised systems/ frameworks which are operating within the Company. In line with best practice, the Board regularly reviews the internal control system to ensure that it remains effective and fit for purpose. Where weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls and these

are in turn reviewed at regular intervals.

The systems/ frameworks include proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, internal audit framework, ethics framework, risk management framework and adequate segregation of duties to ensure an acceptable level of risk. Your Company has a documented Standard Operating Procedures (SOPs) for procurement, project/ expansion management capex, human resources, sales and marketing, finance, treasury, compliance and (HSE) Health, Safety and Environment.

Your Company's management has established and maintained internal financial controls based on the internal control over financial reporting criteria established in the integrated framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 Framework) (the COSO criteria), which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Based on information provided, nothing has come to the attention of Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in our internal financial controls during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Further, in the design and evaluation of our disclosure controls and procedures, our management was necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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 detailed business planning framework to define targets and metrics for its operations and an extensive review mechanism enabled performance monitoring for ensuring strategic corrective actions for achievement of business targets. The Audit Committee reviews adherence to internal control



World's largest centralised polymer mixing facility in Barmer, Rajasthan

systems and internal audit reports. Further, the Board annually reviews the effectiveness of the Company's internal control system.

#### **VIGIL MECHANISM**

The Company has in place a whistleblower policy, to support the Code of Business Ethics. This policy documents the Company's commitment to maintain an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual or suspected fraud or any violation of Company's Code of Business Ethics at a significantly senior level without fear of intimidation or retaliation. The policy enables reporting of any such complaint and is supported by an independent review process managed by the Ethics Committee.

The Ethics committee comprises of four members including the Company Secretary, Chief Internal Auditor, Chief Financial Officer and a senior functional head. The committee is authorised by the Board of Directors of the Company for the purpose of receiving all complaints under the policy and in ensuring appropriate action. The concern can be reported by sending an e-mail message at the dedicated address viz. [ethicscounsellors@cairnindia.com](mailto:ethicscounsellors@cairnindia.com). Individuals can also raise their concerns directly to the CEO or the chairman of the Audit Committee of the Company.

Any allegations that fall within the scope of the concerns identified

are investigated and dealt with appropriately. All reported complaints are reviewed and investigated by the Ethics Committee, and periodically reported to the Audit Committee. Further, during the year, no individual was denied access to the Audit Committee for reporting concerns, if any.

Details of the vigil mechanism are available at the website of the Company viz. [www.cairnindia.com](http://www.cairnindia.com)

## SUBSIDIARY COMPANIES

During the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi layered structure, Cairn Exploration (No. 6) Limited was dissolved effective 5 January, 2016. Subsequent to close of financial year Cairn Exploration (No. 7) Limited was dissolved effective 19 April, 2016.

The Company now has 12 subsidiaries including indirect subsidiaries. All these companies are incorporated outside India and are 100% beneficially owned by Cairn India Limited. The Company regularly monitors the performance of such companies.

The Company shall 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](http://www.cairnindia.com). The consolidated financial statements presented by the Company include the financial results of its subsidiary companies.

## REPORT ON PERFORMANCE & FINANCIAL POSITION OF SUBSIDIARIES

Following are the highlights on performance and financial position of your Company's subsidiaries:

- **Cairn India Holdings Limited:** The company is incorporated in Jersey and its principal business is holding investments. The company did not have any operations during the year, apart from its shareholding in various subsidiary companies and other investments. During the year ended 31 March, 2016, the company made a profit of ₹ 2,419.58 crore.
- **Cairn Energy Hydrocarbons Limited:** The company is incorporated in Scotland and its principal business is exploration and production of oil and gas. The company holds interest in the producing block RJ-ON-90/1 in India. During the year ended 31 March, 2016, the company made a profit of ₹ 26.29 crore. Average gross production from the Rajasthan block for the year ended 31 March, 2016 was 169,609 boepd and the company's working interest production was 59,363 boepd.
- **Cairn Energy Holdings Limited:** The company is incorporated in Scotland and its principal business is holding investments. The company did not have any operations during the year. During the year ended 31 March, 2016, the company made a profit of ₹ 0.62 crore. The management intends to liquidate the company in near future and the liquidation process has been initiated.
- **Cairn Exploration No. (2) Limited:** The company is incorporated in Scotland and its principal business is exploration and production of oil and gas. The company did not have any operations during the year 2015-16. During the year ended 31 March, 2016, the company made a profit of ₹ 0.18 crore.
- **Cairn Exploration No. (7) Limited:** The company is incorporated in Scotland and its principal business is exploration and production of oil and gas. The company did not have any operations during the year 2015-16. During the year ended 31 March, 2016, the company incurred a loss of ₹ 0.05 crore. The company has been dissolved effective 19 April, 2016.
- **Cairn Energy Gujarat Block 1 Limited:** The company is incorporated in Scotland and principal business is exploration and production of oil and gas. The company did not have any operations during the year 2015-16. During the year ended 31 March 2016, the company made a profit of ₹ 0.11 crore.
- **Cairn Energy Discovery Limited:** The company is incorporated in Scotland and its principal business is exploration and production of oil and gas. The company did not have any operations during the year 2015-16. During the year ended 31 March 2016, the company incurred a loss of ₹ 0.10 crore.
- **Cairn Energy Australia Pty Limited:** The company is incorporated in Australia and its principal business is holding investments. The company did not have any operations during the year, apart from its investment in subsidiary company. During, the year ended 31 March, 2016, the company incurred a loss of ₹ 0.31 crore.

■ **Cairn Energy India Pty Limited:**

The company is incorporated in Australia and its principal business is exploration and production of oil and gas. The company did not have any operations during the year 2015. The operating profit/loss after income tax expense of the company is nil.

■ **Cairn South Africa Proprietary Limited:**

The company holds a 60% participating interest in the exploration right in Block-1, Orange Basin offshore South Africa. The work programme commitments for the first phase have been completed. Detailed interpretation of the 3D and 2D seismic data for outboard and inboard areas was carried out. Petroleum Agency SA (PASA) has granted interim hiatus to the 2nd phase renewal pending clarification on fiscal stability. During the year ended 31 March 2016, the company incurred a loss of ₹ 21.44 crore.

■ **CIG Mauritius Holding Private Limited:**

The company is incorporated in Mauritius and its principal business is holding investments. During the year ended 31 March 2016, the company incurred a loss of ₹ 264.42 crore which was mainly on account of impairment of its investment in its subsidiary company, CIG Mauritius Private Limited.

■ **CIG Mauritius Private Limited:**

The company is incorporated in Mauritius and its principal business is holding investments. The company did not have any operations during the year 2015-16, apart from its investment in subsidiary company. During the year ended 31 March 2016, the company incurred a loss of

₹ 264.39 crore which was mainly on account of impairment of its loan given to its subsidiary company, Cairn Lanka Private Limited.

■ **Cairn Lanka Private Limited:**

The company is incorporated in Sri Lanka and its principal business is exploration and production of oil and gas. The company held a 100% participating interest in the exploration area of block SL-2007-01-001 in Sri Lanka. During the year ended 31 March, 2016, the company incurred a loss of ₹ 14.16 crore. On 15 October 2015, at the expiry of second phase of extension of the company has relinquished the said block.

### **CORPORATE GOVERNANCE**

Your Company strives to ensure that best corporate governance practices are identified, adopted and consistently followed. Your Company believes that good governance is the basis for sustainable growth of the business and for enhancement of stakeholder value.

A detailed report on corporate governance forms an integral part of Annual Report and is set out as separate section therein. 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with the Report on Corporate Governance.

### **RELATED PARTY TRANSACTIONS**

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. All

transactions entered into with related parties during the financial year were on arm's length basis. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval, as appropriate. For details on related party transactions, members may refer to the notes to the standalone financial statement.

The Company's policy for related party transactions regulates the transactions between the Company and its related parties. The said policy is available on the Company's website viz. [www.cairnindia.com](http://www.cairnindia.com)

There were no materially significant related party transactions made by the Company with promoters, Directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Details of such transactions are given in the Annexure V to this report.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s Sanjay Grover & Associates, a firm of company secretaries in practice, was appointed to conduct the Secretarial Audit of the Company for the financial year 2015-16.

The Secretarial Audit Report is annexed to this report as Annexure VI. The Secretarial Auditors' report is self-explanatory and therefore does not require further comments and explanation.

### **AUDITORS & AUDITORS' REPORT**

S. R. Batliboi & Co. LLP, chartered accountants, statutory auditors of the Company, hold office till the

conclusion of the ensuing annual general meeting. Further, they have confirmed that they are not disqualified for re-appointment as auditors of the Company under the Companies Act, 2013, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder.

The Audit Committee at its meeting held on 22 April, 2016 has recommended the re-appointment of S. R. Batliboi & Co. LLP as statutory auditors of the Company. Your Directors also recommend their reappointment from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company.

Auditors' report is self-explanatory and therefore does not require further comments and explanation.

#### **COST AUDITORS**

In terms of the Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, 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 2016-17 at a fee of ₹ 885,000 (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.

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

#### **DEPOSITS**

The Company has not invited any deposits from the public under Section 73 of the Companies Act, 2013.

#### **HUMAN RESOURCES**

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

#### **PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the annexure to this report. In terms of the provisions of Section 136(1) of the Companies Act, 2013, the Board's Report is being sent to the shareholders without this annexure. Shareholders interested in obtaining a copy of the annexure may write to the Company Secretary.

#### **MATERIAL AND SIGNIFICANT ORDERS PASSED BY REGULATORS & COURTS**

No significant and material orders have been passed by any regulators or courts or tribunals against the Company impacting the going concern status and Company's operations in future.

However, as informed in the previous report, the Company had received an order from the Income Tax Department for an alleged failure to deduct withholding tax on alleged capital gains arising during the year 2006-07 in the hands of Cairn UK Holdings Limited (CUHL), Company's erstwhile parent company, a subsidiary of Cairn Energy Plc. This was in respect of the transaction of CUHL transferring the shares of Cairn India Holdings Limited to Cairn India Limited as part of internal group reorganization in 2006-07 to facilitate the IPO of Cairn India Limited. A demand of approximately ₹ 20,495 crore (comprising tax of

approximately ₹ 10,248 crore and interest of approximately ₹ 10,247 crore) is alleged to be payable. The Company has filed a Writ Petition with the Hon'ble Delhi High Court praying for quashing/ setting aside the aforesaid order and is pursuing all possible options to protect its interest. Further, the Company has also filed an appeal before Commissioner Appeals. The Company's parent, Vedanta Resources Plc. has filed a notice of claims against GoI under the UK-India bilateral investment treaty challenging the tax demand, seeking resolution through international arbitration.

#### **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 VII to this report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2016 and of the profit of the Company for the year ended 31 March, 2016;

- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## REMUNERATION

Disclosure pursuant to Section 197(12) of Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

- i) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2015-16

| Directors           | Nature of Directorship                      | Ratio |
|---------------------|---|-------|
| Mr. Navin Agarwal   | Chairman & Non-executive Director           | 0.2:1 |
| Mr. Tarun Jain      | Non-executive Director                      | 0.4:1 |
| Ms. Priya Agarwal   | Non-executive Director                      | 0.1:1 |
| Mr. Aman Mehta      | Non-executive independent Director          | 4:1   |
| Mr. Naresh Chandra  | Non-executive independent Director          | 4:1   |
| Dr. Omkar Goswami   | Non-executive independent Director          | 4:1   |
| Mr. Edward T. Story | Non-executive independent Director          | 4:1   |
| Mr. Mayank Ashar    | Managing Director & Chief Executive Officer | 74:1  |

- ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year:

The remuneration of non-executive Directors comprises of sitting fees at the rate of ₹ 50,000 for each Board/ Committee meetings attended by them along-with profit linked commission payable annually. During the year 2015-16, there was no change in the said remuneration.

Further, there is no change in the remuneration paid to Mr. Mayank Ashar, Managing Director & Chief Executive Officer other than the performance bonus of ₹ 2.41 crore paid during the year 2015-16.

The percentage increase in the remuneration of Mr. Sudhir Mathur, Chief Financial Officer is 6.7%. The remuneration of Ms. Neerja Sharma, Director Assurance & Communication and Company Secretary increased by 21.8% due to change in bonus entitlement as per Company policy.

- iii) the percentage increase in the median remuneration of employees in the financial year: 10.4%
- iv) the number of permanent employees on the rolls of Company: 1,490 (One thousand four hundred and ninety), as on 31 March, 2016.
- v) the explanation on the relationship between average increase in remuneration and Company performance:

The average increase in remuneration of the employees was 10.4%. The increase in remuneration is closely linked to and driven by achievement of annual corporate goals and overall business, financial and operational performance of the Company.

- vi) comparison of the remuneration of the key managerial personnel against the performance of the Company:

During the year, the gross operated production was 74.6 million barrels of oil equivalent. Together with its JV partners, Cairn contributed about 27% to the domestic crude production target of Government for financial year 2015-16 and thus helping strengthen the energy security of the country. Cairn continues to be one of the low cost producers in the world resulting in EBITDA margin of 41% and strong cash flow from operations of ₹ 4,134 crore for the year. The remuneration of Key Managerial Personnel (KMP) amongst others is closely linked to and driven by achievement of annual corporate goals and overall business, financial and operational performance of the Company. The average increase in the remuneration of KMP's was 12.1% over the previous year.

- vii) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company had allotted shares under its IPO in December, 2006 at the price of ₹ 160 per equity share. The market quotations/price of the shares of the Company as at 31 March, 2016 on NSE compared to the IPO price was lower by 3.8%.

| Particulars                     | As at 31 March, 2016 | As at 31 March, 2015 | Variation (%) |
|---------------------------------|----------------------|----------------------|---------------|
| Closing Share Price on NSE (₹)  | 153.85               | 213.85               | (28.1)        |
| Market Capitalisation (₹ crore) | 28,845*              | 40,094*              | (28.1)        |
| P/E Ratio**<br>(Consolidated)   | 13.45                | 6.14                 | 119           |

\*Total number of shares as on 31 March, 2016 and 31 March, 2015 are 1,874,862,481 and 1,874,852,752 respectively.  
\*\* P/E ratio is calculated using basic earnings per share excluding exceptional items.

- viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the remuneration of employees was 10.4%. There is no change in the remuneration paid to Mr. Mayank Ashar, Managing Director & Chief Executive Officer other than the performance bonus of ₹ 2.41 crore paid during the year.

- ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

The increase in the remuneration of Mr. Sudhir Mathur, Chief Financial Officer and Ms. Neerja Sharma, Director - Assurance & Communication and Company Secretary is 6.7% and 21.8% respectively. The comparison of the remuneration against the performance of the Company is detailed in clause (vi) above. Further, there is no change in the remuneration paid to Mr. Mayank Ashar, Managing Director & Chief Executive Officer other than the performance bonus of ₹ 2.41 crore paid during the year 2015-16.

- x) the key parameters for any variable component of remuneration availed by the Directors:

The variable component of remuneration of the executive Director comprises of annual performance bonus which is linked to achievement of corporate KPIs & individual goals and the long term incentives in the form of stock or cash options/award. The non-executive Directors of the Company are entitled to annual commission linked to the performance and profit of the Company.

- xi) the ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Not applicable.

- xii) Affirmation that the remuneration is as per the Remuneration Policy of the Company:  
The remuneration is as per the Remuneration Policy of the Company.

## **BUSINESS RESPONSIBILITY REPORT**

The Business Responsibility Report for the financial year 2015-16 forms part of the annual report.

### **KEY AWARDS AND RECOGNITIONS**

Cairn India has been winning accolades for its unique innovations and contributions to the stakeholders & society. Such recognitions are a testimony to the growth, emphasis on being a safe operator and commitment towards delivering value to our people, investors and stakeholders.

During the year, your Company received the following awards:

- Golden Peacock Award for Risk Management 2015
- CII-ITC Sustainability Award 2015 for Excellence in CSR
- Best Anganwadi Center Award for three Anganwadi Centers at S' Yanam
- Gold (first prize) in the large scale category at the 5<sup>th</sup> FICCI Safety Systems Excellence Awards for Manufacturing in respect of Mangala field. Further, Bhagyam, Aishwariya and Pipeline Operations, have won the certificate of appreciation for good practices at the said awards of FICCI
- EHS excellence award by CII, Southern Region, 2014 for Ravva location
- Director General of Mines & Safety award for longest incident free period category in respect of Ravva location
- Oil Industry Safety Award for best gas processing plant category in respect of Ravva location
- Award for best minor port -2015 by Government of Andhra Pradesh
- Highest Tax payer award from Central Excise Department, Jaipur in respect of Rajasthan block for payment of Cess and National Calamity and Contingency Duty

### **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 endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC has its presence at corporate office as well as at site locations.

During the year ended 31 March, 2016, the ICC received four complaints pertaining to sexual harassment. Detailed investigations were carried out and appropriate action was taken by the ICC.

### **RELEVANT EXTRACT OF THE ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, relevant extract of annual return for the financial year 2015-16 is given in Annexure VIII to this report.

### **MATERIAL CHANGES & COMMITMENTS**

No material changes and commitments, affecting the financial position of the Company have occurred after the end of the financial year 2015-16 and till the date of this report.

## **APPRECIATION**

Your Directors wish to place on record their sincere appreciation to employees at all levels for their hard work, dedication and commitment towards Company's operations and performance. Your Directors also wish to place on record their gratitude for the valuable assistance and co-operation extended to the Company by the Central Government, State Governments, joint venture partners, banks, institutions, investors and customers.

### **For and on behalf of the Board of Directors**

**Navin Agarwal**  
**(DIN No.-00006303)**

Chairman

Place: Gurgaon

Date: 22 April, 2016



Commitment to empower local communities in our areas of operations



## CORPORATE GOVERNANCE

# ANNEXURES TO THE BOARD'S REPORT

### ANNEXURE I

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

|   |   |  |
|---|---|--|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.                                 | Brief outline of the Company's CSR objectives and its projects/ programmes are mentioned in the CSR section of the Board's report and Management Discussion & Analysis section of the annual report of the Company.<br><br>The details are also provided in the CSR policy which is available on the website of the Company viz. <a href="http://cairnindia.com/sites/default/files/CSR_policy">http://cairnindia.com/sites/default/files/CSR_policy</a> and attached herein as Annexure II  |
| 2 | Composition of the CSR Committee  | Mr. Naresh Chandra (Chairman) - Independent Director<br>Mr. Aman Mehta - Independent Director<br>Mr. Tarun Jain - Non-executive Director   |
| 3 | Average net Profit for last 3 financial years   | ₹ 5360.30 crore  |
| 4 | Prescribed CSR expenditure (two percent of the amount as in item 3 above)   | ₹ 107.21 crore   |
| 5 | Details of CSR spent during the financial year  |  |
| A | Total amount to be spent for the financial year   | ₹ 107.21 crore   |
| B | Amount unspent, if any  | ₹ 55.71 crore  |
| C | Manner in which the amount spent during the financial year is given in CSR spent table  |  |
| 6 | In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report | The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013.<br><br>Beside the various ongoing CSR activities, during the year the Company has also commenced two large scale initiatives viz. establishment of anganwadis and setting up of water purification plants at various locations in the country.<br><br>Since the CSR activities of the Company are scalable which coupled with additional new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits. |

**DETAILS OF CSR SPENT**

| Sr. No.  | CSR project or activity identified   | Sector in which the project is covered                     | Projects or programs               |  | Amount Outlay (budget)* project or programs wise (in ₹ crore) |
|--|--|--|------------------------------------|--|---|
|  |  |  | Area                               | Name of District   |   |
| <b>1 Health</b>                                      |  |  |                                    |  |   |
| i  | MHV - Provision of basic medical care through Mobile Health Vans   | Promoting preventive healthcare {Schedule VII (i)}         | Rajasthan, Gujarat                 | Barmer, Sanchore (Jalore), Banaskantha, Patan, Ahmedabad, Dwarka                                 | 3.18  |
| ii   | Mother and Child healthcare to reduce IMR and MMR in project villages  | Health {Schedule VII (i)}                                  | Rajasthan, Gujarat, Andhra Pradesh | Barmer, Banaskantha, Patan, Ahmedabad, Surendranagar, Rajkot, Jamnagar, Suvali, East Godavari    | 3.80  |
| iii  | Support to Government Health Facilities  | Health {Schedule VII (i)}                                  | Barmer, Rajasthan, Ravva           | Barmer and adjoining areas   | 1.50  |
| iv   | Women and child development – Anganwadi project  | Health {Schedule VII (i)}                                  | Barmer, Rajasthan, UP, MP          |  | 7.50  |
| <b>2 Sustainable livelihood (farm based)</b>         |  |  |                                    |  |   |
| i  | Sustainable livelihoods through farm based initiatives   | Livelihoods enhancement {Schedule VII (ii)}                | Rajasthan, Gujarat, Ravva          | Barmer, Sanchore (Jalore), Banaskantha, Patan, Ahmedabad, Surendranagar, Rajkot, Jamnagar, Ravva | 4.72  |
| <b>3 Vocational skills and generating employment</b> |  |  |                                    |  |   |
| i  | Sustainable livelihoods through vocational training to youth at Cairn Enterprise Centre, Barmer              | Employment enhancing Vocational skills {Schedule VII (ii)} | Rajasthan                          | Barmer, Sanchore (Jalore)  | 5.30  |
| ii   | Sustainable livelihoods through advanced vocational training to youth at Cairn Centre of Excellence, Jodhpur | Employment enhancing Vocational skills {Schedule VII (ii)} | Rajasthan                          | Jodhpur  |   |
| iii  | Skills Training  | Employment enhancing Vocational skills {Schedule VII (ii)} | Andhra Pradesh                     | East Godavari  | 0.23  |
| <b>4 Education</b>                                   |  |  |                                    |  |   |
| i  | Provision of Coaching & Scholarships for students in Barmer (Academic, Sports , Arts & Culture)              | Promoting education {Schedule VII (ii)}                    | Rajasthan                          | Barmer   | 1.00  |
| ii   | Support to Educational Institutions  | Promoting education {Schedule VII (ii)}                    | Rajasthan                          | Kota   | 0   |

|  | Amount spent on the project or programs (in ₹ crore) |           | Cumulative expenditure upto the reporting period (in ₹ crore) | Amount spent: direct or through implementing agency                    | Project Synopsis   |
|--|--|-----------|---|--|--|
|  | Direct   | Overheads |   |  |  |
|  | 2.47   | -         | 2.47  | Direct   | Mobile Health Vans (MHVs) are aimed to provide basic medical services at the door step of the community. Involves use of 10 mobile health vans (districts of Rajasthan & Gujarat), including some in public private partnership mode covering 144 villages in Rajasthan and 115 in Gujarat. Over the year, the MHVs have conducted more than 3 lacs population across 9 districts of Rajasthan and Gujarat.  |
|  | 1.03   | -         | 1.03  | Direct   | Mother and child healthcare projects in Rajasthan, Andhra Pradesh focus to improve the healthcare services through capacity building, awareness generation among healthcare professionals. ~700,000 community members touched so far.  |
|  | 1.30   | -         | 1.30  | Direct   | In order to provide better healthcare services across Barmer district, the Company is supporting the District Hospital, by providing sanitation services and medical equipment support. The Company has also created an out-patient centre with specialist doctors.  |
|  | 4.98   | -         | 4.98  | Direct   | For women and child welfare 50 Anganwadis are being established in Barmer.   |
|  | 3.20   | -         | 3.20  | Direct as well as through Cairn Enterprise Centre (non-profit society) | The project focuses on enhancing livelihood opportunities through training and capacity building of farmers. Setting up of demonstration farms, development of agri-entrepreneurs, dairy development and market linkages for farmers. In north Barmer "Pilot Project on Cumin Cluster Development" was initiated linking cumin farmer directly to procurement agency; NABARD supported Watershed planning and community shramdan work started to establish Community Naadi as part of the natural resource management project along with two bio-gas plants. 18 hectares of grazing land has been developed; and ~10 lakh cubic meters of water being harvested over the year. ~280 water harvesting structures "Khadins" were constructed. In Barmer and Jalore, more than 2,000 farmers have been benefitted through the dairy development and animal husbandry program. Total milk collection levels stand at 9,500 litres/day. |
|  | 4.86   | -         | 4.86  | Direct   | Training of local youth through various job oriented courses is being carried out through Cairn Enterprise Centre, Barmer and several satellite centres in Barmer and Sanchore etc. Mobile repairing, welding, masonry, domestic electrical repairing, trainings in BPO are being continued. New courses to train industrial electricians, fitters, welders have also been introduced this year. Total of 1,470 youths have been trained, out of which more than 1,350 have been placed. In addition to above, several women have been trained through two tailoring units in Barmer and one unit in Rajkot.   |
|  | 0.51   | -         | 0.51  | Direct   | Cairn Centre of Excellence (CCOE), an advanced training center, at Jodhpur, Rajasthan began its operations. The facility is a residential facility with a state-of-the art labs to conduct courses in solar, wind, advanced welding, retail, and automotive repair. Over 300 students trained; placed in good companies.   |
|  | 0.13   | -         | 0.13  | Direct   | Training imparted through three Cairn Nasscom knowledge centers. ~160 persons trained during the year out of whom ~114 have been placed with different companies.  |
|  | 0.26   | -         | 0.26  | Direct   | Scholarships were given to economically marginalized meritorious students of class X and XII.  |
|  | 3.20   | -         | 3.20  | Direct   | Providing infrastructure support for establishing IIIT at Kota, Rajasthan.   |

**16. DETAILS OF CSR SPENT**

| Sr. No.   | CSR project or activity identified   | Sector in which the project is covered   | Projects or programs  |   | Amount Outlay (budget)* project or programs wise (in ₹ crore) |
|---|--|--|-----------------------|---|---|
|   |  |  | Area                  | Name of District  |   |
| iii   | Mobile Science Vans & Digital education  | Promoting education {Schedule VII (ii)}  | Gujarat               | Mobile Science Vans - Ahmedabad, Dwarka<br>Digital education - Banaskantha, Patan, Ahmedabad, Surendranagar, Rajkot, Jamnagar | 0.29  |
| <b>5 Water and sanitation</b>                               |  |  |                       |   |   |
| Water   |  |  |                       |   |   |
| i   | Access to safe drinking water through Community based RO plant                         | Making available safe drinking water {Schedule VII (i)}  | Rajasthan and Gujarat | Barmer, Sanchore (Jalore), Banaskantha, Patan, Ahmedabad, Surendranagar, Jamnagar   | 14.95   |
| Sanitation  |  |  |                       |   |   |
| i   | Promoting Open Defecation through Household sanitation                                 | Preventive Health {Schedule VII (i)}   | Rajasthan             | Barmer  | 3.50  |
| ii  | Promoting using of toilets at school through improved sanitation facilities in schools | Preventive Health {Schedule VII (i)}   | Rajasthan             | Barmer, Jalore (Sanchore, Chitalwana)   |   |
| <b>6 Renewable energy</b>                                   |  |  |                       |   |   |
| i   | Electrifying villages through solar electricity  | Environmental Sustainability-Renewable Energy {Schedule VII (iv)}  | Rajasthan             | Barmer  | 2.50  |
| <b>7 Rural development and community need based project</b> |  |  |                       |   |   |
| i   | Rural development and community need based projects                                    | Promoting rural sports {Schedule VII (vii)}, Empowering women {Schedule VII (iii)} and Rural Development Projects {Schedule VII (x)} | Rajasthan and Gujarat | Barmer, Jalore, Banaskantha, Patan, Ahmedabad, Surendranagar, Rajkot, Jamnagar, Dwarka, East Godavari                         | 1.53  |
| <b>8 Infrastructure support to education</b>                |  |  |                       |   |   |
| i   | Provision of need based infrastructure support to rural government schools             | Promoting education {Schedule VII (ii)}  | Rajasthan             | Barmer  | 0   |
| <b>9 Overheads</b>  |  |  |                       |   |   |
| i   | Salaries, travel, training, professional fees, etc                                     | -  | -                     | -   |   |
| <b>Total</b>  |  |  |                       |   | <b>50.00</b>  |

\*This indicates the budget of the project for the financial year 2015-16.

|  | Amount spent on the project or programs (in ₹ crore) |             | Cumulative expenditure upto the reporting period (in ₹ crore) | Amount spent: direct or through implementing agency | Project Synopsis  |
|--|--|-------------|---|---|---|
|  | Direct   | Overheads   |   |   |   |
|  | 0.32   | -           | 0.32  | Direct  | In order to provide practical learning to students, the Company introduced mobile science vans and digital learning in ~50 rural government schools of Gujarat. The mobile science vans visit schools demonstrating scientific experiments thereby practically teaching science to students.  |
|  | 20.19  | -           | 20.19   | Direct  | In partnership with Gram Panchayats, the Company is providing safe drinking water through community run RO plants. 34 such RO facilities in Rajasthan, 10 in Gujarat and 14 in Andhra Pradesh provided clean drinking water to the community members. The Company has plans to establish ~330 safe drinking water units in Barmer, reaching over 800 villages. Distribution through transportation Vehicles to enhance reach and accessibility. |
|  | 1.75   | -           | 1.75  | Direct  | Constructed ~4,000 household toilets in partnership with Government across 6 Gram Panchayats in Sindhri and Baitu Blocks of Barmer district. In the project, the Company would be constructing a total of 25,000 household toilets across 3 Gram Panchayats and entire Baitu block.   |
|  | 1.39   | -           | 1.39  | Direct  | Under Swachh Bharat Swachh Vidyalaya campaign, the Company constructed 188 school toilets in government schools in Barmer and Jalore.   |
|  | 1.39   | -           | 1.39  | Direct  | The Company implemented community run 27 KW micro-grid solar PV plant to provide household electricity to 600 community members in Village Meghwalon Ki Dhani, Barmer. The plant is managed and run by the community. 500 solar home systems provided to community.   |
|  | 2.38   | -           | 2.38  | Direct  | The projects are undertaken for the betterment of rural areas where the Company is operational. These projects include developing the green cover, empowering women through SHG formation, promoting culture and rural sports. These projects are of smaller scale based on community needs. These also contain some small scale infrastructure projects which are jointly decided with community through the community connect programs.       |
|  | 0.09   | -           | 0.09  | Direct  | In order to improve the school infrastructure facilities, the Company provided need based infrastructure support to rural government schools.   |
|  |  | 2.05        | 2.05  | -   | Indirect overheads on all CSR programs.   |
|  | <b>49.45</b>   | <b>2.05</b> | <b>51.50</b>  |   |   |

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

**Mayank Ashar**  
(DIN No. - 07001153)  
Managing Director & Chief Executive Officer

**Naresh Chandra**  
(DIN No. - 00015833)  
Chairman of CSR Committee

## ANNEXURE II

### Corporate Social Responsibility Policy

#### A. POLICY OBJECTIVE

Cairn India Limited ('Cairn India' or 'CIL' or 'the Company') is committed to conduct its business in a socially responsible, ethical and environmentally friendly manner and to continuously work towards improving quality of life of the communities in its operational areas.

#### B. POLICY DETAILS

##### Core Values

The CSR activities of the Company will be implemented in accordance with the following core values:

##### *Protecting Stakeholder Interests*

- Pro-actively engage with relevant stakeholders, understand their concerns and be responsive to their needs
- Use & promote systematic processes to engage with the stakeholders and address their issues in a just, fair and equitable manner

##### *Proactive Engagement with the Local Communities*

- Respecting cultural ethnicity and dignity of individuals and foster positive relationship with the people in the project areas where the Company operates
- Providing development opportunities to local communities in a culturally appropriate manner, in consultation & cooperation with local government authorities and other stakeholders, as may be appropriate

##### *Inclusive Development*

- Developing local entrepreneurship and encouraging use of local goods, services and manpower to promote inclusive economic growth of local area
- Channelizing resources & efforts towards making positive and sustainable contribution in social and economic development
- Aligning CSR practices & programs to complement and support the developmental priorities at local, state and national levels
- Inclusive approach towards stakeholders and promote diversity through affirmative action

##### CSR Activities

The CSR activities will be focused on the five broad themes with goals to improve overall socio- economic indicators of Company's area of operation:

- Promoting healthcare, sanitation and making safe drinking water available
- Employment enhancement through training and vocational skill development
- Income enhancement through farm based and other livelihood opportunities
- Promoting education and sports
- Ensuring sustainable environment

The CSR projects and programs to be undertaken by the Company shall include activities falling within the preview of schedule VII of Companies Act, 2013. These programs will be executed by CIL and where appropriate in partnership with local government, various NGO partners, service providers and others.

The list of CSR projects and programs of the Company is enclosed as Annexure. The list and implementation modalities may be modified from time to time, as per recommendations of the CSR Committee of the Company.

The surplus, if any, arising out of CSR initiatives of the Company shall not form part of its business profits.

##### Monitoring Mechanism

Monitoring of the CSR activities would be done, which may include:

- periodic third party assessment of key programs
- baseline and impact assessment with key indicators in our areas of operation every two years
- regular review by the CSR Committee and reporting to the Board on:
  - amount spent on each activity and
  - achievement against milestones and objectives

##### Responsibility

The responsibility for compliance with this policy lies with the CSR Committee, the Directors, Chief Executive Officer, Senior Managers and all employees and consultants working for Cairn.

##### Review of Policy

The CSR Policy will be reviewed on or before 31 March, 2017 or as may be recommended by the CSR Committee of the Company.

## C. ANNEXURES

### Policy Annexure

#### Cairn India Corporate Social Responsibility – Key Programs

##### 1. Preventive health care

- a. Providing mobile health van services for the rural population in Cairn's area of operation to provide access to preventive health care. Over 250,000 people benefit from this initiative every year. Program implemented through NGO partners and local government under National Rural Health Mission scheme
- b. The five year program in partnership with local government and NGO partners to improve health care services. This program aims to reduce child and maternal mortality, control of prevalent diseases and improve primary healthcare access

##### 2. Sanitation and safe drinking water

- a. Providing access to sanitation facilities to rural households in partnership with local Panchayat. Multiple Panchayat areas to be covered over the next three years
- b. Providing safe drinking water for the rural population in Cairn's operational vicinity by setting up water treatment plants, kiosks and distribution through 'jal raths'. The program is

being scaled up significantly and will be extended during 2016-17 to new villages on need basis

##### 3. Woman and Child Development

Providing integrated education for children and women skill development through setting up of Anganwadis in Barmer and other areas. These will provide an integrated solution covering mother and child healthcare, skill development, other health services etc.

##### 4. Employment enhancing vocational skills

- a. Employment linked vocational skills training with aim to train and employ over 4000 youths in the rural areas over the next five years. Training will be executed by multiple specialized training providers
- b. Cairn Centre of Excellence commissioned by the Company during 2015-16 in Jodhpur to provide advance vocational skill trainings on various industrial trades. The centre aims to train and employ over 3,000 rural youths in the next five years. Training will be provided by specialized training partners

##### 5. Livelihood and Income Enhancement

Increase community sustainable and livelihood income through water harvesting and improved practices in agriculture, livestock and produce market linkages. It is expected to increase income

of over 20,000 farmers in Cairn's operational vicinity over the next five years. Program will be executed through NGO partners.

##### 6. Sustainable environment

Setting up Solar micro grid and providing Solar Home Systems (SHS) to members of the community with a view to improve the quality of life of those who did not hitherto have access to a power connection.

Increase green belt coverage in the local areas of Company's operation for environment sustainability. The program will be carried out in partnership with local panchayat, NGO partner and the forest department.

##### 7. Rural Development Projects

- a. Undertake community need based projects that improve quality of life in rural areas by setting up quality education and health facilities
- b. Providing access to electricity to households in remote rural areas through solar PV based projects in partnership with Government
- c. Small community need based projects in rural areas to promote local community development

##### 8. Promotion of sports including Hockey

Supporting development of sports and encouraging youth participation.

## ANNEXURE III

### REMUNERATION POLICY FOR DIRECTORS, KMPs AND OTHER EMPLOYEES

#### Preamble

The Board of Directors of Cairn India Limited (“CIL” or “the Company”) have adopted this Remuneration Policy for Directors, KMPs and other employees.

#### Definitions

“Committee” means “Nomination and Remuneration Committee” constituted by the Board of Directors of the Company.

“Key Managerial Personnel” or “KMP” means key managerial personnel as defined under the Companies Act, 2013.

“Policy” means this Remuneration Policy for Directors, KMPs and other employees of the Company

#### Terms of the Policy

The Policy represents the overarching approach of the Company to the remuneration of Directors, KMPs and other employees.

Overview: The Company’s executive compensation program is designed to achieve the following objectives:

- Attract, recruit, motivate & retain world-class talent;
- Reward superior performance and business outcomes; and
- Reward behaviours and attitudes consistent with Company’s core values and culture

#### Guiding Principles of the executive compensation program are:

- Alignment with business strategy and level of responsibility & impact: As employees progress to higher levels in the organisation, their performance has a greater direct impact on the strategic initiatives and business results and therefore an increasing proportion of their compensation is linked to the performance of the Company and tied to creation of shareholder value.
- Fixed/ base salary decisions: The Executives’ fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities
- Pay-for-Performance: A large

#### Components of Pay:

|                    |                                      | Compensation Item  | Objective of Component  |
|--------------------|--------------------------------------|--|---|
| Total Compensation | Annual                               | Base Salary  | <ul style="list-style-type: none"> <li>■ Attracts talented Executives for their skills, experience and knowledge</li> <li>■ Provides competitive fixed salary based on Industry practices</li> </ul>  |
|                    |                                      | Performance/ Outcome Based   | <ul style="list-style-type: none"> <li>■ Rewards contribution to the achievement of Cairn’s annual financial, strategic and operational goals</li> <li>■ Re-inforces accountability for achieving annual business outcomes, in-line with the long-term strategy of the Company</li> </ul>   |
|                    | Long-term                            | Performance/ Outcome Based   | <ul style="list-style-type: none"> <li>■ Serves as a vehicle for attracting &amp; retaining world class talent</li> <li>■ Rewards are commensurate with share price performance and achievement of key performance metrics</li> <li>■ Align Executives’ interest to shareholder returns and long-term performance of the company</li> </ul> |
|                    |                                      | Long-term Incentives   |   |
| Continuous         | Benefits & Perquisites               | <ul style="list-style-type: none"> <li>■ Enhances welfare and provides security to the Executives and their families</li> <li>■ Maintains a reasonable standard of living for the Executive</li> <li>■ Benefits &amp; Perquisites are based on competitive market practices and contribute to the overall competitive level of Total Compensation</li> </ul> |   |
|                    | Retirement Benefits/ Social Security | <ul style="list-style-type: none"> <li>■ Provides for financial planning for retirement, when the Executive is no longer earning an income from employment</li> </ul>  |   |

portion of each Executive's total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation is "at risk", and rewards performance and contributions to both short-term and long-term financial performance of the Company.

- Performance bonus plan: The Performance Bonus Plan rewards contribution to the achievement of the Company's annual financial, strategic and operational goals. The Performance Bonus drives high performance culture to achieve the organisation's objectives by differentiating rewards based on performance. The performance will be related to the fulfillment of various targets and attainment of business objectives, both at the Company and individual level.
- Long term incentives: Executives' compensation is linked to long-term stock price appreciation, and shareholder value creation through the Company's Long-term Incentives (LTI)

plan. The LTI Plan balances Executives' performance orientation and decisions to deliver on the short-term business outcomes with the long-term performance of the Company, both on financial and non-financial parameters.

- Competitive in market place: We compete for talent globally. In order to attract and retain a highly skilled workforce, we must remain competitive with the pay of other employers who compete with us for talent.

**Remuneration of non- executive / independent Directors:**

The non- executive / independent Directors may receive remuneration:

- by way of sitting fees for attending the Board and Committee meetings;
- by way of commission as a percentage of net profits of the Company, as decided from time to time by the Nomination and Remuneration Committee of the Company; and
- in any other permissible mode.

The remuneration payable shall be subject to the provisions of

Companies Act, the applicable listing agreements and the approval of the Board and shareholder of the Company, as may be required.

**Stock Options**

The independent Directors shall not be entitled to any stock options of the Company.

**Amendment in the Policy**

The Nomination & Remuneration Committee shall review the policy from time to time and make necessary recommendations to the Board. Any amendment to this Policy can be made only with the approval of the Board of Directors of the Company.

## ANNEXURE IV

### DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

| S. No. | Particulars  | Cairn India Performance Option Plan (2006)  | Cairn India Employee Stock Option Plan (2006)   |
|--------|--|---|---|
| (i)    | General terms & Conditions   |   |   |
| a.     | Date of shareholders' approval   | The plan was approved by the shareholders at the Extra-ordinary General Meeting held on 17 November, 2006 and was ratified at the AGM held on 20 September, 2007. The plan was further modified in terms of the approval of the shareholders granted at the AGM held on 22 August, 2012 and thereafter in terms of approval of the shareholders obtained through postal ballot on 12 June, 2013 | The plan was approved by the shareholders at the Extra-ordinary General Meeting held on 17 November, 2006 and was ratified at the AGM held on 20 September, 2007. The plan was further modified in terms of the approval of the shareholders granted at the AGM held on 22 August, 2012 |
| b.     | Total number of options approved under ESOS  |   | 88,265,718  |
| c.     | Vesting requirements   | Options shall vest after a period of three years, or such other period as the Nomination & Remuneration Committee may, in its sole discretion, determine, from the date of grant of such options, subject to the satisfaction of CIPOP vesting & performance conditions   | Vesting shall occur on third anniversary of the date of grant of option or on such later date as may be determined by Nomination & Remuneration Committee   |
| d.     | Exercise price or pricing formula  | ₹ 10 per option   | Price determined by the Nomination & Remuneration Committee but not less than the fair market value of a share on the date of grant   |
| e.     | Maximum term of options granted  | 3 months from the date of vesting   | Options shall remain in effect till the expiry of 10 years from the effective date of grant   |
| f.     | Source of shares (primary, secondary or combination)   | Primary   | Primary   |
| g.     | Variation in terms of options  | No change was made in the schemes or terms of option during the year 2015-16  |   |
| (ii)   | Method used to account for ESOS  | Fair Value Method   |   |
| (iii)  | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed | Not Applicable  |   |

| S. No. | Particulars   | Cairn India Performance Option Plan (2006)                           | Cairn India Employee Stock Option Plan (2006) |
|--------|---|--|---|
| (iv)   | Option movement during the year 2015-16   |  |   |
|        | No. of options outstanding as on 1 April, 2015  | 6,199,640  | 10,388,430                                    |
|        | Options granted during April 2015-March 2016  | Nil  | Nil   |
|        | Number of options forfeited/ lapsed during April 2015-March 2016  | 1, 128, 265  | 786,229                                       |
|        | Number of options vested during April 2015-March 2016   | 27,999   | 2,862,101                                     |
|        | Number of options exercised during April 2015-March 2016  | 9,729  | 0   |
|        | Number of shares arising as a result of exercise of options during April 2015-March 2016  | 9,729  | 0   |
|        | Money realized by exercise of options during April 2015-March 2016 (amount in ₹)  | 97,290   | 0   |
|        | Loan repaid by the Trust during the year from exercise price received   |  | Not Applicable                                |
|        | Number of options outstanding/ in force as on 31 March, 2016  | 5,061,646  | 9,602,201                                     |
|        | Number of options exercisable as on 31 March, 2016  | 18,270   | 9,602,201                                     |
| (v)    | Weighted-average exercise price of each option outstanding as on 31 March, 2016   | ₹ 10   | ₹ 302.56                                      |
|        | Weighted-average fair value of each option outstanding as on 31 March, 2016   | ₹ 284.71   | ₹ 163.80                                      |
| (vi)   | Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted during the year to:   |  |   |
|        | a) Senior Managerial Person (including KMP)   | None   | None  |
|        | b) 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  |
|        | c) 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  |
| (vii)  | A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:   | Not Applicable, as no stock option has been granted during the year. |   |
|        | (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;         |  |   |
|        | (b) the method used and the assumptions made to incorporate the effects of expected early exercise;   |  |   |
|        | (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and   |  |   |
|        | (d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.  |  |   |

## ANNEXURE V

### RELATED PARTY TRANSACTIONS

#### Details of contracts or arrangements or transactions not at arm's length basis

| Name(s) of the related party and nature of relationship  | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contract or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 |
|--|---|---|--|---|----------------------------------|---------------------------------|---|
| None*  | NA  | NA  | NA   | NA  | NA                               | NA                              | NA  |
| *During the financial year 2015-16, no contract or arrangement or transaction was entered into by the Company with the related parties which is not at arm's length basis. |   |   |  |   |                                  |                                 |   |

#### Details of material contracts or arrangement or transactions at arm's length basis

| Name(s) of the related party and nature of relationship  | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board | Amount paid as advances, if any |
|--|---|---|--|----------------------------------|---------------------------------|
| None**   | NA  | NA  | NA   | NA                               | NA                              |
| **During the year under review, no material transactions, contracts or arrangements (as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015/ erstwhile listing agreement or which were above the threshold limits mentioned under Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014) were entered with the related parties by the Company. For details on related party transactions, members may refer to the notes to the standalone financial statement. |   |   |  |                                  |                                 |

**Navin Agarwal**  
**(DIN No. - 00006303)**  
Chairman

## ANNEXURE VI

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
Cairn India Limited  
(CIN: L11101MH2006PLC163934)  
101, First Floor, C Wing,  
Business Square, Andheri Kurla Road,  
Andheri (E) Mumbai-400059, Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cairn India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder/Companies Act, 1956 (wherever applicable)
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14 May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective w.e.f. 15 May, 2015);
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - (i) The Securities and Exchange Board of India (Listing obligations and Disclosures requirements) Regulations, 2015 applicable w.e.f. December 1, 2015;

\* No event took place under these regulations during the Audit period.

We have also examined compliance with the applicable clauses of the following-

- (i) Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective w.e.f. 1 July, 2015.
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited (applicable upto November 30, 2015).

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above.

- (vi) The Company is in the business of exploration and production of oil and gas. The Company has a portfolio of

8 blocks - one block in Rajasthan, which contains multiple assets, two on the west coast and four on the east coast of India and one in South Africa. Oil and gas is currently being produced from Rajasthan, Ravva and Cambay. Following are some of the laws specifically applicable to the company, being in oil & gas industry:-

- Petroleum Act, 1934 and rules made there under;
- Oilfields (Regulation and Development) Act, 1948 and rules made there under;
- Indian Boiler Act, 1923 and rules made there under;
- Mines Act, 1952 and rules made there under;
- Atomic Energy Act, 1962 and rules made there under;
- Explosive Act, 1884 and rules made there under;

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to it.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the Board of Directors took place during the period under review.

Adequate notices were given to all directors of the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Board of Directors of the Company at their meeting held on June 14, 2015 approved a Scheme of Amalgamation for merger of the Company into Vedanta Limited (the transferee Company) and a company application for seeking approval of Hon'ble High Court of Judicature at Bombay has been filed.

**For Sanjay Grover & Associates**  
**Company Secretaries**

**Sanjay Grover**  
**Managing Partner**  
**CP No.: 3850**

New Delhi  
April 22, 2016

## ANNEXURE VII

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company operates in a safe and environmentally responsible manner for the long-term benefit of all stakeholders. The Company works towards minimizing the impact of its operations on the environment and is committed to take effective measures to conserve energy, promote the use of renewable energy and drive energy efficiency in its operations.

During the year under review, several steps were taken for conservation of energy, some of which are listed below:

#### [A] CONSERVATION OF ENERGY:

##### (I) The steps taken or impact on conservation of energy:

###### Rajasthan Operations

1. Solar Power generation: During the financial year 2015-16, in 10 different locations of Mangala well pads, the solar power generation units have been commissioned at all electrical power houses. In total, 15 well pads are having Electrical power house (rooftop solar panel) with power generation capacity around 18 KW per day each. Solar street lights are already in operation in Mangala and Bhagyam field which saves approximately 16,389 Kwh annually.
2. Installation of LED Lighting: 65 LED lamps (100W each) have been installed at Mangala Processing Terminal which has reduced the power consumption by 42,705 Kwh and saved cost by ₹ 0.027 crore. Further, in Radhanpur terminal premises,

- retrofit of existing 36W CFL with 18W LED has reduced the power consumption by 5%. In Raageshwari Gas Terminal utility buildings, 36W and 18W conventional fluorescent lamps were replaced by 18W and 10W LED respectively, which has reduced the power consumption by 16.8 Mwh.
3. Commissioning of Vapor recovery units and pilot gas skid: Three additional vapor recovery units were commissioned at the Mangala Processing Terminal (MPT) to recover ~1.5 MMSCFD associated gas thereby significantly preventing Resource (Hydrocarbon) loss and reduces flaring (loss of Energy).
  4. Installation of separate Lighting Transformer for Emergency Lighting: Separate lighting transformer is being commissioned and this initiative will save around 10% power in VGT.
  5. Installation of ON/OFF Control switches: ON/OFF control switch installed at Raageshwari gas well pads utility building to minimize the lighting consumption in the event of no operation/ maintenance work, which resulted in conserving ~13 Mwh energy.
  6. Installation of Human Occupancy sensor in office & accommodation bunks for HVAC in Bhagyam field resulted in annual energy savings ~2,190 Kwh.
  7. Installation of Occupancy Sensors at Raageshwari Gas Terminal: Occupancy Sensors installed at RGT office areas resulted in saving ~6.4 Mwh energy.

###### Ravva Operations

1. Replacement of existing 40W fluorescent tube lights with 20W

- LED tube lights in all substations, office rooms and warehouse. The annual estimated savings in energy with this modification is 87600 Kwh.
2. De-bottlenecking modification of overhead vapor line for the separator of the water separation unit to allow higher vapor flow which resulted in routing of all the wells through the unit. Prior to the modification all wells could not be routed through the system due to reduced pressure of the matured field. This modification reduced back-pressure for the connected wells, thereby increasing the productivity from the wells and realizing production gain of ~500 bopd.

##### (II) The steps taken by the Company for utilizing alternate sources of energy:

###### Rajasthan Operations

1. Waste water evaporation using solar concentrators: Solar concentrators are under operation at Mangala Wellpad 18 to dispose increased quantities of waste water produced during daily operations, which has reduced the power consumption by 251,208 Kwh per annum.
2. Diesel fired indirect water bath heater replaced by dual fuel fired engine: Replacement of diesel burner of heater with dual fuel burner at NE has resulted in savings of 10,000 liters of diesel consumption per month. The indirect water bath heater also utilizes flare gas, thereby reducing GHG emissions and energy recovery.
3. Replacement of Diesel engine with Solar light: At Guda well pads diesel engine has been replaced with solar lights, reducing diesel consumption

by 10,000 liters/ month. This has also resulted in generating cleaner power and thereby reducing GHG emissions resource recovery.

4. Installation of Solar Pump at Raageshwari Gas Terminal: Installed 2.2 BHP solar DC pump for drip system at Raag Gas WP 07, thereby saving of ~1 MWh energy.
5. Installation of 100 KW Solar PV at Saraswati 1: In order to reduce the diesel consumption and greenhouse gas effect, a 100 KW solar PV plant has been installed which helped in saving ~105 MWh energy.
6. Installation of solar water heater in Raageshwari Gas Terminal: Solar geyser installed at Raageshwari living quarter with capacity of 55 KW (5000 litre), which has resulted in energy conservation of ~15.4 MWh.
7. Installation of Solar lighting in Raageshwari Gas Terminal and Marginal Oil Field (South), thereby conserving ~5.8 MWh of energy.

#### **Ravva Operations**

A new solar array was installed at RG platform to support VATMS (Vessel and Air Traffic Management System). The annual incremental renewable energy that can be realized at Ravva because of this modification is 21.8548 MWh.

#### **(III) The capital investment on energy conservation equipment:**

##### **Rajasthan Operations**

1. Solar power generation in each Electrical power house aggregating to ₹ 2.33 crore.
2. Installation of LED Lighting (at MPT): ₹ 0.078 crore.
3. Installation of LED Lighting (at Raageshwari Gas Terminal): ₹ 0.023 crore.

4. Vapor recovery units: ₹ 29.5 crore.
5. Solar Concentrators: ₹ 0.32 crore.
6. Installation of Occupancy Sensors (at Raageshwari Gas Terminal): ₹ 0.025 crore.
7. Installation of Solar DC Pump at Gas Well Pad 07: ₹ 0.059 crore.
8. Installation of 100 KW Solar PV at Well Pad S1: ₹ 1.22 crore.
9. Solar geyser (at Raageshwari Gas Terminal living quarter): ₹ 1.55 crore.

#### **Ravva Operations**

1. Capital investment for conservation of energy on account of LED tube lights is ₹ 0.039 crore.
2. Capital investment for conservation of energy on account of piping modification in RC Water separation unit is ₹ 0.12 crore.
3. Capital investment for alternate/renewable energy on account of VATMS is ₹ 0.045 crore.

#### **[B] TECHNOLOGY ABSORPTION:**

##### **(I) The efforts made towards technology absorption:**

##### **Rajasthan Operations**

1. **REED Bed technology:** For treatment of domestic waste water and utilization of treated water in greenbelt development, REED Bed technology has been implemented in Bhagyam field. Reed bed treatment system is found efficient in treatment of the organic load (calculated as biological oxygen demand). The treated water quality is complying with surface discharge standard & being used for green belt maintenance. This technology requires minimal maintenance as well as environment friendly.

##### **2. Mechanical Evaporators and Solar Concentrators:**

To handle the waste water generated during drilling completion, well services and frac operations, mechanical evaporators and solar concentrators were installed which enhances the rate of waste water evaporation. Evaporation machines are relatively compact, cost effective, reliable and portable. Each evaporator is capable of evaporating minimum 50 KLD of waste water with different characteristics having higher suspended and dissolved solids.

##### **3. Electrocoagulation unit:**

For treatment of suspended solids in the waste water generated from well services and drilling activities, electrocoagulation technology is being implemented along with the DAF (Dissolved Air Flotation) as a pretreatment unit.

##### **Ravva Operations**

1. Ravva Middle Miocene (MM) reservoirs are AVO/seismic friendly and exhibit Class II AVO response with fluid effects more pronounced at far angles. The AVO Fluid Factor attribute, along with other AVO inversion attributes were extensively used for identifying near field hydrocarbon opportunities and identifying better reservoir areas for optimizing well locations in the subsequent infill drilling campaigns.
2. A screen-wash mechanism using Injection water was applied for the first time in Ravva for producer well RF-1ST to unclog the screen face from fines (minute particles) and improve productivity.
3. Acid Stimulation was envisaged through fluid based diverter 'OIL

seeker' followed by Organic Clay Acid (OCA) in oil wells to restore well productivity where acid is diverted preferentially towards the oil zone. This was applied to the existing wells RE-1 and RF-1ST. Acid stimulation with this technique ensured the formation in the oil zone is stimulated more effectively to obtain better penetration with minimum damage and thereby obtaining incremental oil production.

4. Shallow oil bearing LM (Late Miocene) sands were not completed earlier for RD-3. Cement packer technique was used to access the LM sands to add a new resource to the Ravva asset. The job involved placing a Cement plug in A-Annulus by pumping through the Production tubing, cleaning the Tubing ID and then perforating LM sand through Tubing- Cement-Casing-Cement & formation.

#### **Suvali Operations:**

1. Installation of reciprocating gas engine driven compressor on unmanned platform, to inject gas in oil wells requiring artificial lift.
2. Use of Multi-finger Imaging technology for detection of tubing leak & isolation of leak by Thru-Tubing straddle isolation patch.
3. Use of advanced Q-PSDM and broadband technologies to mitigate shallow gas sand attenuation effects on image quality of deeper tarkeshwar sands for improved structural and seismic attribute interpretation.
4. Use of Sparse layer Inversion (Lumina ULTRA) to increase Seismic Resolution.

#### **(II) The benefits derived like product improvement, cost**

#### **reduction, product development or import substitution:**

##### **Rajasthan Operations**

##### **REED Bed technology**

###### *Benefits:*

- i. Low operating cost.
- ii. Waste water is being reused for greenbelt development.

###### *Cost and savings:*

- i. Cost incurred: ~₹ 0.068 crore.
- ii. Estimated water savings by reuse: 4,000 KL/annum.

##### **Solar evaporator:**

###### *Benefits:*

- i. Operating cost for handling waste water is reduced marginally.
- ii. No residue build up and easy maintenance.

###### *Cost and savings:*

- i. Cost incurred for solar concentrators: ~₹ 0.32 crore
- ii. Estimated energy savings ~251,208 KWH.

##### **Ravva Operations**

1. The reservoir and fluid characterization study of main field area helped in developing a new integrated workflow, which in turn helped to assess the remaining exploration potential in Late Miocene, Middle Miocene and Early Miocene stratigraphic levels. This workflow includes revisiting the seismic and well correlations, integrating subsurface information from other disciplines, identifying new prospects, reducing the risk and uncertainty by using main field analogues, and finally generating play fairway maps for increasing chance of success.

2. An incremental production gain of ~300 bopd was realized by usage of Screen wash method for RF-1ST.
3. The two wells (RE-1 and RF-1ST) treated with Acid stimulation technique ensured that there was no water cut increase post treatment and thereby resulting in an incremental production gain of ~1500 bopd oil from the two wells.
4. Cement packer technique for accessing and completing shallow oil bearing LM sands in RD-3 has increased the production by ~1400 bopd. This technology helped in avoiding workover / re-completion with Rig which would require an additional expenditure of at least ~8 Million USD.

##### **Suvali Operations:**

1. Use of gas lift compressor for artificial lift has led to revival of two sick oil wells resulting in incremental oil production of ~1100 bopd.
2. Use of Multi Finger Imaging Tool technology for detection of tubing leak & isolation of tubing leak by Thru-Tubing isolation patch, has resulted in the restoration of the well to normal production of ~720 bopd.
3. Use of advanced Q-PSDM and broadband technologies for reprocessing data has improved image quality beneath shallow gas sands, enhanced reflection coherence, and reduced noise content compared, which has enabled more accurate interpretation of the hydrocarbon-bearing Tarkeshwar interval.
4. The Lumina inversion technique will provide value in any new development project by increasing the vertical resolution of seismic data, enabling the

mapping of sands with thickness as small as ~5m.

**(III) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

**Rajasthan Operations**

**Mechanical Evaporator:**

1. The details of technology imported: Floating type mechanical evaporator, designed for effective operation in small areas, especially waste water containing higher suspended and dissolved solids. It fractures the water through high speed fan and propelled into the air hence increasing overall surface area and efficiency for natural evaporation. It has low plume height for shorter drift distance, allowing longer operation in swirling or changing winds. This evaporator has been found more suitable for evaporation of waste water in the semiarid region having more sunny days, moderate to high wind speed and lesser humidity.
2. The year of import: 2014-15
3. Whether the technology been fully absorbed: Yes  
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**Ravva Operations**

1. The details of technology imported:
  - Fluid based sealant technology
  - Formation Isolation Valves (FIVs).
2. The year of import: 2014-15.
3. Whether the technology been fully absorbed: Yes.
4. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable.

**Suvali Operations:**

1. The details of technology imported:
  - Reciprocating Gas Engine
  - Gas Compressor
2. The year of import: 2015-16.
3. Whether the technology been fully absorbed: Yes.
4. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable.

**(IV) The expenditure incurred on research and development**

The expenditure incurred on research and development is nil.

**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 through exploration and domestic crude oil production. Currently, Cairn contributes approximately 27% to the domestic crude production target of Government for financial year 2015-16.

**Foreign exchange used and earned**

During the period ended 31 March, 2016, the Company earned ₹ 4,606 crore and incurred expenditure of ₹ 913.42 crore in foreign exchange.

## ANNEXURE VIII

### RELEVANT EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2016

| 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, First Floor, C Wing, Business Square, Andheri Kurla Road, Andheri (E), Mumbai – 400 059<br>Tel +91 22 40902613. Fax +91 22 40902633   |
| 6                                 | Whether listed Company  | Yes  |
| 7                                 | Name, address and contact details of Registrar and Share Transfer Agent, if any | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078<br>rnt.helpdesk@linkintime.co.in<br>Tel +91 22 2594 6970,<br>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                    | 97%                                |
| 2   | Extraction of natural gas             | 0620                    | 3%                                 |

| 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES |   |                       |                                      |                  |   |
|---|---|-----------------------|--------------------------------------|------------------|---|
| S. No.  | Name and Address of the Company   | CIN/GLN               | Holding/<br>Subsidiary/<br>Associate | % of Shares Held | Applicable Section of Companies Act, 2013 |
| 1   | Vedanta Limited<br>20 EDC Complex Patto, Sesa Ghor Panaji, Goa 403001                                   | L13209GA1965PLC000044 | Holding                              | 59.88%           | 2(46) & 2(87)                             |
| 2   | Cairn India Holdings Limited<br>4th Floor, 22-24 New Street, St Paul's Gate, St Helier, Jersey, JE1 4TR | -                     | Subsidiary                           | 100%             | 2(87)                                     |

#### Notes:

- Vedanta Limited along with its subsidiaries holds 59.88% share capital in Cairn India. Out of this 23.71% is held in its own name, 34.43% through Twin Star Mauritius Holdings Ltd and 1.74% through Sesa Resources Limited.
- Cairn India Holdings Limited, the direct subsidiary of Cairn India Limited further has subsidiary companies in various overseas jurisdictions. The details for the same are as under:

#### Cairn India Holdings Limited

- |  |  |  |
|--|--|--|
| i. Cairn Energy Holdings Limited                                       | v. Cairn Energy Gujarat Block 1 Limited      | x. CIG Mauritius Holding Private Limited |
| ii. Cairn Energy Hydrocarbons Limited                                  | vi. Cairn Energy Discovery Limited           | xi. CIG Mauritius Private Limited        |
| iii. Cairn Exploration (No.7) Limited (Dissolved w.e.f 19 April, 2016) | vii. Cairn Energy Australia Pty Limited      | xii. Cairn Lanka (Pvt.) Limited          |
| iv. Cairn Exploration (No.2) Limited                                   | viii. Cairn South Africa Proprietary Limited |  |
|  | ix. Cairn Energy India Pty Limited           |  |

**4. SHAREHOLDING PATTERN - CATEGORY-WISE SHARE HOLDING**

| Category of Shareholders  | No. of shares held on 1 April, 2015 |          |                      |                   | No. of shares held on 31 March, 2016 |          |                      |                   | % Change during the year |
|---|-------------------------------------|----------|----------------------|-------------------|--------------------------------------|----------|----------------------|-------------------|--------------------------|
|   | Demat                               | Physical | Total                | % of Total shares | Demat                                | Physical | Total                | % of Total shares |                          |
| <b>A. Promoters</b>   |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| (1) Indian  |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| Individual/HUF  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Central Government  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| State Government(s)   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Bodies Corporate  | 383,840,413                         | Nil      | 383,840,413          | 20.47             | 477,227,940                          | Nil      | 477,227,940          | 25.45             | 4.98                     |
| Banks/Financial institutions  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Any Other   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| <b>Sub-total - (A)(1)</b>   | <b>383,840,413</b>                  | <b>0</b> | <b>383,840,413</b>   | <b>20.47</b>      | <b>Nil</b>                           | <b>0</b> | <b>477,227,940</b>   | <b>25.45</b>      | <b>4.98</b>              |
| (2) Foreign   |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| NRIs - Individuals  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Other - Individuals   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Bodies Corporate  | 738,873,586                         | Nil      | 738,873,586          | 39.41             | Nil                                  | Nil      | 645,486,059          | 34.43             | (4.98)                   |
| Banks/Financial Institutions  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Any Other   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| <b>Sub-total - (A)(2)</b>   | <b>738,873,586</b>                  | <b>0</b> | <b>738,873,586</b>   | <b>39.41</b>      | <b>645,486,059</b>                   | <b>0</b> | <b>645,486,059</b>   | <b>34.43</b>      | <b>(4.98)</b>            |
| <b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>                         | <b>1,122,713,999</b>                | <b>0</b> | <b>1,122,713,999</b> | <b>59.88</b>      | <b>1,122,713,999</b>                 | <b>0</b> | <b>1,122,713,999</b> | <b>59.88</b>      | <b>0.00</b>              |
| <b>B. Public Shareholding</b>   |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| (1) Institutions  |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| Mutual Funds  | 19,001,116                          | Nil      | 19,001,116           | 1.01              | 11,213,993                           | Nil      | 11,213,993           | 0.60              | (0.42)                   |
| Banks/Financial institutions  | 169,809,241                         | Nil      | 169,809,241          | 9.06              | 171,553,716                          | Nil      | 171,553,716          | 9.15              | 0.09                     |
| Central Government  | 174,532                             | Nil      | 174,532              | 0.01              | 174,532                              | Nil      | 174,532              | 0.01              | 0.00                     |
| State Government(s)   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Venture Capital Funds   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Insurance Companies   | 5,093,392                           | Nil      | 5,093,392            | 0.27              | 5,093,392                            | Nil      | 5,093,392            | 0.27              | 0.00                     |
| FIs   | 267,367,338                         | Nil      | 267,367,338          | 14.26             | 201,331,936                          | Nil      | 201,331,936          | 10.74             | (3.52)                   |
| Foreign Venture Capital Fund  | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| Others<br>Qualified Foreign Investors   | Nil                                 | Nil      | Nil                  | 0.00              | Nil                                  | Nil      | Nil                  | 0.00              | 0.00                     |
| <b>Sub-total - (B)(1)</b>   | <b>461,445,619</b>                  | <b>0</b> | <b>461,445,619</b>   | <b>24.61</b>      | <b>389,367,569</b>                   | <b>0</b> | <b>389,367,569</b>   | <b>20.77</b>      | <b>(3.84)</b>            |
| (2) Non-Institutions  |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| (a) Bodies Corporate  |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| i) Indian   | 17,560,422                          | Nil      | 17,560,422           | 0.94              | 9,186,821                            | Nil      | 9,186,821            | 0.49              | (0.45)                   |
| ii) Overseas  | 184,125,764                         | Nil      | 184,125,764          | 9.82              | 184,125,764                          | Nil      | 184,125,764          | 9.82              | 0.00                     |
| (b) Individuals   |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| i) Individual shareholders holding nominal share capital up to ₹ 1 lakh         | 47,357,444                          | 6,013    | 47,363,457           | 2.53              | 49,028,554                           | 9,002    | 49,037,556           | 2.62              | 0.09                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 5,802,264                           | Nil      | 5,802,264            | 0.31              | 15,125,715                           | Nil      | 15,125,715           | 0.81              | 0.50                     |
| (c) Others  |                                     |          |                      |                   |                                      |          |                      |                   |                          |
| NRI (Repat)   | 1,832,110                           | Nil      | 1,832,110            | 0.10              | 1,915,640                            | Nil      | 1,915,640            | 0.10              | 0.00                     |
| NRI(Non Repat)  | 429,896                             | Nil      | 429,896              | 0.02              | 515,814                              | Nil      | 515,814              | 0.03              | 0.00                     |

| Category of Shareholders                               | No. of shares held on 1 April, 2015 |              |                      |                   | No. of shares held on 31 March, 2016 |              |                      |                   | % Change during the year |
|--|-------------------------------------|--------------|----------------------|-------------------|--------------------------------------|--------------|----------------------|-------------------|--------------------------|
|  | Demat                               | Physical     | Total                | % of Total shares | Demat                                | Physical     | Total                | % of Total shares |                          |
| Foreign National                                       | 600                                 | Nil          | 600                  | 0.00              | 600                                  | Nil          | 600                  | 0.00              | 0.00                     |
| Foreign Portfolio Investor (Corporate)                 | 31,161,311                          | Nil          | 31,161,311           | 1.66              | 98,009,487                           | Nil          | 98,009,487           | 5.23              | 3.57                     |
| Clearing Members                                       | 1,245,095                           | Nil          | 1,245,095            | 0.07              | 1,962,831                            | Nil          | 1,962,831            | 0.10              | 0.04                     |
| Directors/Relatives                                    | Nil                                 | Nil          | Nil                  | 0.00              | Nil                                  | Nil          | Nil                  | 0.00              | 0.00                     |
| Trusts   | 1,172,215                           | Nil          | 1,172,215            | 0.06              | 728,542                              | Nil          | 728,542              | 0.04              | (0.02)                   |
| Hindu Undivided Family                                 | Nil                                 | Nil          | Nil                  | 0.00              | 2,172,143                            | Nil          | 2,172,143            | 0.12              | 0.12                     |
| <b>Sub-total (B)(2)</b>                                | <b>290,687,121</b>                  | <b>6,013</b> | <b>290,693,134</b>   | <b>15.51</b>      | <b>362,771,911</b>                   | <b>9,002</b> | <b>362,780,913</b>   | <b>19.35</b>      | <b>3.84</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>     | <b>752,132,740</b>                  | <b>6,013</b> | <b>752,138,753</b>   | <b>40.12</b>      | <b>752,139,480</b>                   | <b>9,002</b> | <b>752,148,482</b>   | <b>40.12</b>      | <b>0.00</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | <b>0</b>                            | <b>0</b>     | <b>0</b>             | <b>0.00</b>       | <b>0</b>                             | <b>0</b>     | <b>0</b>             | <b>0.00</b>       | <b>0.00</b>              |
| <b>Grand Total (A+B+C)</b>                             | <b>1,874,846,739</b>                | <b>6,013</b> | <b>1,874,852,752</b> | <b>100.00</b>     | <b>1,874,853,479</b>                 | <b>9,002</b> | <b>1,874,862,481</b> | <b>100.00</b>     | <b>0.00</b>              |

#### SHAREHOLDING PATTERN - SHAREHOLDING OF PROMOTERS

| Shareholder's Name  | Shareholding as on 1 April, 2015 |                                  |  | Shareholding as on 31 March, 2016 |                                  |  | % change in share holding during the year |
|---|----------------------------------|----------------------------------|--|-----------------------------------|----------------------------------|--|---|
|   | 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 |   |
| Twin Star Mauritius Holdings Ltd                          | 738,873,586                      | 39.41                            | 100.00   | 645,486,059                       | 34.43                            | 100.00   | (4.98)                                    |
| Vedanta Limited (Formerly known as Sesa Sterlite Limited) | 351,140,413                      | 18.73                            | Nil  | 444,527,940                       | 23.71                            | Nil  | 4.98                                      |
| Sesa Resources Limited                                    | 32,700,000                       | 1.74                             | Nil  | 32,700,000                        | 1.74                             | Nil  | 0.00                                      |
| <b>Total</b>  | <b>1,122,713,999</b>             | <b>59.88</b>                     | <b>-</b>                                       | <b>1,122,713,999</b>              | <b>59.88</b>                     | <b>-</b>                                       | <b>0.00</b>                               |

#### SHAREHOLDING PATTERN - CHANGE IN PROMOTERS' SHAREHOLDING

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>Twin Star Mauritius Holdings Ltd</b>  | <b>738,873,586</b>               | <b>39.41</b>                     | <b>738,873,586</b>                      | <b>39.41</b>                     |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 29.05.2015 TO 05.06.2015   | (93,387,527)                     | (4.98)                           | 645,486,059                             | 34.43                            |
| <b>As on 31 March, 2016</b>  | <b>645,486,059</b>               | <b>34.43</b>                     |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>Vedanta Limited</b>   | <b>351,140,413</b>               | <b>18.73</b>                     | <b>351,140,413</b>                      | <b>18.73</b>                     |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 29.05.2015 TO 05.06.2015   | 93,387,527                       | 4.98                             | 444,527,940                             | 23.71                            |
| <b>As on 31 March, 2016</b>  | <b>444,527,940</b>               | <b>23.71</b>                     |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>Sesa Resources Limited</b>  | <b>32,700,000</b>                | <b>1.74</b>                      | <b>32,700,000</b>                       | <b>1.74</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| <b>As on 31 March, 2016</b>  | <b>32,700,000</b>                | <b>1.74</b>                      |   |                                  |

**SHAREHOLDING PATTERN - SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)**

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>1. Cairn UK Holdings Limited</b>  | <b>184,125,764</b>               | <b>9.82</b>                      | <b>184,125,764</b>                      | <b>9.82</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| <b>As on 31 March, 2016</b>  | <b>184,125,764</b>               | <b>9.82</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>2. Life Insurance Corporation of India - Group Holding</b>  | <b>169,773,123</b>               | <b>9.06</b>                      | <b>169,773,123</b>                      | <b>9.06</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| <b>As on 31 March, 2016</b>  | <b>169,773,123</b>               | <b>9.06</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>3. Mondrian Emerging Markets Equity Fund L.P.</b>   | <b>10,126,095</b>                | <b>0.54</b>                      | <b>10,126,095</b>                       | <b>0.54</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 23.05.2015 TO 29.05.2015   | 522,987                          | 0.03                             | 10,649,082                              | 0.57                             |
| 30.05.2015 TO 05.06.2015   | 600,980                          | 0.03                             | 11,250,062                              | 0.60                             |
| <b>As on 31 March, 2016</b>  | <b>11,250,062</b>                | <b>0.60</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>4. Rahul Bhatia</b>   | <b>0</b>                         | <b>0.00</b>                      | <b>0</b>                                | <b>0.00</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 05.02.2016 TO 12.02.2016   | 628,447                          | 0.03                             | 628,447                                 | 0.03                             |
| 13.02.2016 TO 19.02.2016   | 2,411,256                        | 0.13                             | 3,039,703                               | 0.16                             |
| 20.02.2016 TO 26.02.2016   | 1,030,807                        | 0.06                             | 4,070,510                               | 0.22                             |
| 27.02.2016 TO 04.03.2016   | 25                               | 0.00                             | 4,070,535                               | 0.22                             |
| 05.03.2016 TO 11.03.2016   | 1,357,356                        | 0.07                             | 5,427,891                               | 0.29                             |
| 12.03.2016 TO 18.03.2016   | 1,304,778                        | 0.07                             | 6,732,669                               | 0.36                             |
| 19.03.2016 TO 25.03.2016   | 1,818,888                        | 0.10                             | 8,551,557                               | 0.46                             |
| 26.03.2016 TO 31.03.2016   | 756,826                          | 0.04                             | 9,308,383                               | 0.50                             |
| <b>As on 31 March, 2016</b>  | <b>9,308,383</b>                 | <b>0.50</b>                      |   |                                  |



Health and safety of people and environment remains at the centre of everything that we do



| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>5. Government of Singapore</b>  | <b>8,032,890</b>                 | <b>0.43</b>                      | <b>8,032,890</b>                        | <b>0.43</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 04.04.2015 TO 10.04.2015   | 65,308                           | 0.00                             | <b>8,098,198</b>                        | 0.43                             |
| 18.04.2015 TO 24.04.2015   | (5,528)                          | 0.00                             | <b>8,092,670</b>                        | 0.43                             |
| 25.04.2015 TO 01.05.2015   | (183,036)                        | (0.01)                           | <b>7,909,634</b>                        | 0.42                             |
| 02.05.2015 TO 08.05.2015   | (131,320)                        | (0.01)                           | <b>7,778,314</b>                        | 0.41                             |
| 30.05.2015 TO 05.06.2015   | 17,447                           | 0.00                             | <b>7,795,761</b>                        | 0.42                             |
| 06.06.2015 TO 12.06.2015   | (9,128)                          | 0.00                             | <b>7,786,633</b>                        | 0.42                             |
| 01.07.2015 TO 03.07.2015   | 166,231                          | 0.01                             | <b>7,952,864</b>                        | 0.42                             |
| 04.07.2015 TO 10.07.2015   | 107,894                          | 0.01                             | <b>8,060,758</b>                        | 0.43                             |
| 25.07.2015 TO 31.07.2015   | 65,352                           | 0.00                             | <b>8,126,110</b>                        | 0.43                             |
| 01.08.2015 TO 07.08.2015   | 161,996                          | 0.01                             | <b>8,288,106</b>                        | 0.44                             |
| 15.08.2015 TO 21.08.2015   | (20,429)                         | 0.00                             | <b>8,267,677</b>                        | 0.44                             |
| 22.08.2015 TO 28.08.2015   | 328,623                          | 0.02                             | <b>8,596,300</b>                        | 0.46                             |
| 29.08.2015 TO 04.09.2015   | 466,780                          | 0.02                             | <b>9,063,080</b>                        | 0.48                             |
| 05.09.2015 TO 11.09.2015   | (194,328)                        | (0.01)                           | <b>8,868,752</b>                        | 0.47                             |
| 01.10.2015 TO 09.10.2015   | 410,546                          | 0.02                             | <b>9,279,298</b>                        | 0.49                             |
| 17.10.2015 TO 23.10.2015   | (6,854)                          | 0.00                             | <b>9,272,444</b>                        | 0.49                             |
| 24.10.2015 TO 30.10.2015   | (99,284)                         | (0.01)                           | <b>9,173,160</b>                        | 0.49                             |
| 31.10.2015 TO 06.11.2015   | (15,197)                         | 0.00                             | <b>9,157,963</b>                        | 0.49                             |
| 14.11.2015 TO 20.11.2015   | (10,834)                         | 0.00                             | <b>9,147,129</b>                        | 0.49                             |
| 21.11.2015 TO 27.11.2015   | (782,187)                        | (0.04)                           | <b>8,364,942</b>                        | 0.45                             |
| 28.11.2015 TO 04.12.2015   | (287,776)                        | (0.02)                           | <b>8,077,166</b>                        | 0.43                             |
| 05.12.2015 TO 11.12.2015   | (2,741)                          | 0.00                             | <b>8,074,425</b>                        | 0.43                             |
| 12.12.2015 TO 18.12.2015   | 6                                | 0.00                             | <b>8,074,431</b>                        | 0.43                             |
| 26.12.2015 TO 31.12.2015   | (37,341)                         | 0.00                             | <b>8,037,090</b>                        | 0.43                             |
| 02.01.2016 TO 08.01.2016   | 112,690                          | 0.01                             | <b>8,149,780</b>                        | 0.43                             |
| 09.01.2016 TO 15.01.2016   | (6,614)                          | 0.00                             | <b>8,143,166</b>                        | 0.43                             |
| 16.01.2016 TO 22.01.2016   | (4,564)                          | 0.00                             | <b>8,138,602</b>                        | 0.43                             |
| 23.01.2016 TO 29.01.2016   | 222,457                          | 0.01                             | <b>8,361,059</b>                        | 0.45                             |
| 30.01.2016 TO 05.02.2016   | 458,809                          | 0.02                             | <b>8,819,868</b>                        | 0.47                             |
| 06.02.2016 TO 12.02.2016   | 119,910                          | 0.01                             | <b>8,939,778</b>                        | 0.48                             |
| 20.02.2016 TO 26.02.2016   | (4,540)                          | 0.00                             | <b>8,935,238</b>                        | 0.48                             |
| 27.02.2016 TO 04.03.2016   | (232,494)                        | (0.01)                           | <b>8,702,744</b>                        | 0.46                             |
| 05.03.2016 TO 11.03.2016   | (9,680)                          | 0.00                             | <b>8,693,064</b>                        | 0.46                             |
| <b>As on 31 March, 2016</b>  | <b>8,693,064</b>                 | <b>0.46</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>6. Eastspring Investments (Singapore) Limited A/C The Prudential Assurance Company Limited</b>                  | <b>0</b>                         | <b>0.00</b>                      | <b>0</b>                                | <b>0.00</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 12.03.2016 TO 18.03.2016   | 4,847,886                        | 0.26                             | 4,847,886                               | 0.26                             |
| 19.03.2016 TO 25.03.2016   | 3,627,225                        | 0.19                             | 8,475,111                               | 0.45                             |
| <b>As on 31 March, 2016</b>  | <b>8,475,111</b>                 | <b>0.45</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>7. Mondrian Focused Emerging Markets Equity Fund, LP</b>  | <b>6,690,414</b>                 | <b>0.36</b>                      | <b>6,690,414</b>                        | <b>0.36</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 04.04.2015 TO 10.04.2015   | 89,302                           | 0.00                             | 6,779,716                               | 0.36                             |
| 23.05.2015 TO 29.05.2015   | 487,083                          | 0.03                             | 7,266,799                               | 0.39                             |
| 30.05.2015 TO 05.06.2015   | 859,376                          | 0.05                             | 8,126,175                               | 0.43                             |
| 01.10.2015 TO 09.10.2015   | (238,260)                        | (0.01)                           | 7,887,915                               | 0.42                             |
| 28.11.2015 TO 04.12.2015   | (112,797)                        | (0.01)                           | 7,775,118                               | 0.41                             |
| 23.01.2016 TO 29.01.2016   | (232,275)                        | (0.01)                           | 7,542,843                               | 0.40                             |
| 12.03.2016 TO 18.03.2016   | 907,661                          | 0.05                             | 8,450,504                               | 0.45                             |
| <b>As on 31 March, 2016</b>  | <b>8,450,504</b>                 | <b>0.45</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>8. ABU DHABI INVESTMENT AUTHORITY - GROUP HOLDING</b>   | <b>12,246,775</b>                | <b>0.65</b>                      | <b>12,246,775</b>                       | <b>0.65</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 11.04.2015 TO 17.04.2015   | (373,438)                        | 0                                | 11,873,337                              | 0.63                             |
| 16.05.2015 TO 22.05.2015   | (226,800)                        | (0.01)                           | 11,646,537                              | 0.62                             |
| 23.05.2015 TO 29.05.2015   | (485,239)                        | (0.03)                           | 11,161,298                              | 0.60                             |
| 30.05.2015 TO 05.06.2015   | (231,890)                        | (0.01)                           | 10,929,408                              | 0.58                             |
| 06.06.2015 TO 12.06.2015   | (2,418)                          | 0.00                             | 10,926,990                              | 0.58                             |
| 18.07.2015 TO 24.07.2015   | 79,630                           | 0.00                             | 11,006,620                              | 0.59                             |
| 08.08.2015 TO 14.08.2015   | 22,642                           | 0.00                             | 11,029,262                              | 0.59                             |
| 29.08.2015 TO 04.09.2015   | (55,487)                         | 0.00                             | 10,973,775                              | 0.59                             |
| 12.09.2015 TO 25.09.2015   | (220,271)                        | (0.01)                           | 10,753,504                              | 0.57                             |
| 17.10.2015 TO 23.10.2015   | (445,066)                        | (0.02)                           | 10,308,438                              | 0.55                             |
| 21.11.2015 TO 27.11.2015   | (75,534)                         | 0.00                             | 10,232,904                              | 0.55                             |
| 28.11.2015 TO 04.12.2015   | (408,234)                        | (0.02)                           | 9,824,670                               | 0.52                             |
| 13.02.2016 TO 19.02.2016   | 474,506                          | 0.03                             | 10,299,176                              | 0.55                             |
| 20.02.2016 TO 26.02.2016   | 12,675                           | 0.00                             | 10,311,851                              | 0.55                             |
| 27.02.2016 TO 04.03.2016   | (474,700)                        | (0.03)                           | 9,837,151                               | 0.52                             |
| 12.03.2016 TO 18.03.2016   | (1,716,049)                      | (0.09)                           | 8,121,102                               | 0.43                             |
| 26.03.2016 TO 31.03.2016   | 246,000                          | 0.01                             | 8,367,102                               | 0.45                             |
| <b>As on 31 March, 2016</b>  | <b>8,367,102</b>                 | <b>0.45</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>9. Dimensional Emerging Markets Value Fund</b>  | <b>8,546,013</b>                 | <b>0.46</b>                      | <b>8,546,013</b>                        | <b>0.46</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 04.04.2015 TO 10.04.2015   | 91,727                           | 0.00                             | 8,637,740                               | 0.46                             |
| 11.04.2015 TO 17.04.2015   | 70,074                           | 0.00                             | 8,707,814                               | 0.46                             |
| 20.06.2015 TO 26.06.2015   | (149,800)                        | (0.01)                           | 8,558,014                               | 0.46                             |
| 01.07.2015 TO 03.07.2015   | (120,161)                        | (0.01)                           | 8,437,853                               | 0.45                             |
| 12.12.2015 TO 18.12.2015   | (122,058)                        | (0.01)                           | 8,315,795                               | 0.44                             |
| <b>As on 31 March, 2016</b>  | <b>8,315,795</b>                 | <b>0.44</b>                      |   |                                  |

| Particulars of Shareholder   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
|  | No. of Shares                    | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>10. Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund</b>        | <b>8,614,971</b>                 | <b>0.46</b>                      | <b>8,614,971</b>                        | <b>0.46</b>                      |
| Date wise Increase/Decrease in Shareholding due to buy/sell transactions at stock exchanges (as per weekly benpos) | No. of Shares                    | % Increase/Decrease              |   |                                  |
| 25.04.2015 TO 01.05.2015   | 22,110                           | 0.00                             | 8,637,081                               | 0.46                             |
| 02.05.2015 TO 08.05.2015   | 25,125                           | 0.00                             | 8,662,206                               | 0.46                             |
| 20.06.2015 TO 26.06.2015   | (405,344)                        | (0.02)                           | 8,256,862                               | 0.44                             |
| 07.08.2015 TO 14.08.2015   | (25,125)                         | 0.00                             | 8,231,737                               | 0.44                             |
| 15.08.2015 TO 21.08.2015   | (60,300)                         | 0.00                             | 8,171,437                               | 0.44                             |
| 22.08.2015 TO 28.08.2015   | (117,585)                        | (0.01)                           | 8,053,852                               | 0.43                             |
| 29.08.2015 TO 04.09.2015   | (160,800)                        | (0.01)                           | 7,893,052                               | 0.42                             |
| 05.09.2015 TO 11.09.2015   | (84,420)                         | 0.00                             | 7,808,632                               | 0.42                             |
| 12.09.2015 TO 25.09.2015   | (22,110)                         | 0.00                             | 7,786,522                               | 0.42                             |
| 26.09.2015 TO 30.09.2015   | (66,330)                         | 0.00                             | 7,720,192                               | 0.41                             |
| 14.11.2015 TO 20.11.2015   | (63,921)                         | 0.00                             | 7,656,271                               | 0.41                             |
| 21.11.2015 TO 27.11.2015   | (14,915)                         | 0.00                             | 7,641,356                               | 0.41                             |
| 12.12.2015 TO 18.12.2015   | (35,244)                         | 0.00                             | 7,606,112                               | 0.41                             |
| 19.12.2015 TO 25.12.2015   | (15,660)                         | 0.00                             | 7,590,452                               | 0.40                             |
| 09.01.2016 TO 15.01.2016   | (44,002)                         | 0.00                             | 7,546,450                               | 0.40                             |
| 16.01.2016 TO 22.01.2016   | (21,672)                         | 0.00                             | 7,524,778                               | 0.40                             |
| 30.01.2016 TO 05.02.2016   | (80,920)                         | 0.00                             | 7,443,858                               | 0.40                             |
| 06.02.2016 TO 12.02.2016   | (33,460)                         | 0.00                             | 7,410,398                               | 0.40                             |
| 20.02.2016 TO 26.02.2016   | (76,344)                         | 0.00                             | 7,334,054                               | 0.39                             |
| 27.02.2016 TO 04.03.2016   | (82,313)                         | 0.00                             | 7,251,741                               | 0.39                             |
| 05.03.2016 TO 11.03.2016   | 19,640                           | 0.00                             | 7,271,381                               | 0.39                             |
| 12.03.2016 TO 18.03.2016   | (26,521)                         | 0.00                             | 7,244,860                               | 0.39                             |
| 19.03.2016 TO 25.03.2016   | (43,038)                         | 0.00                             | 7,201,822                               | 0.38                             |
| <b>As on 31 March, 2016</b>  | <b>7,201,822</b>                 | <b>0.38</b>                      |   |                                  |

| SHAREHOLDING PATTERN - SHAREHOLDING OF DIRECTOR'S AND KEY MANAGERIAL PERSONNEL (KMP)   |                                  |                                  |   |                                  |
|--|----------------------------------|----------------------------------|---|----------------------------------|
| Category of Shareholders   | Shareholding as on 1 April, 2015 |                                  | Cumulative Shareholding during the year |                                  |
|  | No. of shares                    | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>As on 1 April, 2015</b>   |                                  |                                  |   |                                  |
| Mayank Ashar   | -                                | -                                | -                                       | -                                |
| Neerja Sharma  | 34,341                           | 0.002                            | 34,341                                  | 0.002                            |
| Sudhir Mathur  | -                                | -                                | -                                       | -                                |
| Total  | 34,341                           | 0.002                            | 34,341                                  | 0.002                            |
| Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc. ) |                                  |                                  |   |                                  |
| <b>As on 31 March, 2016</b>  |                                  |                                  |   |                                  |
| Mayank Ashar   | -                                | -                                | -                                       | -                                |
| Neerja Sharma  | 34,341                           | 0.002                            | 34,341                                  | 0.002                            |
| Sudhir Mathur  | -                                | -                                | -                                       | -                                |
| <b>Total</b>   | <b>34,341</b>                    | <b>0.002</b>                     | <b>34,341</b>                           | <b>0.002</b>                     |
| None of the Directors holds any shares in the Company  |                                  |                                  |   |                                  |

| INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment (in ₹ crore) |                                  |                 |            |                    |
|--|----------------------------------|-----------------|------------|--------------------|
| Particulars  | Secured Loans excluding Deposits | Unsecured Loans | Deposits   | Total Indebtedness |
| Indebtedness as on 1 April, 2015   |                                  |                 |            |                    |
| i) Principal Amount  | -                                | -               | -          | -                  |
| ii) Interest due but not paid  | -                                | -               | -          | -                  |
| iii) Interest accrued but not due  | -                                | -               | -          | -                  |
| <b>Total ( i+ ii+ iii)</b>   | <b>Nil</b>                       | <b>Nil</b>      | <b>Nil</b> | <b>Nil</b>         |
| Change in Indebtedness during the financial year   |                                  |                 |            |                    |
| + Addition   | -                                | -               | -          | -                  |
| - Reduction  | -                                | -               | -          | -                  |
| Net Change   | -                                | -               | -          | -                  |
| Indebtedness as on 31 March, 2016  |                                  |                 |            |                    |
| i) Principal Amount  | -                                | -               | -          | -                  |
| ii) Interest due but not paid  | -                                | -               | -          | -                  |
| iii) Interest accrued but not due  | -                                | -               | -          | -                  |
| <b>Total ( i+ ii+ iii)</b>   | <b>Nil</b>                       | <b>Nil</b>      | <b>Nil</b> | <b>Nil</b>         |

| REMUNERATION OF DIRECTORS  |                                      |               |
|--|--------------------------------------|---------------|
| A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND MANAGER (in ₹ crore) |                                      |               |
| Particulars of Remuneration  | Name of MD/WTD/ Manager              | Total Amount  |
|  | Mr. Mayank Ashar                     |               |
| 1.Gross salary   |                                      |               |
| a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 7,509                                | 7,509         |
| b) Value of perquisites u/s17(2)Income-tax Act, 1961                               | 5,943                                | 5,943         |
| c) Profits in lieu of salary under section 17(3)Income- tax Act, 1961              | -                                    | -             |
| 2.Stock Option   | -                                    | -             |
| 3.Sweat Equity   | -                                    | -             |
| 4.Commission   | -                                    | -             |
| - as % of profit   | -                                    | -             |
| - others, specify.   | -                                    | -             |
| 5.Others, please specify Company paid Car Expense                                  | -                                    | -             |
| Bonus & Performance Incentives   | 2,416                                | 2,416         |
| Retirement Benefits  | 0,783                                | 0,783         |
| <b>Total (A)</b>   | <b>16,651</b>                        | <b>16,651</b> |
| Ceiling as per the Act   | 5% of the net profits of the Company |               |

| REMUNERATION OF DIRECTORS                   |                                       |                      |                      |                |              |
|---|---------------------------------------|----------------------|----------------------|----------------|--------------|
| B. REMUNERATION TO OTHER DIRECTORS          |                                       |                      |                      |                |              |
| (in ₹ crore)                                |                                       |                      |                      |                |              |
| PARTICULARS OF REMUNERATION                 | Name of Directors                     |                      |                      |                |              |
|   | Omkar Goswami                         | Naresh Chandra       | Aman Mehta           | Edward T Story | Total Amount |
| <b>INDEPENDENT DIRECTORS</b>                |                                       |                      |                      |                |              |
| Fee for attending Board/Committees meetings | 0.090                                 | 0.065                | 0.085                | 0.065          | 0.305        |
| Commission                                  | 0.750                                 | 0.750                | 0.750                | 0.750          |              |
| Others, please specify                      | -                                     | -                    | -                    | -              |              |
| <b>Total(1)</b>                             | <b>0.840</b>                          | <b>0.815</b>         | <b>0.835</b>         | <b>0.815</b>   | <b>3.305</b> |
| <b>Other non-executive Directors</b>        |                                       |                      |                      |                |              |
|   | <b>Tarun Jain</b>                     | <b>Navin Agarwal</b> | <b>Priya Agarwal</b> |                |              |
| Fee for attending Board/Committees meetings | 0.095                                 | 0.040                | 0.015                |                | 0.150        |
| Commission                                  | -                                     | -                    | -                    |                | -            |
| Others, please specify.                     | -                                     | -                    | -                    |                | -            |
| <b>Total (2)</b>                            | <b>0.095</b>                          | <b>0.040</b>         | <b>0.015</b>         |                | <b>0.150</b> |
| <b>Total(B)=(1+2)</b>                       | <b>3.455</b>                          |                      |                      |                |              |
| <b>Total Managerial Remuneration (A+B)</b>  | <b>20.106</b>                         |                      |                      |                |              |
| Overall Ceiling as per the Act              | 11% of the net profits of the Company |                      |                      |                |              |

| REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD                  |                          |              |              |
|---|--------------------------|--------------|--------------|
| (in ₹ crore)  |                          |              |              |
| PARTICULARS OF REMUNERATION   | Key Managerial Personnel |              |              |
|   | Company Secretary        | CFO          | Total        |
| 1.Gross salary  |                          |              |              |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1.802                    | 4.175        | 5.977        |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.069                    | 0.028        | 0.097        |
| (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961              | -                        | -            | -            |
| 2.Stock Option  | -                        | -            | -            |
| 3.Sweat Equity  | -                        | -            | -            |
| 4.Commission  | -                        | -            | -            |
| - as % of Profit  | -                        | -            | -            |
| - others, specify...  | -                        | -            | -            |
| 5.Others, please specify  | -                        | -            | -            |
| • Telephone and Medical Reimbursement   |                          |              |              |
| • Fuel claims & EMIs  |                          |              |              |
| • Retirement Benefits   | 0.086                    | 0.155        | 0.241        |
| <b>Total</b>  | <b>1.957</b>             | <b>4.358</b> | <b>6.315</b> |

| PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES |                              |                   |  |                             |                                    |
|--|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| TYPE   | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT/COURT] | Appeal made, if any (give Details) |
| <b>A.COMPANY</b>                                 |                              |                   |  |                             |                                    |
| Penalty  | -                            | -                 | -  | -                           | -                                  |
| Punishment                                       | -                            | -                 | -  | -                           | -                                  |
| Compounding                                      | -                            | -                 | -  | -                           | -                                  |
| <b>B.DIRECTORS</b>                               |                              |                   |  |                             |                                    |
| Penalty  | -                            | -                 | -  | -                           | -                                  |
| Punishment                                       | -                            | -                 | -  | -                           | -                                  |
| Compounding                                      | -                            | -                 | -  | -                           | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b>              |                              |                   |  |                             |                                    |
| Penalty  | -                            | -                 | -  | -                           | -                                  |
| Punishment                                       | -                            | -                 | -  | -                           | -                                  |
| Compounding                                      | -                            | -                 | -  | -                           | -                                  |





# **BUSINESS RESPONSIBILITY REPORT**

› 122 - 135 ›





# BUSINESS RESPONSIBILITY REPORT

## BRR



### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

|   |   |
|---|---|
| Corporate Identity Number (CIN) of the Company  | L11101MH2006PLC163934   |
| Name of the Company   | Cairn India Limited   |
| Registered address  | 101, First Floor, C Wing, Business Square, Andheri Kurla Road, Andheri (East), Mumbai – 400059, Tel: +91 22 40902613, Fax: +91 22 40902633  |
| Website   | www.cairnindia.com  |
| E-mail id   | cilir@cairnindia.com  |
| Financial Year reported   | 2015-16   |
| Sector(s) that the Company is engaged in (industrial activity code-wise)                        | Division 06 - Extraction of crude petroleum and natural gas   |
| List three key products/ services that the Company manufactures/ provides (as in balance sheet) | Cairn India produces only two products, viz.<br>1. Crude Oil<br>2. Natural Gas  |
| Total number of locations where business activity is undertaken by the Company                  |   |
| Number of International Locations   | South Africa  |
| Number of National Locations  | <p>Cairn India produces crude oil and natural gas from the</p> <ul style="list-style-type: none"><li>• RJ-ON-90/1 hydrocarbon block located onshore in the districts of Barmer &amp; Jalore in Rajasthan,</li><li>• PKGM-1 block (Ravva) located offshore, Suraisaniyanam, Bay of Bengal, Andhra Pradesh and</li><li>• CB/OS-2 (Suvali), located offshore, Suvali, Gulf of Khambhat, Gujarat.</li></ul> <p>We also operate crude oil evacuation pipeline system that extends from Barmer (Rajasthan) to the Arabian sea coast off Bhogat (Gujarat).</p> <p>The company also utilises its Natural Gas pipeline infrastructure to evacuate some of its natural gas from the Rajasthan block to a government nominated buyer in Gujarat.</p> |
| Markets served by the Company   | <p>Cairn India's crude oil customers include both Public Sector Units (PSU) refineries like - Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Mangalore Refinery and Petrochemicals Limited (MRPL), Chennai Petroleum Corporation Limited (CPCL) as well as private refineries like Reliance India Limited (RIL) and Essar Oil.</p> <p>Natural gas buyers are Gujarat Gas, Gujarat Narmada Valley Fertiliser Company Limited (GNVFC), Gas Authority India Limited (GAIL), Kribhco Limited and China Light and Power India Private Limited (CLPIPL).</p>   |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

|  |  |
|--|--|
| 1. Paid up Capital (₹ Crore)   | 1,874.86                                   |
| 2. Total Turnover including other income (₹ Crore)   | 10,633.99                                  |
| 3. Total profit/(loss) after taxes (₹ Crore)   | (9,431.88)                                 |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 1.5% (on average PAT for last three years) |

### List of activities in which expenditure in 4 above has been incurred:-

Cairn India's CSR expenditure is as follows:

| THEME                                      | SPENDS (₹ CRORE) |
|--|------------------|
| Sustainable Livelihood - Skill Development | 5.50             |
| Sustainable Livelihood - Farm Based        | 3.20             |
| Education                                  | 3.78             |
| Health                                     | 9.78             |
| Water and Sanitation                       | 23.33            |
| Renewable Energy                           | 1.39             |
| Others                                     | 2.47             |
| <b>Total Spend</b>                         | <b>49.45</b>     |

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

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 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 31<sup>st</sup> March, 2016, the Company had 13 subsidiary companies including indirect subsidiaries. All these companies are 100% beneficially owned by Cairn India Limited.

- a) Cairn India Holdings Limited
- b) Cairn Energy Australia Pty Limited

- c) Cairn Energy India Pty Limited
- d) Cairn Lanka Private Limited
- e) CIG Mauritius Holding Private Limited
- f) CIG Mauritius Private Limited
- g) Cairn Energy Discovery Limited
- h) Cairn Energy Gujarat Block 1 Limited
- i) Cairn Energy Holdings Limited
- j) Cairn Exploration (No.2) Limited
- k) Cairn Exploration (No.7) Limited
- l) Cairn Energy Hydrocarbons Limited
- m) Cairn South Africa Proprietary Limited

Further, during the financial year under review, in continuation of the efforts to realign the group structure and consolidate the multi-layered structure, Cairn Exploration (No. 6) Limited (a subsidiary company of Cairn India Limited in Scotland) was dissolved.

Subsequent to close of financial year Cairn Exploration (No. 7) Limited was dissolved effective 19<sup>th</sup> April, 2016.

### 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, 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?**

All of 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: BR INFORMATION**

**1) Details of Director/Directors responsible for BR**

a) Details of the Director/Director responsible for implementation of the BR policy/policies

|             |   |
|-------------|---|
| DIN Number  | 07001153                                    |
| Name        | Mr. Mayank Ashar                            |
| Designation | Managing Director & Chief Executive Officer |

b) Details of the BR head

| S.No. | Particulars                | Details                                     |
|-------|----------------------------|---|
| 1     | DIN Number (if applicable) | 07001153                                    |
| 2     | Name                       | Mr. Mayank Ashar                            |
| 3     | Designation                | Managing Director & Chief Executive Officer |
| 4     | Telephone number           | +91 124 459 3000                            |
| 5     | e-mail id                  | Mayank.Ashar@cairnindia.com                 |

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

a) Details of Compliance (Reply in Y/N)

| S.No. | Particulars  | P1  | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-------|--|---|----|----|----|----|----|----|----|----|
| 1.    | Do you have a policy /policies for....   | Y   | Y  | Y  | Y  | Y  | Y  | N  | Y  | N  |
| 2.    | Has the policy being formulated in consultation with the relevant stakeholders?  | Y   | Y  | Y  | Y  | Y  | Y  | NA | Y  | NA |
| 3.    | Does the policy conform to any national / international standards? If yes, specify? (50 words)                           | Y   | Y  | Y  | Y  | Y  | Y  | NA | Y  | NA |
|       |  | Cairn India's policies have been formulated over time after taking into consideration several international standards, conventions and best practices, like Oil & Gas Producers Forum, IFC Performance Standards, Global Reporting Initiative Framework, ISO Quality and Environmental Management Systems, ILO Standards, Foreign Corrupt Practices Act, Sarbanes-Oxley Act, among others.      |    |    |    |    |    |    |    |    |
| 4.    | Has the policy being approved by the Board?  | Y   | Y  | Y  | Y  | Y  | Y  | NA | Y  | NA |
| 5.    | If answer to point (4) is yes, has it been signed by MD/owner/CEO/appropriate Board Director?                            | Y   | Y  | Y  | Y  | Y  | Y  | NA | Y  | NA |
| 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  | NA |
| 7.    | Indicate the link for the policy to be viewed online?  | <a href="http://cairnindia.com/sustainability">http://cairnindia.com/sustainability</a><br><a href="http://cairnindia.com/investors/corporate-governance/code-business-ethics">http://cairnindia.com/investors/corporate-governance/code-business-ethics</a><br><a href="http://cairnindia.com/sites/default/files/CSR_policy.pdf">http://cairnindia.com/sites/default/files/CSR_policy.pdf</a> |    |    |    |    |    |    |    |    |
| 8.    | Has the policy been formally communicated to all relevant internal and external stakeholders?                            | Y   | Y  | Y  | Y  | Y  | Y  | NA | Y  | NA |



|     |  |   |   |   |   |   |   |    |   |    |
|-----|--|---|---|---|---|---|---|----|---|----|
| 9.  | Does the company have in-house structure to implement the policy/policies.   | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| 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 | NA |
| 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 | NA |

b) 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 and Section E, Principle 9.

**3) Governance related to BR**

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year

The Board of the Company meets every quarter to assess the business and financial performance of the company. Additional meetings are held as and when required. 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.

b) 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 been publishing its Sustainability Report for the last three years. Cairn follows the GRI Guidelines for its Sustainability Report. The report is published on an annu-

al basis and the latest report is available at:  
[https://www.cairnindia.com/sites/default/files/sustainabilityreport\\_2014-15.pdf](https://www.cairnindia.com/sites/default/files/sustainabilityreport_2014-15.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.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1

Ethics, Transparency & Accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No**

**Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

No. 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 Cairn India Limited, its subsidiaries, affiliates and service providers. 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?**

During the period April'15 to

Mar'16, Cairn India received a total of 10 complaints related to ethics, bribery and corruption. Out of these, a total of 6 complaints and 1 previously pending complaints have been satisfactorily resolved through appropriate grievance redressal mechanisms.

### 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. Some of these best practices include:

- Recycling and reusing ~97% of our produced water, thereby significantly reducing the amount of saline ground water that we extract for our operations.
- Recycling and reusing ~60% of our treated domestic sewage water for horticulture purposes.

- Designing a crude oil transportation pipeline that is thermally insulated and heated with an electrical wire, thereby preventing the use of large amounts to energy to heat our waxy crude oil as we transport it to our customers. This also helps minimise the generation of greenhouse gas emissions that result from this process.

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

- Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**



Cairn India endeavors to continually optimise its resource use. The key resource for smooth running of Cairn's operations is water for which it undertakes several reuse/ recycling initiatives. Nearly 99% of Cairn's water requirement is fulfilled through non-potable saline water. The next most important resource for Cairn's operations is energy. Cairn meets most of its energy requirements (82%) by generating power from the associated gas (from the well fluid processing), which would have been otherwise flared. This has a twin benefit of increased energy control as well as reduced contribution to global warming. The processed crude oil is transported to the buyers through a heated, insulated and buried pipeline designed on the state of art technology. This ensures minimal environmental impact and resource consumption in transportation of products to the customers.

Cairn's energy intensity during FY 15-16 for production operation was 1.89 GJ per Ton of Crude equivalent produced, compared to last year's value of 1.67 GJ per Ton of Crude equivalent produced. Cairn's fresh water consumption for FY 15-16 was 328,598 cubic meters as compared to 159,256 cubic meters consumption last year.

During FY15-16, Cairn's flaring intensity increased to 6.32 T of natural gas per 1000 T of HC produced from last year's value of 4.82 T of natural gas per 1000 T of HC produced. The global average for exploration and production upstream operation for exploration & production industry is 14.8 T of gas per 1000 T of HC produced (IOGP Report 2014e).

**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?**

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. Nearly 98% of all our water needs are fulfilled by saline water.

As described in our last Business Responsibility Report, some of the notable initiatives for optimising water usages are:

- The majority of our fresh water requirements of the plant are met by the desalination of saline water.
- The treated produced water and the reject from the desalination process is comingled with the injection water for re-injection into the oil reservoir thereby avoiding any surface discharge of wastewater.
- Water use efficiency through installation of Drip Irrigation at Mangala, Bhagyam, and Raageshwari.
- Treatment and recycling of sewage water to maintain greenbelt areas, thus reducing the need for fresh water.

- Water recycling through usage of Reed Bed wastewater treatment system at Bhagyam.
- Construction of groundwater recharge structures at our well-pads to harvest rainwater.

Additionally, we have also put a program in place to eliminate all freshwater usage for our drilling and PE operations in Rajasthan. For a portion of the year, we were able to eliminate local fresh water usage by nearly 97%. We were able to achieve this by reducing our overall water consumption needs, re-utilizing our pit waters and increasing the sourcing of water from our saline aquifers. We are working to make this reduction permanent in nature, thereby reducing our environmental footprint on fresh water sources.

**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 Employment and Contracting Strategy'. All major tenders require at least 60% of unskilled and semi-skilled labour to be sourced from the local community, subject to availability and this requirement is stated as a key condition of the contract. In addition, specific efforts are made to improve employability of the local community through skill and vocational development initiatives.

During FY15-16, out of the

1,644 domestic vendor contracts active with Cairn, nearly 21% belong to the local community. 7% of the total procurement spend was on local suppliers. 2,325 people from the local communities in our operating areas were provided skill development and vocational training out of which 1,675 people were linked to employment after training through the Cairn Enterprise Center in Barmer and livelihood training programs in Ravva.

**5. 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 15-16, Cairn India recycled over 95% of its 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. In FY 13-14, Cairn obtained regulatory approval to co-process drill cuttings containing oil for use as raw material by the cement industry. While a successful pilot implementation study has been conducted, we are in negotiations with buyers to fully realize the potential of this solution. We have also obtained regulatory approval to use our water based mud (drilling mud) in construction of the sub-grade preparation in our well-pads, connector roads, and buildings.

- 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.

**PRINCIPLE 3**

**Employees' Well-being and Services**

|   |   |                |
|---|---|----------------|
| 1 | Total number of employees.  | 1,478          |
| 2 | Total number of employees hired on temporary/ contractual/ casual basis.                        | 6,107          |
| 3 | Number of permanent women employees.  | 147            |
| 4 | Number of permanent employees with disabilities   | 1              |
| 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? | Not Applicable |

7. 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                               | 4  | 0   |
| Discriminatory employment                       | 0  | 0   |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

| Category                               | Skill Up-gradation Training | Safety Training   |
|--|-----------------------------|---|
| Permanent Employees                    | 91%                         | All employees undergo the required safety trainings on an ongoing basis |
| Permanent Women Employees              | 92%                         |   |
| Casual/Temporary/Contractual Employees | Not tracked                 |   |
| Employees with Disabilities            | 100%                        |   |

## PRINCIPLE 4

### Stakeholder Engagement

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

Yes the company has mapped its internal and external stakeholders. The following functions are responsible for engaging with our external stakeholders:

| Stakeholder   | Cairn Department/Function                              |
|---|--|
| Local community   | CSR, HSE, Procurement & Supply Chain Management (PSCM) |
| Investors   | Investor Relations                                     |
| Joint Venture Partners & Industry Regulators  | Joint Venture Management Team, CEO's Office            |
| District Administration, Ministry of Environment and Forests, State & Central Pollution Control Boards, Directorate General of Mines Safety | HSE, Legal, On-site teams                              |
| Vendors, Contractors, & Suppliers   | PSCM   |
| Media & Industry Associations   | Corporate Communications                               |

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

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

#### 3. 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. Cairn puts a conscious effort to engage with such stakeholders, identify their needs/ concerns and address them in due course of time. Cairn has initiated a process of formally meeting the residents of its nearby villages to understand their concerns and create a feeling of shared camaraderie. This program is called Community Connect and 410 meetings have

been conducted in FY2015-16. In addition, Cairn carries out continuous interaction and engagement with the stakeholders such as public hearings, surveys, focus group discussions, and most importantly through regular interactions during the course of implementation of our social programs. Based on the needs gathered through these engagement channels, Cairn undertakes several programmes to improve health service delivery, quality of education in rural schools, skill development and economic livelihood, and quality of local health and educational infrastructure.

## 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. Our contracts forbid any of our vendor or

contractor partners to employ forced or child labor.

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

In FY2015-16, we received no human rights related complaints from our external stakeholders. Four 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.

Cairn's vendors, contractors, third party man power, and suppliers are required to comply with its HSE (Health, Safety & Environment) requirements. Compliance to the policies is a mandatory part of the contract 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 has 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 India also participates in the Carbon Disclosure Project (CDP), which is an annual global disclosure of our carbon footprint.

More information on Cairn's sustainability initiatives can be found at: <https://www.cairnindia.com/sustainability>

**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.

**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 managing its GHG emissions in all its operating sites by implementing measures to maximize gas recovery and reducing flaring. Additionally, we have also undertaken initiatives to reduce our diesel consumption (mobile & stationary) and invest in renewable energy technologies.

Some of the key energy conservation initiatives undertaken by Cairn include:

- a. **Commissioning of solar power generation at all electrical power houses:** Each Electrical

power house has a rooftop solar panel which generates around 180 KW of power per day. This has been implemented in 15 Mangala wellpads in FY2015-16. In lieu of power from conventional sources (grid/ STG), an alternative source is being used which is helping in conservation of non-renewable source of energy.

- b. **Installation of LED Lighting:** LED lamps are more energy efficient than conventional fluorescent lighting arrangements. We have retrofitted 36W CFL bulbs with 18W LED bulbs at our terminal in Radhanpur. This initiative has helped reduce the total lighting load by 5 %. A similar program has also been implemented at the Mangala Processing Terminal. In RGT, utility buildings having 36W and 18W conventional fluorescent lamps were replaced by 18W and 10W LED lamps respectively. The overall lighting load related consumption has reduced by 16.848 MWh in FY2015-16 since July 2015.
- c. **Installation of separate lighting transformer for emergency lighting:** Separate lighting transformer is being commissioned and this initiative will save around 10% power in VGT.
- d. **ON/OFF Control switches installed at unmanned utility building (substation) at Raageshwari Gas well pads:** ON/OFF control switch installed at Raageshwari gas well pads utility building to minimize the lighting consumption in case of no operation/ maintenance work. 13.305 MWh energy conservation achieved in FY2015-16 since November 2015.
- e. **Installation of Occupancy Sensors at Raageshwari Gas Terminal:** We have installed



occupancy sensors at office rooms, & conference hall for energy conservation. 6382.2 Kwh energy conservation achieved in FY2015-16 since January 2016.

**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 FY2015-16, Cairn has undertaken many initiatives to increase the share of renewable energy in its energy consumption, some of which are as follows:

a. **Commissioning of solar power generation at all electrical power houses:** Each Electrical power house has a rooftop solar panel which generates around 180 KW of power per day. This has been implemented in 15 Mangala wellpads in

- b. **Waste Water Evaporation using Solar Concentrators:** In order to dispose increased quantities of waste water produced during daily operations, solar concentrators have been installed at Mangala Wellpad 18 which are in operation for 10 hours per day on an average. This initiative not only helps to utilize the favorable geographical location of Rajasthan w.r.t. solar energy, it also uses an alternate and efficient source to handle waste water disposal.
- c. **Installation of solar light in well pads in place of diesel engine:** Diesel engine has been replaced with solar lights, reducing diesel consumption by 30,000 liters/ month. This has also resulted in

- generating cleaner power and thereby reducing GHG emissions resource recovery.
- d. **Installation of Solar DC Pump at Raageshwari Gas Terminal:** Installed 2.2 BHP solar DC pump for drip system at Raag Gas WP07 for energy conservation. 945.3 Kwh energy conservation achieved in FY2015-16.
- e. **Installation of 100 KW Solar PV at Saraswati 1:** In order to reduce the diesel consumption and greenhouse gas effect Installed 100 KW solar PV plant for energy conservation. 1,05,600 Kwh energy conservation achieved in FY2015-16.
- f. **Installation of Solar Lighting in RGT and Marginal Oil Field (South) :** Solar Lighting poles are installed in RGT, associated Gas Well Pads and Marginal oil field south. 5.82MWh energy conservation achieved in FY2015-16.

**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)
- The International Association of Oil & Gas Producers (IOGP)

**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)**

Cairn India operates in a highly regulated industry and needs to interact with the Central and State governments at different levels. The policy issues are also routed through the Industry associations. Cairn has mapped and assigned responsibilities for its officials for interaction with each level of government and any interactions are carried out 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, enhancing domestic oil & gas production, reducing india's dependence on oil & gas imports, sustainable business principles, health safety and environment, governance and development issues.

**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

It is an integral part of Cairn India's business model to plough back a portion of the wealth generated into the communities impacted by its business. Cairn's presence has resulted in notable economic improvement of the areas where it has its processing plants. Apart from the numerous business opportunities that Cairn creates for the local vendors/ suppliers, Cairn also undertakes multiple CSR initiatives for the local communities. The focus of all such initiatives has been to improve the quality of life of the local residents.

**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. For FY2015-16, Cairn conducted

impact assessment studies for our flagship RO Water ATM program.

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

| THEME                                      | SPENDS (₹ CRORE) |
|--|------------------|
| Sustainable Livelihood - Skill Development | 5.50             |
| Sustainable Livelihood - Farm Based        | 3.20             |
| Education                                  | 3.78             |
| Health                                     | 9.78             |
| Water and Sanitation                       | 23.33            |
| Renewable Energy                           | 1.39             |
| Others                                     | 2.47             |
| <b>Total Spend</b>                         | <b>49.45</b>     |

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

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?**

NIL

**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.**

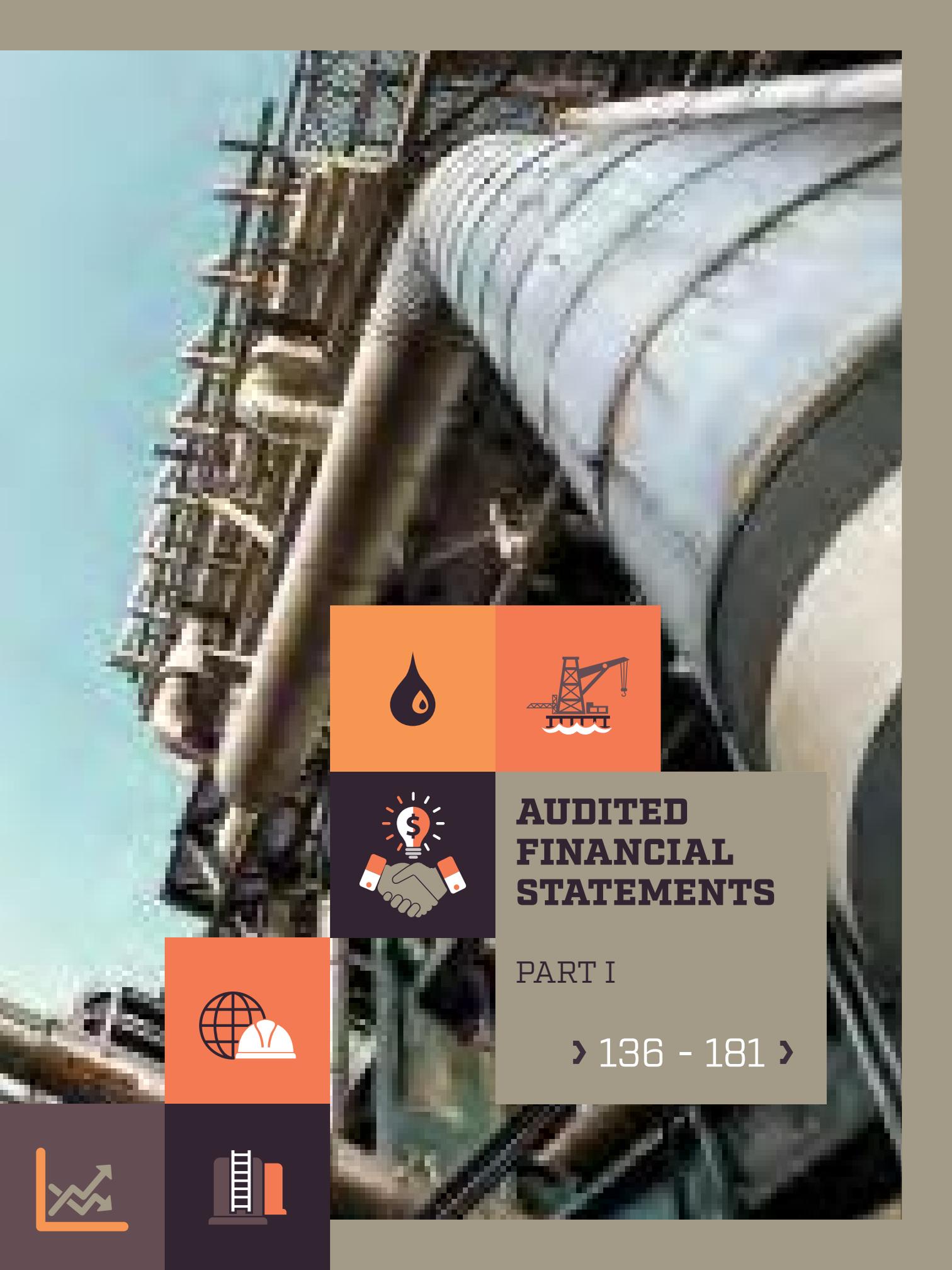
No such cases filed or pending against the company.

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

In the case of crude oil at the point of sale, Cairn has a daily audit of quality done by the joint surveyor comprising of a representative each from Cairn India, the buyer and a third party person. Any disputes that might arise are resolved by a third party.

Apart from this, Cairn ensures that daily sample of the products are kept for any 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

PART I

› 136 - 181 ›



# INDEPENDENT AUDITOR'S REPORT

To the Members of Cairn India Limited

## Report on the Financial Statements

We have audited the accompanying standalone financial statements of Cairn India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

- (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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

### **For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration Number: 301003E

### **per Naman Agarwal**

Partner  
Membership Number: 502405

Place: Gurgaon  
Date: 22 April 2016

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

## **Annexure 1 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) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds of immovable properties, included under fixed assets, are held in the name of the Company except for title deeds of immovable properties in oil and gas blocks, jointly owned with other joint venture partners, which are held in the name of the licensee off the block. The written down value of such immovable properties in the accompanying financial statements aggregates to ₹ 267.39 crore.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) 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, provisions of section 186 of the Companies Act 2013 in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to the extraction of crude oil and natural gas, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, 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, income-tax, service tax, sales-tax, duty of customs, duty of excise, value added tax, 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, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the statute          | Nature of dues                         | Amount (in ₹ crore) <sup>1</sup> | Financial year to which it relates                   | Forum where dispute is pending                        |
|------------------------------|--|----------------------------------|--|---|
| Income Tax Act,1961          | Additional Income Tax demand           | 85.57                            | 1999-00, 2008-09, 2009-10, 2010-11                   | Not applicable as application filed for rectification |
| Income Tax Act,1961          | Additional Income Tax demand           | 28.73                            | 2008-09, 2009-10                                     | Commissioner of Income Tax (Appeals)                  |
| Income Tax Act,1961          | Additional Income Tax demand & penalty | 570.21 <sup>2</sup>              | 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 | Income Tax Appellate Tribunal                         |
| Income Tax Act,1961          | Withholding Tax demand                 | 20,494.73                        | 2006-07  | Commissioner of Income Tax (Appeals)                  |
| Central Excise Act, 1944     | Oil Cess and NCCD demand               | 0.21                             | 2002-03 to 2006-07                                   | Central Excise and Service Tax Appellate Tribunal     |
| Central Excise Act, 1944     | Excise Duty demand                     | 0.06                             | June 13 to October 14                                | Commissioner Appeals                                  |
| Finance Act, 1994            | Service Tax demand                     | 23.57                            | 2002-03 to 2013-14                                   | Central Excise and Service Tax Appellate Tribunal     |
| Customs Act,1962             | Custom Duty demand                     | 0.16                             | 2007-08  | Commissioner Appeals                                  |
| Andhra Pradesh VAT Act, 2005 | Value Added Tax demand                 | 0.01                             | 2011-12  | Deputy Commissioner                                   |

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

<sup>2</sup> Includes ₹ 274.45 crore for which the revenue department has gone in for an appeal.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

- (viii) According to the information and explanations given by the management, the Company did not have any outstanding dues in respect of a bank, financial institution, government or debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has neither raised any monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year nor did it have any such unutilized monies outstanding at the start of the year. Hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon. .
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

### For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration Number: 301003E

### per Naman Agarwal

Partner  
Membership Number: 502405

Place of Signature: Gurgaon  
Date: 22 April 2016

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

## **Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited, the internal financial controls over financial reporting of Cairn India Limited ("the Company") as of March 31, 2016 which is based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO 2013 criteria) in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the COSO 2013 criteria, which considers the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting in COSO 2013 criteria, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related 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, and our report of even date expressed an unqualified opinion thereon.

## For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration Number: 301003E

## per Naman Agarwal

Partner  
Membership Number: 502405

Place: Gurgaon  
Date: 22 April 2016

# BALANCE SHEET AS AT 31 MARCH 2016

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

|  | Notes | 31 March 2016    | 31 March 2015    |
|--|-------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>  |       |                  |                  |
| <b>Shareholders' funds</b>   |       |                  |                  |
| Share capital  | 3     | 1,874.86         | 1,874.85         |
| Reserves and surplus   | 4     | 35,383.98        | 35,176.25        |
|  |       | <b>37,258.84</b> | <b>37,051.10</b> |
| <b>Non-current liabilities</b>   |       |                  |                  |
| Deferred tax liabilities (net)   | 11    | 479.54           | 605.90           |
| Long-term provisions   | 5     | 1,070.00         | 958.04           |
|  |       | <b>1,549.54</b>  | <b>1,563.94</b>  |
| <b>Current liabilities</b>   |       |                  |                  |
| Trade payables   |       |                  |                  |
| total outstanding dues of micro enterprises and small enterprises                      | 6     | -                | -                |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 6     | 774.60           | 718.66           |
| Other current liabilities  | 6     | 1,696.37         | 1,849.55         |
| Short-term provisions  | 5     | 717.97           | 1,220.73         |
|  |       | <b>3,188.94</b>  | <b>3,788.94</b>  |
| <b>Total</b>   |       | <b>41,997.32</b> | <b>42,403.98</b> |
| <b>ASSETS</b>  |       |                  |                  |
| <b>Non-current assets</b>  |       |                  |                  |
| Fixed assets   |       |                  |                  |
| Tangible assets  | 7     | 4,155.20         | 4,313.49         |
| Intangible assets  | 8     | 16.00            | 24.69            |
| Development capital work in progress   | 9.1   | 627.03           | 1,147.38         |
| Exploration intangible assets under development  | 9.2   | 1,501.94         | 1,888.69         |
| Non-current investments  | 10    | 15,089.70        | 15,089.70        |
| Long-term loans and advances   | 12    | 3,842.98         | 4,264.87         |
| Other non-current assets   | 14    | 577.41           | 534.95           |
|  |       | <b>25,810.26</b> | <b>27,263.77</b> |
| <b>Current assets</b>  |       |                  |                  |
| Current investments  | 15    | 12,087.80        | 12,302.94        |
| Inventories  | 16    | 243.30           | 185.43           |
| Trade receivables  | 13    | 138.80           | 620.03           |
| Cash and bank balances   | 17    | 1,238.00         | 364.59           |
| Short-term loans and advances  | 12    | 2,202.00         | 1,531.50         |
| Other current assets   | 14    | 277.16           | 135.72           |
|  |       | <b>16,187.06</b> | <b>15,140.21</b> |
| <b>Total</b>   |       | <b>41,997.32</b> | <b>42,403.98</b> |
| 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 and on behalf of the Board of Directors

## For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

### Navin Agarwal

Chairman  
DIN 00006303

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Aman Mehta

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

**Sudhir Mathur**  
Chief Financial Officer

**Neerja Sharma**  
Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

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

|  | Notes | 31 March 2016   | 31 March 2015   |
|--|-------|-----------------|-----------------|
| <b>INCOME</b>  |       |                 |                 |
| Revenue from operations  | 18    | 4,649.43        | 7,806.81        |
| Other income   | 19    | 1,003.44        | 1,048.38        |
| <b>Total revenue</b>   |       | <b>5,652.87</b> | <b>8,855.19</b> |
| <b>EXPENSES</b>  |       |                 |                 |
| Cess on crude oil  |       | 1,312.77        | 1,410.83        |
| Share of expenses from producing oil and gas blocks  |       | 1,127.56        | 995.15          |
| (Increase)/Decrease in inventories of finished goods   | 20    | (21.12)         | (1.68)          |
| Employee benefit expense   | 21    | 97.19           | 107.94          |
| Depletion, depreciation and amortization expense   | 22    | 1,589.72        | 1,337.04        |
| Finance costs  | 23    | 17.81           | 8.11            |
| Exploration costs written off  | 9.2   | 139.29          | 822.66          |
| Other expenses   | 24    | 215.80          | 324.71          |
|  |       | <b>4,479.02</b> | <b>5,004.76</b> |
| <b>Profit before tax and exceptional items</b>   |       | <b>1,173.85</b> | <b>3,850.43</b> |
| Exceptional items  | 25    | 280.54          | 2,256.07        |
| <b>PROFIT BEFORE TAX</b>   |       | <b>893.31</b>   | <b>1,594.36</b> |
| <b>Tax expenses</b>  |       |                 |                 |
| Current tax [net of reversal of tax expense of ₹ 125.79 crore (31 March 2015 : nil) relating to earlier years] | 12(c) | 124.80          | 559.30          |
| MAT credit (entitlement)/reversal  |       | 41.33           | (467.93)        |
| Net current tax expense  |       | 166.13          | 91.37           |
| Deferred tax charge/(credit)   |       | (29.26)         | 481.23          |
| Deferred tax (credit) on exceptional items   |       | (97.09)         | (298.27)        |
| <b>Total tax expense</b>   |       | <b>39.78</b>    | <b>274.33</b>   |
| <b>PROFIT FOR THE YEAR</b>   |       | <b>853.53</b>   | <b>1,320.03</b> |
| <b>Earnings per equity share in ₹</b><br>[nominal value of share ₹ 10 (31 March 2015: ₹ 10)]                   |       |                 |                 |
|  | 26    |                 |                 |
| <b>Computed on the basis of profit before exceptional items</b>  |       |                 |                 |
| Basic  |       | 5.53            | 17.45           |
| Diluted  |       | 5.52            | 17.40           |
| <b>Computed on the basis of profit for the year</b>  |       |                 |                 |
| Basic  |       | 4.55            | 7.03            |
| Diluted  |       | 4.54            | 7.01            |
| 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 and on behalf of the Board of Directors

**For S. R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No.:301003E

**per Naman Agarwal**  
Partner  
Membership No. 502405

**Navin Agarwal**  
Chairman  
DIN 00006303

**Mayank Ashar**  
Managing Director &  
Chief Executive officer  
DIN 07001153

**Aman Mehta**  
Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

**Sudhir Mathur**  
Chief Financial Officer

**Neerja Sharma**  
Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

AUDITED FINANCIAL STATEMENTS

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

|   | 31 MARCH 2016   | 31 MARCH 2015     |
|---|-----------------|-------------------|
| <b>PROFIT BEFORE TAX</b>  | <b>893.31</b>   | <b>1,594.36</b>   |
| Adjustments for:  |                 |                   |
| Depletion, depreciation and amortization (including exceptional item)                         | 1,634.68        | 2,440.68          |
| Exploration costs written off   | 139.29          | 822.66            |
| Employee stock compensation expense (equity settled)  | 33.65           | 29.27             |
| Unrealized foreign exchange (gain)/loss (net)   | (53.83)         | (86.66)           |
| Provision for diminution in the value of long term investments                                | -               | 949.76            |
| Provision for meeting obligation of subsidiary  | -               | 259.92            |
| Impairment loss (included under exceptional items)  | 280.54          | -                 |
| Gain on sale of current investments (net)   | (547.06)        | (745.09)          |
| Loss on sale of investment in subsidiary  | 4.09            | -                 |
| Interest expense  | 17.53           | 7.78              |
| Share buy back expenses   | -               | 1.83              |
| Interest income   | (293.18)        | (218.40)          |
| Other non-operating income  | (73.12)         | (5.27)            |
| <b>Operating profit before working capital changes</b>  | <b>2,035.90</b> | <b>5,050.84</b>   |
| Movements in working capital :  |                 |                   |
| Increase in trade payables, other liabilities and provisions                                  | 238.91          | 254.73            |
| Decrease in trade receivables   | 478.29          | 915.71            |
| (Increase) in inventories   | (37.96)         | (172.48)          |
| (Increase) in loans and advances and other assets   | (573.32)        | (822.20)          |
| <b>Cash generated from operations</b>   | <b>2,141.82</b> | <b>5,226.60</b>   |
| Direct taxes paid (net of refunds)  | (0.38)          | (660.56)          |
| <b>Net cash flows from operating activities (A)</b>   | <b>2,141.44</b> | <b>4,566.04</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                 |                   |
| Payments made for fixed assets (including CWIP and capital advances)                          | (1,001.76)      | (3,032.36)        |
| Proceeds from sale/maturity of current investments (net)                                      | 762.20          | 1,978.32          |
| Long term investment made in subsidiary company   | (264.22)        | (1.21)            |
| Proceeds from sale of investment in subsidiary  | 0.21            | -                 |
| Proceeds from redemption/ maturity of deposits having original maturity of more than 3 months | 0.01            | 259.55            |
| Deposits made having original maturity of more than 3 months                                  | (0.02)          | (249.55)          |
| Interest received   | 147.66          | 141.55            |
| Payments made to site restoration fund  | (62.37)         | (37.27)           |
| <b>Net cash (used in) investing activities (B)</b>  | <b>(418.29)</b> | <b>(940.97)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                 |                   |
| Proceeds from issuance of equity share capital (including securities premium)                 | 0.01            | 14.69             |
| Payment made for buy back of equity shares  | -               | (1,119.93)        |
| Expenses paid for buy back of equity shares   | -               | (1.83)            |
| Proceeds from escrow account (made for buy back of equity shares)                             | 143.13          | -                 |
| Dividend paid on equity shares  | (676.04)        | (1,943.09)        |
| Tax on equity dividend paid   | (152.67)        | (366.34)          |
| Interest paid   | (21.04)         | (6.26)            |
| <b>Net cash (used in) financing activities (C)</b>  | <b>(706.61)</b> | <b>(3,422.76)</b> |
| <b>Net increase in cash and cash equivalents (A + B + C)</b>                                  | <b>1,016.54</b> | <b>202.31</b>     |
| Cash and cash equivalents at the beginning of the year  | 221.46          | 19.15             |
| <b>Cash and cash equivalents at the end of the year</b>                                       | <b>1,238.00</b> | <b>221.46</b>     |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

|  | 31 MARCH 2016   | 31 MARCH 2015 |
|--|-----------------|---------------|
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>       |                 |               |
| Cash on hand   | 0.01            | 0.01          |
| With banks   |                 |               |
| - on deposit with original maturity of upto 3 months | 950.01          | 5.20          |
| - on current accounts                                | 0.13            | 2.30          |
| - unpaid dividend accounts*                          | 287.85          | 213.95        |
| <b>Total cash and cash equivalents (note 17)</b>     | <b>1,238.00</b> | <b>221.46</b> |

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend account.

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 and on behalf of the Board of Directors

## For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

### Navin Agarwal

Chairman  
DIN 00006303

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Aman Mehta

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

### Sudhir Mathur

Chief Financial Officer

### Neerja Sharma

Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

## 1 CORPORATE INFORMATION

Cairn India Limited ('the Company') was incorporated in India on 21 August 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 and Gas blocks/fields-

| Oil & Gas blocks/fields               | Area                      | Participating Interest |
|---------------------------------------|---------------------------|------------------------|
| <b>Operated blocks</b>                |                           |                        |
| 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-OSN-2009/3                         | Krishna Godavari Offshore | 100.00%                |
| MB-DWN-2009/1**                       | Mumbai Deep Water         | 100.00%                |
| <b>Non operated block</b>             |                           |                        |
| KG-ONN-2003/1 *                       | Krishna Godavari Onshore  | 49.00%                 |

\*Operatorship has been transferred to Oil and Natural Gas Corporation (ONGC) w.e.f 7 July 2014

\*\* intended to be relinquished in the next year

The participating interests were same in the previous year.

## 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year.

On 30 March 2016, the Ministry of Corporate Affairs notified the Companies (Accounting Standards) Amendment Rules, 2016, resulting in amendment in certain Accounting Standards. The Company is of the view that the said amendments shall come into effect from accounting periods commencing on or after the publication of the notification i.e. from the period starting 1 April 2016 onwards and hence no impact of the same has been given in these financial statements.

### 2.1 Summary of significant accounting policies

#### a. 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 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.

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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

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.

### b. 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.

### c. Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### d. Other tangible and intangible fixed assets

Tangible assets, other than oil and gas 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.

Intangible assets, other than oil and gas assets, acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

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.

### e. Depletion, depreciation and amortization

#### Oil and gas assets

Depletion is charged on a unit of production basis, based on proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs (also refer note 40). These assets are depleted within each cost centre. Reserves for this purpose are considered on working interest basis which are reassessed at least annually. Impact of changes to reserves are accounted for prospectively.

#### Other assets

Depreciation on assets, other than oil and gas assets, is provided using the Straight Line Method as per the useful lives of the assets stated below. The same have been determined by the management based on technical estimates.

|   |                     |
|---|---------------------|
| Vehicles                                      | 4 years             |
| Buildings (including lease hold improvements) | 6 years to 10 years |
| Computers                                     | 2 years             |
| Furniture and fixtures                        | 4 years             |
| Office equipments                             | 4 years             |
| Computer Software                             | 2 years             |

The useful lives of assets as mentioned in Schedule II of Companies Act 2013 is higher than those assessed by the management for all its fixed assets.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

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 12 years) or expected useful economic lives, whichever is shorter.

### f. 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.

### g. 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.

### h. Inventories

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.

### i. Joint Ventures

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

### j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### 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.

##### Treatment of Taxes

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

##### Dividend income

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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

### k. Borrowing costs

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

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

### l. Foreign currency transactions and translations

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

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

### m. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier period.

Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence, that all 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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.

### n. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the no of equity shares outstanding, without corresponding change in resources.

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

### o. Provisions

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

### p. Cash and Cash equivalents

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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

### q. Employee Benefits

#### Retirement and Gratuity benefits

Retirement benefits in the form of provident fund, superannuation fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund, superannuation fund and national pension scheme. The Company recognizes contribution payable to the provident fund, superannuation fund and national pension scheme 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 and cash option award 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

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the Company measures compensation cost relating to employee stock options using the fair value method.

Compensation expense is amortised over the vesting period of the option on a straight line basis.

### r. 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.

### s. 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.

### t. 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.

### u. 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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 3. SHARE CAPITAL

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| <b>AUTHORISED SHARES</b>  |                 |                 |
| 225.00 crore (31 March 2015: 225.00 crore) equity shares of ₹ 10 each | 2,250.00        | 2,250.00        |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP SHARES</b>                    |                 |                 |
| 187.49 crore (31 March 2015: 187.49 crore) equity shares of ₹ 10 each | 1,874.86        | 1,874.85        |
| <b>Total issued, subscribed and fully paid-up share capital</b>       | <b>1,874.86</b> | <b>1,874.85</b> |

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

|   | 31 March 2016 |                 | 31 March 2015 |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | No. crore     | ₹ crore         | No. crore     | ₹ crore         |
| At the beginning of the year              | 187.49        | 1,874.85        | 190.76        | 1,907.63        |
| Issued during the year – ESOPs exercised* | -             | 0.01            | 0.07          | 0.65            |
| Shares extinguished pursuant to buy back  | -             | -               | (3.34)        | (33.43)         |
| <b>Outstanding at the end of the year</b> | <b>187.49</b> | <b>1,874.86</b> | <b>187.49</b> | <b>1,874.85</b> |

\* Shares issued during the current year are less than 0.01 crore.

### (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 2016 | 31 March 2015 |
|---|---------------|---------------|
| Vedanta Limited (formerly Sesa Sterlite Limited), the holding company<br>44.45 crore (31 March 2015: 35.11 crore) equity shares of ₹ 10 each fully paid | 444.52        | 351.14        |
| Twin Star Mauritius Holdings Limited, subsidiary of Vedanta Limited<br>64.55 crore (31 March 2015: 73.89 crore) equity shares of ₹ 10 each fully paid   | 645.49        | 738.87        |
| Sesa Resources Limited, subsidiary of Vedanta Limited<br>3.27 crore (31 March 2015: 3.27 crore) equity shares of ₹ 10 each fully paid                   | 32.70         | 32.70         |

### (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 0.96 crore (31 March 2015: 1.46 crore) 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 3.67 crore equity shares (31 March 2015 : 3.67 crore) during the period of five years immediately preceding the reporting date.

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

|   | 31 March 2016 |                        | 31 March 2015 |                        |
|---|---------------|------------------------|---------------|------------------------|
|   | No. crore     | % holding in the class | No. crore     | % holding in the class |
| <b>Equity shares of ₹ 10 each fully paid</b>  |               |                        |               |                        |
| Twin Star Mauritius Holdings Limited  | 64.55         | 34.43%                 | 73.89         | 39.41%                 |
| Vedanta Limited   | 44.45         | 23.71%                 | 35.11         | 18.73%                 |
| Cairn UK Holdings Limited   | 18.41         | 9.82%                  | 18.41         | 9.82%                  |
| Life Insurance Corporation of India   | 16.98         | 9.06%                  | 16.98         | 9.06%                  |
| 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 no. 28

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 4. RESERVES AND SURPLUS

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| <b>SECURITIES PREMIUM ACCOUNT</b>  |                  |                  |
| Balance as per the last financial statements   | 19,042.96        | 20,107.23        |
| Add: additions on employee stock options exercised   | -                | 14.03            |
| Less: adjustment on account of buy back of equity shares   | -                | (1,086.49)       |
| Add: transferred from stock options outstanding  | 0.26             | 8.19             |
| <b>Closing Balance</b>   | <b>19,043.22</b> | <b>19,042.96</b> |
| <b>CAPITAL REDEMPTION RESERVE</b>  |                  |                  |
| Balance as per the last financial statements   | 36.70            | 3.27             |
| Add: transferred from general reserve on buy back of equity shares   | -                | 33.43            |
| <b>Closing Balance</b>   | <b>36.70</b>     | <b>36.70</b>     |
| <b>EMPLOYEE STOCK OPTIONS OUTSTANDING</b>  |                  |                  |
| Balance as per the last financial statements   | 229.13           | 208.04           |
| Add: Stock options charge for the year   | 33.65            | 82.88            |
| Less: Stock options cancelled during the year  | (14.66)          | (53.60)          |
| Less: transferred to securities premium on exercise of stock options   | (0.26)           | (8.19)           |
| <b>Closing Balance</b>   | <b>247.86</b>    | <b>229.13</b>    |
| <b>GENERAL RESERVE</b>   |                  |                  |
| Balance as per the last financial statements   | 3,658.08         | 3,691.51         |
| Add: Amount transferred on account of cancellation of equity settled and cash settled options [net of tax liability of ₹ 1.12 crore (31 March 2015 : Nil)] | 14.90            | -                |
| Less: transferred to capital redemption reserve on account of buy back of equity shares  | -                | (33.43)          |
| <b>Closing Balance</b>   | <b>3,672.98</b>  | <b>3,658.08</b>  |
| <b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>   |                  |                  |
| Balance as per the last financial statements   | 12,209.38        | 12,860.48        |
| Profit for the year  | 853.53           | 1,320.03         |
| Less: Appropriations   |                  |                  |
| Proposed final equity dividend<br>[amount per share ₹ 3.00 (31 March 2015: ₹ 4.00)]  | (562.46)         | (749.94)         |
| Tax on proposed final equity dividend  | (117.23)         | (149.94)         |
| Interim equity dividend<br>[amount per share Nil (31 March 2015: ₹ 5.00)]  | -                | (937.37)         |
| Reversal of final dividend for earlier year*   | -                | 21.73            |
| Tax on interim dividend  | -                | (159.30)         |
| Reversal of tax on final dividend for earlier year*  | -                | 3.69             |
| <b>Net surplus in the statement of profit and loss</b>   | <b>12,383.22</b> | <b>12,209.38</b> |
| <b>Total reserves and surplus</b>  | <b>35,383.98</b> | <b>35,176.25</b> |

\* The Company had bought back 3.34 crore equity shares during the previous year, prior to declaration of final dividend for FY 2013-14. Hence, accrual for final dividend of ₹ 21.73 crore and tax thereon ₹ 3.69 crore made during the FY 2013-14, on these shares, was reversed in the previous year.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 5. PROVISIONS

|   | Long-term       |               | Short-term           |                      |
|---|-----------------|---------------|----------------------|----------------------|
|   | 31 March 2016   | 31 March 2015 | 31 March 2016        | 31 March 2015        |
| <b>PROVISION FOR EMPLOYEE BENEFITS</b>  |                 |               |                      |                      |
| Provision for employee stock options (cash settled)*                                    | 4.32            | 5.73          | 2.80                 | 1.44                 |
| Provision for gratuity (refer note 27)  | -               | -             | 20.38                | 17.72                |
| Provision for compensated absences  | -               | -             | 17.83                | 17.21                |
|   | <b>4.32</b>     | <b>5.73</b>   | <b>41.01</b>         | <b>36.37</b>         |
| <b>OTHER PROVISIONS</b>   |                 |               |                      |                      |
| Provision for site restoration**  | 1,065.68        | 952.31        | -                    | -                    |
| Provision for meeting obligations of subsidiary ***                                     | -               | -             | -                    | 259.92               |
| Provision for taxation (net of advance tax)   | -               | -             | -                    | 24.56                |
| Proposed equity dividend  | -               | -             | 562.46               | 749.94               |
| Provision for tax on proposed equity dividend   | -               | -             | 114.50               | 149.94               |
|   | <b>1,065.68</b> | <b>952.31</b> | <b>676.96</b>        | <b>1,184.36</b>      |
|   | <b>1,070.00</b> | <b>958.04</b> | <b>717.97</b>        | <b>1,220.73</b>      |
|   |                 |               | <b>31 March 2016</b> | <b>31 March 2015</b> |
| <b>* PROVISION FOR EMPLOYEE STOCK OPTIONS (CASH SETTLED) [REFER NOTE 2.1 (q) ABOVE]</b> |                 |               |                      |                      |
| Opening Balance   |                 |               | 7.17                 | 7.78                 |
| Additions for the year  |                 |               | 1.32                 | 1.67                 |
| Payments during the year  |                 |               | -                    | (0.19)               |
| Reversed during the year  |                 |               | (1.37)               | (2.09)               |
| <b>Closing Balance</b>  |                 |               | <b>7.12</b>          | <b>7.17</b>          |
| <b>** PROVISION FOR SITE RESTORATION [REFER NOTE 2.1 (b) ABOVE]</b>                     |                 |               |                      |                      |
| Opening balance   |                 |               | 952.31               | 1,689.77             |
| Additions during the year   |                 |               | 113.37               | 20.82                |
| Reversed during the year  |                 |               | -                    | (758.28)             |
| <b>Closing balance</b>  |                 |               | <b>1,065.68</b>      | <b>952.31</b>        |

\*\*\* The Company had created a provision for meeting certain financial obligations of one of its subsidiaries CMHPL. As part of internal re-organization, the said subsidiary was transferred to CEHC, another wholly owned subsidiary of the Company and the above obligation was discharged for a total of ₹ 264.23 crore.

## 6. OTHER CURRENT LIABILITIES

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| <b>TRADE PAYABLES</b>  |                 |                 |
| Total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises) | -               | -               |
| Total outstanding dues of creditors other than micro enterprises and small enterprises   | 774.60          | 718.66          |
|  | <b>774.60</b>   | <b>718.66</b>   |
| <b>OTHER LIABILITIES</b>   |                 |                 |
| Others   |                 |                 |
| Statutory dues payable   | 75.64           | 98.48           |
| Interest accrued on other than borrowings  | 13.36           | 79.60           |
| Profit petroleum payable   | 273.58          | 72.59           |
| Unpaid/unclaimed dividend  | 287.85          | 213.95          |
| Liabilities for fixed assets   | 1,045.94        | 1,384.93        |
|  | <b>1,696.37</b> | <b>1,849.55</b> |
|  | <b>2,470.97</b> | <b>2,568.21</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

(All amounts are in ₹ crore, 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            |
|-----------------------------------|---------------|----------------|-----------------|---------------------|-------------------|----------------------|------------------------|-------------|----------------------------------|------------------|
| <b>COST OR VALUATION</b>          |               |                |                 |                     |                   |                      |                        |             |                                  |                  |
| <b>At 1 April 2014</b>            | <b>1.91</b>   | <b>85.59</b>   | <b>771.02</b>   | <b>3,515.02</b>     | <b>147.92</b>     | <b>15.11</b>         | <b>28.16</b>           | <b>3.98</b> | <b>5,548.19</b>                  | <b>10,116.90</b> |
| Additions for the year            | -             | 3.00           | 211.22          | 1,420.04            | 86.46             | 72.78                | 49.83                  | 1.49        | 671.76                           | 2,516.58         |
| Disposals                         | -             | -              | -               | (0.76)              | (18.49)           | (4.18)               | -                      | -           | (758.28)                         | (781.71)         |
| <b>At 31 March 2015</b>           | <b>1.91</b>   | <b>88.59</b>   | <b>982.24</b>   | <b>4,934.30</b>     | <b>215.89</b>     | <b>83.71</b>         | <b>77.99</b>           | <b>5.47</b> | <b>5,461.67</b>                  | <b>11,851.77</b> |
| Additions for the year            | 8.40          | -              | 24.18           | 349.28              | 10.24             | 0.54                 | -                      | -           | 1,065.45                         | 1,458.09         |
| Disposals                         | -             | -              | -               | -                   | (14.31)           | (16.32)              | (1.53)                 | -           | -                                | (32.16)          |
| <b>At 31 March 2016</b>           | <b>10.31</b>  | <b>88.59</b>   | <b>1,006.42</b> | <b>5,283.58</b>     | <b>211.82</b>     | <b>67.93</b>         | <b>76.46</b>           | <b>5.47</b> | <b>6,527.12</b>                  | <b>13,277.70</b> |
| <b>DEPRECIATION AND DEPLETION</b> |               |                |                 |                     |                   |                      |                        |             |                                  |                  |
| <b>At 1 April 2014</b>            | <b>-</b>      | <b>27.85</b>   | <b>206.43</b>   | <b>1,218.52</b>     | <b>97.53</b>      | <b>5.78</b>          | <b>28.15</b>           | <b>1.60</b> | <b>3,564.21</b>                  | <b>5,150.07</b>  |
| Charge for the year               | -             | 31.07          | 325.50          | 1,444.11            | 23.24             | 13.75                | 2.08                   | 2.03        | 566.89                           | 2,408.67         |
| Disposals                         | -             | -              | -               | (0.11)              | (7.71)            | (2.64)               | -                      | -           | -                                | (20.46)          |
| <b>At 31 March 2015</b>           | <b>-</b>      | <b>58.92</b>   | <b>531.93</b>   | <b>2,662.52</b>     | <b>103.06</b>     | <b>16.89</b>         | <b>30.23</b>           | <b>3.63</b> | <b>4,131.10</b>                  | <b>7,538.28</b>  |
| Charge for the year               | -             | 8.41           | 132.41          | 719.61              | 36.38             | 17.48                | 8.30                   | 0.49        | 692.73                           | 1,615.81         |
| Disposals                         | -             | -              | -               | (0.03)              | (13.71)           | (16.32)              | (1.53)                 | -           | -                                | (31.59)          |
| <b>At 31 March 2016</b>           | <b>-</b>      | <b>67.33</b>   | <b>664.34</b>   | <b>3,382.10</b>     | <b>125.73</b>     | <b>18.05</b>         | <b>37.00</b>           | <b>4.12</b> | <b>4,823.83</b>                  | <b>9,122.50</b>  |
| <b>NET BLOCK</b>                  |               |                |                 |                     |                   |                      |                        |             |                                  |                  |
| <b>At 31 March 2015</b>           | <b>1.91</b>   | <b>29.67</b>   | <b>450.31</b>   | <b>2,271.78</b>     | <b>112.83</b>     | <b>66.82</b>         | <b>47.76</b>           | <b>1.84</b> | <b>1,330.57</b>                  | <b>4,313.49</b>  |
| <b>At 31 March 2016</b>           | <b>10.31</b>  | <b>21.26</b>   | <b>342.08</b>   | <b>1,901.48</b>     | <b>86.09</b>      | <b>49.88</b>         | <b>39.46</b>           | <b>1.35</b> | <b>1,703.29</b>                  | <b>4,155.20</b>  |

The above gross block includes ₹ 13,047.78 (31 March 2015: ₹ 11,618.55 crore) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 8,976.71 crore (31 March 2015: ₹ 7,399.85 crore) and net book value is ₹ 4,071.16 crore (31 March 2015: ₹ 4,218.70 crore).

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 8. INTANGIBLE ASSETS

|                         | Computer Software | Total         |
|-------------------------|-------------------|---------------|
| <b>GROSS BLOCK</b>      |                   |               |
| <b>At 1 April 2014</b>  | <b>160.40</b>     | <b>160.40</b> |
| Additions for the year  | 17.56             | 17.56         |
| Deletions               | (2.13)            | (2.13)        |
| <b>At 31 March 2015</b> | <b>175.83</b>     | <b>175.83</b> |
| Additions for the year  | 10.17             | 10.17         |
| Deletions               | (5.21)            | (5.21)        |
| <b>At 31 March 2016</b> | <b>180.79</b>     | <b>180.79</b> |
| <b>AMORTIZATION</b>     |                   |               |
| <b>At 1 April 2014</b>  | <b>121.22</b>     | <b>121.22</b> |
| Charge for the year     | 32.01             | 32.01         |
| Deletions               | (2.09)            | (2.09)        |
| <b>At 31 March 2015</b> | <b>151.14</b>     | <b>151.14</b> |
| Charge for the year     | 18.86             | 18.86         |
| Deletions               | (5.21)            | (5.21)        |
| <b>At 31 March 2016</b> | <b>164.79</b>     | <b>164.79</b> |
| <b>At 31 March 2015</b> | <b>24.69</b>      | <b>24.69</b>  |
| <b>At 31 March 2016</b> | <b>16.00</b>      | <b>16.00</b>  |

## 9. DEVELOPMENT AND EXPLORATION ASSETS IN PROGRESS/UNDER DEVELOPMENT

### 9.1 Development capital work in progress

|   | 31 March 2016 | 31 March 2015   |
|---|---------------|-----------------|
| Opening balance   | 1,147.38      | 1,769.10        |
| Add: Additions for the year   | 550.39        | 1,659.89        |
| Add: Additions from exploration intangible assets under development | 234.78        | -               |
| Less: Transferred to tangible assets                                | (1296.29)     | (2281.61)       |
| Less: Impairment loss*  | (9.23)        | -               |
| <b>Closing balance**</b>  | <b>627.03</b> | <b>1,147.38</b> |

### 9.2 Exploration intangible assets under development

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| Opening balance   | 1,888.69        | 1,022.26        |
| Add: Additions for the year                               | 258.63          | 1,689.09        |
| Less: Transferred to development capital work in progress | (234.78)        | -               |
| Less: Exploration costs written off                       | (139.29)        | (822.66)        |
| Less: Impairment loss*                                    | (271.31)        | -               |
| <b>Closing balance</b>                                    | <b>1,501.94</b> | <b>1,888.69</b> |

\*Due to fall in crude oil prices in the international market, the management is continuously reassessing its future strategy and is carrying on development and exploration only in regions where it believes that the reserves and resources are commercially viable. Accordingly, development and exploration activities have been suspended in certain fields and management has assessed the recoverable value of the entire oil and gas blocks to which they relate, being separate CGUs. The recoverable amounts have been determined based on the fair value less costs of disposal approach using the discounted cash flow technique, wherever the CGUs included some producing assets. For all other CGUs, where there are no oil and gas producing assets and activities have been suspended the recoverable amounts have been assessed as nil.

\*\* represents ₹ 5718 crore (31 March 2015: ₹ 399.65 crore) relating to oil and gas producing facilities and ₹ 569.85 crore (31 March 2015: ₹ 747.73 crore) relating to other tangible assets.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 10. NON-CURRENT INVESTMENTS

|   | 31 March 2016    | 31 March 2015    |
|---|------------------|------------------|
| <b>TRADE INVESTMENTS (valued at cost unless stated otherwise)</b>   |                  |                  |
| <b>Unquoted instruments</b>   |                  |                  |
| <b>Investment in subsidiaries</b>   |                  |                  |
| 42.08 crore (31 March 2015: 42.08 crore) Equity shares of GBP 1 each fully paid-up in Cairn India Holdings Limited (CIHL)*  | 15,089.70        | 15,089.70        |
| Nil (31 March 2015: 19.25 crore) Equity shares of USD 1 each fully paid-up in CIG Mauritius Holding Private Limited (CMHPL) | -                | 949.76           |
| Less: Diminution in value of investment**   | -                | (949.76)         |
|   | <b>15,089.70</b> | <b>15,089.70</b> |
| Aggregate amount of quoted investments  | -                | -                |
| Aggregate amount of unquoted investments  | 15,089.70        | 15,089.70        |

\* CIHL holds interest in RJ-ON-90/1 oil and gas field, through a step down subsidiary. The Production Sharing Contract ('PSC') for the said field provides for an extension of the contract by a maximum period of ten years, in case there is a continued production of commercial natural gas from the said field. Since the management expects to continue with the production and sale of natural gas for a period of ten years even after the completion of the initial contract period, they believe that market participants would consider cash flows from the said asset for the said additional period of ten years as well without any modification in the term of PSC, and the same has been confirmed by independent legal opinions available with the Company. For the purpose of determining future cash flows from RJ-ON-90/1, the Company has used assumption for short-term (four years) oil price which scales upto US\$ 70 per barrel by May 2020 as per consensus of various analyst recommendations. Thereafter, oil price has been escalating at a rate of 2.5% p.a.. The cash flows are discounted using the post-tax nominal discount rate of 11.00% and factors in the risks associated with the business including extension of the PSC, which is due for renewal in May 2020.

Basis the above valuation and also considering the fact that CIHL and its subsidiaries have other assets, the cumulative value of which exceeds the carrying value of the investments, the Company believes that there is no long term diminution in the carrying value of its investments in CIHL.

\*\*The Company's investment in CMHPL was for funding the operations of an oil and gas block in Sri Lanka, held by CMHPL's step down subsidiary, Cairn Lanka Private limited. Given the level of gas prices and fiscal terms, the development of hydrocarbons in the said block was not commercially viable. Therefore, the value of the investment had been considered as permanently diminished in the previous year. The said subsidiary has been transferred during the year.

## 11. DEFERRED TAX LIABILITIES (Net)

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| <b>DEFERRED TAX LIABILITIES</b>   |               |               |
| Fixed assets: Impact of difference between tax depreciation and book depreciation/amortization and impairment charged for the financial reporting | 495.17        | 617.97        |
| Gain on sale of bonus units of Mutual Fund taxable in future years  | 88.02         | 115.43        |
| <b>Gross deferred tax liabilities</b>   | <b>583.19</b> | <b>733.40</b> |
| <b>DEFERRED TAX ASSETS</b>  |               |               |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis               | 15.63         | 12.06         |
| Brought forward capital losses  | 88.02         | 44.24         |
| Provision for diminution in long term investment  | -             | 71.20         |
| <b>Gross deferred tax assets</b>  | <b>103.65</b> | <b>127.50</b> |
| <b>Net deferred tax liabilities</b>   | <b>479.54</b> | <b>605.90</b> |

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of ₹ 256.27 crore (31 March 2015: ₹ 144.02 crore) in respect of additional accumulated 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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 12. LOANS AND ADVANCES

|   | Non-current     |                 | Current         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 31 March 2016   | 31 March 2015   | 31 March 2016   | 31 March 2015   |
| <b>UNSECURED AND CONSIDERED GOOD</b>                            |                 |                 |                 |                 |
| Capital advances  | 8.51            | 91.85           | -               | -               |
| Security deposit  | 23.27           | 25.87           | 4.58            | 8.80            |
| Advance to related parties (refer note 30)                      | -               | -               | 5.86            | 0.16            |
| Advances recoverable in cash or kind                            | -               | -               | 2,000.33        | 1,496.31        |
|   | <b>31.78</b>    | <b>117.72</b>   | <b>2,010.77</b> | <b>1,505.27</b> |
| <b>UNSECURED AND CONSIDERED DOUBTFUL</b>                        |                 |                 |                 |                 |
| Advances recoverable in cash or kind                            | -               | -               | 199.67          | 155.19          |
| Less: provision   | -               | -               | (199.67)        | (155.19)        |
|   | -               | -               | -               | -               |
| <b>OTHER LOANS AND ADVANCES (unsecured and considered good)</b> |                 |                 |                 |                 |
| Advance income-tax (net of provision)                           | 252.72          | 151.10          | -               | -               |
| Recoverable from statutory authorities                          | 64.53           | 37.68           | -               | -               |
| Safeguard duty paid under protest                               | -               | 9.23            | 9.23            | -               |
| MAT credit entitlement  | 3,493.95        | 3,949.14        | 162.14          | -               |
| Fringe benefit tax paid (net of provision)                      | -               | -               | 0.14            | 0.14            |
| Prepaid expenses  | -               | -               | 19.72           | 26.09           |
|   | <b>3,811.20</b> | <b>4,147.15</b> | <b>191.23</b>   | <b>26.23</b>    |
|   | <b>3,842.98</b> | <b>4,264.87</b> | <b>2,202.00</b> | <b>1,531.50</b> |

Notes:

- Recoverable from statutory authorities includes ₹ 30.00 crore (31 March 2015: ₹ 30.00 crore) on account of education and secondary and higher education cess paid for the financial year 2013-14, for which the Company has filed the refund applications pursuant to circular no 978/2/2014-CX issued by Central Board of Excise & Customs. The said refund applications have been rejected by the tax authorities, which have been appropriately challenged by the Company before Commissioner (Appeal), and also a writ petition has been filed before Honorable Rajasthan High Court.
- Considering the current business plans, including production profiles, oil price forecast and management's expectation of an extension of the RJ-ON-90/1 PSC (refer note 10 above), the Company expects to recover the amount of MAT credit entitlement over its stipulated period of ten years from origination.
- During the current year, the Company has utilized MAT credit aggregating to ₹ 251.72 crore (31 March 2015: Nil) which has been set off against provision for tax. This comprises of ₹ 250.60 crore shown as a current tax charge and ₹ 1.12 crore adjusted against General Reserve.

## 13. TRADE RECEIVABLES

|  | Current       |               |
|--|---------------|---------------|
|  | 31 March 2016 | 31 March 2015 |
| <b>UNSECURED AND CONSIDERED GOOD</b>   |               |               |
| Outstanding for a period exceeding six months from the date they are due for payment | -             | -             |
| Other receivables  | 138.80        | 620.03        |
|  | <b>138.80</b> | <b>620.03</b> |

## 14. OTHER ASSETS

|  | Non-current   |               | Current       |               |
|--|---------------|---------------|---------------|---------------|
|  | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| <b>UNSECURED AND CONSIDERED GOOD</b>                       |               |               |               |               |
| Non-current bank balances (refer note 17)                  | 235.05        | 172.68        | -             | -             |
| Non-current inventory of stores and spares (refer note 16) | 342.36        | 362.27        | -             | -             |
| Revenue received short of entitlement interest             | -             | -             | 9.01          | 4.36          |
| Insurance claim receivable                                 | -             | -             | -             | 8.72          |
| Interest accrued on deposits and investments               | -             | -             | 268.15        | 122.64        |
|  | <b>577.41</b> | <b>534.95</b> | <b>277.16</b> | <b>135.72</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 15. CURRENT INVESTMENTS (valued at lower of cost and fair value)

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| Quoted mutual funds  | 3,653.04         | 4,705.65         |
| Quoted bonds   | 3,353.29         | 3,086.42         |
| Quoted Commercial Paper  | 243.84           | -                |
| Unquoted mutual funds  | 4,837.63         | 4,413.68         |
| Unquoted certificate of deposits   | -                | 97.19            |
|  | <b>12,087.80</b> | <b>12,302.94</b> |
| Aggregate amount of quoted investments<br>[Market value: ₹ 7,940.12 crore (31 March 2015: ₹ 8,313.18 crore)] | 7,250.17         | 7,792.07         |
| Aggregate amount of unquoted investments   | 4,837.63         | 4,510.87         |
|  | <b>12,087.80</b> | <b>12,302.94</b> |

The details of investments are as under :

### QUOTED MUTUAL FUNDS

|    | 31 March 2016  |        |
|----|--|--------|
| 1  | 7.5 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series - JQ (368 Days) - Direct under Birla Mutual Fund - Growth Plan               | 75.00  |
| 2  | 2.7 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series KA (415 days) - Direct under Birla Mutual Fund - Growth Plan               | 26.99  |
| 3  | 5.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KE ( 412 Days) - Direct under Birla Mutual Fund - Growth Plan                | 50.00  |
| 4  | 3.6 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KR (385 days) - Direct under Birla Mutual Fund - Growth Plan                 | 36.29  |
| 5  | 9.3 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series LG (367 days) - Direct under Birla Mutual Fund - Growth Plan                 | 93.19  |
| 6  | 3.5 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series LJ (366 Days) - Direct under Birla Mutual Fund - Growth Plan                 | 34.77  |
| 7  | 7.5 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series MD (1099 Days) under Birla Mutual Fund - Growth Plan                         | 75.00  |
| 8  | 4.0 crore units of ₹ 10 each of DWS Fixed Maturity Plan Series 45 - Direct Plan under DWS Mutual Fund - Growth Plan                                | 40.00  |
| 9  | 3.6 crore units of ₹ 10 each of DWS Fixed Maturity Plan Series 57 - Direct Plan under DWS Mutual Fund - Growth Plan                                | 36.38  |
| 10 | 5.0 crore units of ₹ 10 each of DWS Fixed Maturity Plan - Series 85 (1100 days) under DWS Mutual Fund - Growth Plan                                | 50.00  |
| 11 | 6.5 crore units of ₹ 10 each of HDFC FMP 369D January 2014 (1) Series 29 - Direct under HDFC Mutual Fund - Growth Plan                             | 64.61  |
| 12 | 4.1 crore units of ₹ 10 each of HDFC FMP 372D February 2014 (1) Series 29 - Direct under HDFC Mutual Fund - Growth Plan                            | 40.76  |
| 13 | 35.0 crore units of ₹ 10 each of HDFC FMP 1114 D March 2016 (1) Series 35 - Direct under HDFC Mutual Fund - Growth Plan                            | 350.00 |
| 14 | 3.5 crore units of ₹ 10 each of HDFC FMP 1157 D Feb 2015(1) - Direct under HDFC Mutual Fund - Growth Plan  | 35.00  |
| 15 | 6.8 crore units of ₹ 10 each of ICICI Prudential FMP Series 68 368 Days Plan G under ICICI Mutual Fund - Growth Plan                               | 67.59  |
| 16 | 7.3 crore units of ₹ 10 each of ICICI Prudential FMP Series 68 - 369 Days Plan I under ICICI Mutual Fund - Growth Plan                             | 73.10  |
| 17 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 72 - 483 Days Plan J - Direct under ICICI Mutual Fund - Growth Plan                    | 50.00  |
| 18 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 73 - 407 Days Plan C - Direct under ICICI Mutual Fund - Growth Plan                    | 50.00  |
| 19 | 8.2 crore units of ₹ 10 each of ICICI Prudential FMP Series 73 - 391 Days Plan G - Direct under ICICI Mutual Fund - Growth Plan                    | 81.70  |
| 20 | 6.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 74 - 369 Days Plan F - Direct under ICICI Mutual Fund - Growth Plan                    | 60.00  |
| 21 | 7.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 74 - 367 Days Plan D - Direct under ICICI Mutual Fund - Growth Plan                    | 70.00  |
| 22 | 5.0 crore units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 75 - 1103 Days Plan P - Direct under ICICI Mutual Fund - Growth Plan | 50.00  |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED MUTUAL FUNDS CONTINUED...

|    |   | <b>31 March 2016</b> |
|----|---|----------------------|
| 23 | 4.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1103 Days Plan F - Direct under ICICI Mutual Fund - Growth Plan                        | 40.00                |
| 24 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1100 Days Plan G - Direct under ICICI Mutual Fund - Growth Plan                        | 50.00                |
| 25 | 5.0 crore units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 75 - 1100 Days Plan R - Direct under ICICI Mutual Fund - Growth Plan      | 50.00                |
| 26 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1155 Days Plan K- Direct under ICICI Mutual Fund - Growth Plan                         | 50.00                |
| 27 | 4.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1132 Days Plan P- Direct under ICICI Mutual Fund - Growth Plan                         | 40.00                |
| 28 | 4.4 crore units of ₹ 10.87 each of IDFC Yearly Series Interval Fund-Series 1 - Direct under IDFC Mutual Fund - Growth Plan                              | 48.30                |
| 29 | 5.4 crore units of ₹ 10 each of Kotak FMP Series 105 - Direct under Kotak Mutual Fund - Growth Plan   | 54.45                |
| 30 | 3.9 crore units of ₹ 10 each of Kotak FMP Series 106 - 370 Days - Direct under Kotak Mutual Fund - Growth Plan  | 39.02                |
| 31 | 5.5 crore units of ₹ 10 each of Kotak FMP Series 136 - Direct under Kotak Mutual Fund - Growth Plan   | 54.51                |
| 32 | 5.0 crore units of ₹ 10 each of Kotak FMP Series 141 - Direct under Kotak Mutual Fund - Growth Plan   | 50.00                |
| 33 | 3.7 crore units of ₹ 10 each of Kotak FMP Series 147 - 384 Days - Direct under Kotak Mutual Fund - Growth Plan  | 37.27                |
| 34 | 3.7 crore units of ₹ 10 each of Kotak FMP Series 158 - 370 Days - Direct under Kotak Mutual Fund - Growth Plan  | 37.40                |
| 35 | 3.5 crore units of ₹ 10 each of Kotak FMP Series 159 - 370 Days - Direct under Kotak Mutual Fund - Growth Plan  | 35.00                |
| 36 | 4.0 crore units of ₹ 10 each of Kotak FMP Series 171 - Direct under Kotak Mutual Fund - Growth Plan   | 40.00                |
| 37 | 4.9 crore units of ₹ 10 each of Reliance Yearly Interval Fund - Series 8 - Direct under Reliance Mutual Fund - Growth Plan                              | 49.03                |
| 38 | 4.4 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXIV Series 4 - Direct under Reliance Mutual Fund - Growth Plan                           | 44.48                |
| 39 | 3.5 crore units of ₹ 10 each of Reliance Interval Fund II - Series I - Direct under Reliance Mutual Fund - Growth Plan                                  | 34.70                |
| 40 | 26.8 crore units of ₹ 11.21 each of Reliance Yearly Interval Fund -Series - 1 - Direct under Reliance Mutual Fund - Growth Plan                         | 300.00               |
| 41 | 13.3 crore units of ₹ 11.24 each of Reliance Yearly Interval Fund - Series 2 - Direct under Reliance Mutual Fund - Growth Plan                          | 150.00               |
| 42 | 4.2 crore units of ₹ 10.95 each of Reliance Yearly Interval Fund - Series 3 - Direct under Reliance Mutual Fund - Growth Plan                           | 46.10                |
| 43 | 3.5 crore units of ₹ 10 each of Reliance FHF XXVI Series 12 - Direct under Reliance Mutual Fund - Growth Plan   | 34.75                |
| 44 | 5.2 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVI Series 17 - Direct under Reliance Mutual Fund - Growth Plan                            | 52.10                |
| 45 | 5.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVIII - Series 4 - Direct under Reliance Mutual Fund - Growth Plan                       | 50.00                |
| 46 | 3.5 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVI Series 19 - Direct under Reliance Mutual Fund - Growth Plan                            | 34.74                |
| 47 | 4.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVIII - Series 7 - Direct under Reliance Mutual Fund - Growth Plan                       | 40.00                |
| 48 | 7.5 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVIII Series 10 - Direct under Reliance Mutual Fund - Growth Plan                          | 75.00                |
| 49 | 3.0 crore units of ₹ 10 each of Religare Invesco FMP - Series 22 - Plan H - Direct under Religare Mutual Fund - Growth Plan                             | 30.00                |
| 50 | 3.5 crore units of ₹ 10 each of Religare Invesco FMP - Series 23 - Plan H (370 Days) - Direct under Religare Mutual Fund - Growth Plan                  | 35.00                |
| 51 | 3.5 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan - Series 25 - Plan A (1098 days) - Direct under Religare Mutual Fund - Growth Plan | 35.00                |
| 52 | 4.5 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan - Series 25 - Plan C (1148 Days) - Direct under Religare Mutual Fund - Growth Plan | 45.00                |
| 53 | 4.0 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan Series 25 - Plan D - Direct under Religare Mutual Fund - Growth Plan               | 40.40                |
| 54 | 3.5 crore units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme M - Direct under Tata Mutual Fund - Growth Plan                               | 35.00                |
| 55 | 4.0 crore units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme T - Direct under Tata Mutual Fund - Growth Plan                               | 40.36                |
| 56 | 4.6 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - III (368 days) - Direct under UTI Mutual Fund - Growth Plan                     | 45.85                |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED MUTUAL FUNDS CONTINUED...

|    |  | 31 March 2016   |
|----|--|-----------------|
| 57 | 4.9 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - VI (366 days) - Direct under UTI Mutual Fund - Growth Plan   | 48.62           |
| 58 | 7.5 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - IX (369 days) - Direct under UTI Mutual Fund - Growth Plan   | 75.00           |
| 59 | 5.0 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - XI (366 days) - Direct under UTI Mutual Fund - Growth Plan   | 50.00           |
| 60 | 7.6 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XXI - XI (1112 days) - Direct under UTI Mutual Fund - Growth Plan  | 75.58           |
| 61 | 5.0 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XX - VIII (1105 days) - Direct under UTI Mutual Fund - Growth Plan | 50.00           |
|    | <b>Total</b>   | <b>3,653.04</b> |

## QUOTED BONDS

|    |   | 31 March 2016 |
|----|---|---------------|
| 1  | 1,000 units of ₹ 1,000,000 each fully paid of 8.46% India Infrastructure Finance Company Ltd Tax Free bond  | 115.43        |
| 2  | 1,000 units of ₹ 1,000,000 each fully paid of 8.48% India Infrastructure Finance Company Ltd Tax Free bond  | 100.02        |
| 3  | 1 000000 units of ₹. 1,000 each fully paid of 8.55% India Infrastructure Finance Company Ltd Tax Free bond  | 100.00        |
| 4  | 5,000,000 units of ₹. 1,000 each fully paid of 7.18% India Railways Finance Corporation Ltd Tax Free bond   | 503.71        |
| 5  | 1,500 units of ₹ 1,000,000 each fully paid of 8.48% National Highway Authority of India Tax Free bond   | 149.81        |
| 6  | 571,396 units of ₹ 1,000 each fully paid of 7.35% National Highway Authority of India Tax Free bond   | 57.14         |
| 7  | 180,492 units of ₹ 5,000 each fully paid of 8.63% National Housing Bank Tax Free bond 127,685 units of Rs. 5,000 each fully paid of 8.68% National Housing Bank Tax Free bond | 90.25         |
| 8  | 127,685 units of ₹ 5,000 each fully paid of 8.68% National Housing Bank Tax Free bond   | 63.84         |
| 9  | 395,812 units of ₹ 1,000 each fully paid of 8.48% NTPC Tax Free bond  | 39.58         |
| 10 | 400,000 units of ₹ 1,000 each fully paid of 8.63% NTPC Tax Free bond  | 40.01         |
| 11 | 971,671 units of ₹ 1,000 each fully paid of 8.54% Power Finance Corporation Limited Tax Free bond   | 97.17         |
| 12 | 420,000 units of ₹ 1,000 each fully paid of 8.46% Rural Electrification Corporation Ltd Tax Free bond   | 42.02         |
| 13 | 250,000 units of ₹ 1,000 each fully paid of 0% Axis Finance Ltd bonds   | 25.00         |
| 14 | 500,000 units of ₹ 1,000 each fully paid of 0% Fullerton India Credit Company Ltd bonds   | 50.00         |
| 15 | 500,000 units of ₹ 1,000 each fully paid of 0% HDB Financial Services Limited bonds   | 50.00         |
| 16 | 750,000 units of ₹ 1,000 each fully paid of 0% HDB Financial Services Limited bonds   | 75.00         |
| 17 | 750,000 units of ₹ 1,000 each fully paid of 0% HDB Financial Services Limited bonds   | 74.61         |
| 18 | 500,000 units of ₹ 1,000 each fully paid of 0% HDB Financial Services Limited bonds   | 49.79         |
| 19 | 500,000 units of ₹ 1,000 each fully paid of 0% HDB Financial Services Limited bonds   | 49.82         |
| 20 | 750,000 units of ₹ 1,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 105.19        |
| 21 | 250,000 units of ₹ 1,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 31.54         |
| 22 | 1,000,000 units of ₹ 1,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 127.07        |
| 23 | 250,000 units of ₹ 1,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 31.39         |
| 24 | 250 units of ₹ 1,000,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 31.76         |
| 25 | 1,000,000 units of ₹ 1,000 each fully paid of 0% Housing and Urban Development Corporation Limited bonds  | 121.58        |
| 26 | 1,000 units of ₹ 500,000 each fully paid of 0% ICICI Home Finance bonds   | 50.00         |
| 27 | 1,000 units of ₹ 500,000 each fully paid of 0% ICICI Home Finance bonds   | 50.00         |
| 28 | 1,000 units of ₹ 1,000,000 each fully paid of 0% IDFC Ltd bonds   | 100.00        |
| 29 | 500,000 units of ₹ 1,000 each fully paid of 0% IL&FS Ltd bonds  | 50.00         |
| 30 | 500,000 units of ₹ 1,000 each fully paid of 0% IL&FS Ltd bonds  | 50.03         |
| 31 | 500,000 units of ₹ 1,000 each fully paid of 0% Kotak Mahindra Prime Ltd bonds   | 50.00         |
| 32 | 500,000 units of ₹ 1,000 each fully paid of 0% Kotak Mahindra Prime Ltd bonds   | 49.98         |
| 33 | 500,000 units of ₹ 1,000 each fully paid of 0% Kotak Mahindra Prime Ltd bonds   | 49.96         |
| 34 | 500,000 units of ₹ 1,000 each fully paid of 0% Kotak Mahindra Prime Ltd bonds   | 49.99         |
| 35 | 2,250 units of ₹ 1,000,000 each fully paid of 0% LIC Housing Finance bonds  | 231.75        |
| 36 | 1 000 units of ₹ 1,000,000 each fully paid of 0% LIC Housing Finance bonds  | 100.00        |
| 37 | 500,000 units of ₹ 1,000 each fully paid of 0% M&M bonds  | 50.00         |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED BONDS CONTINUED...

|    |   | 31 March 2016   |
|----|---|-----------------|
| 38 | 500,000 units of ₹ 1,000 each fully paid of 0% Mahindra & Mahindra bonds  | 50.00           |
| 39 | 500,000 units of ₹ 1,000 each fully paid of 0% Mahindra & Mahindra bonds  | 50.00           |
| 40 | 500,000 units of ₹ 1,000 each fully paid of 0% Mahindra & Mahindra bonds  | 49.93           |
| 41 | 500,000 units of ₹ 1,000 each fully paid of 0% Reliance Capital Ltd bonds | 49.96           |
| 42 | 500,000 units of ₹ 1,000 each fully paid of 0% Reliance Capital Ltd bonds | 49.96           |
|    | <b>Total</b>  | <b>3,353.29</b> |

## QUOTED COMMERCIAL PAPER

|   |  | 31 March 2016 |
|---|--|---------------|
| 1 | 5,000 units of ₹ 500,000 each fully paid of 0% RIL Infrastructure Limited Commercial Paper | 243.84        |

## UNQUOTED MUTUAL FUNDS

|    |  | 31 March 2016   |
|----|--|-----------------|
| 1  | 0.4 crore units of ₹ 98.2 each of DWS Insta Cash Plus Fund - Dir Plan - Annual Bonus under DWS Mutual Fund - Bonus Plan                                      | 39.39           |
| 2  | 0.0 crore units of ₹ 2,386,232,796,193.5 each of ICICI Prudential Money Market Fund under ICICI Mutual Fund - Growth Plan                                    | 238.62          |
| 3  | 0.1 crore units of ₹ 8072.4 each of Kotak Floater - Short Term - Dir under Kotak Mutual Fund - Growth Plan   | 490.15          |
| 4  | 12.9 crore units of ₹ 9 each of Sundaram Money Fund Direct Plan - Bonus under Sundaram Mutual Fund - Bonus Plan  | 116.30          |
| 5  | 14.2 crore units of ₹ 8.8 each of Axis Short Term Fund - Dir - Growth under Axis Mutual Fund - Growth Plan   | 125.00          |
| 6  | 14.2 crore units of ₹ 7 each of Axis Short Term Fund - Dir - Growth under Axis Mutual Fund - Growth Plan   | 100.00          |
| 7  | 1.1 crore units of ₹ 47.4 each of Birla Sun Life Short Term Fund - Dir under Birla Mutual Fund - Growth Plan   | 50.00           |
| 8  | 0.3 crore units of ₹ 171.9 each of Birla Sun Life Treasury Optimizer Plan - Dir under Birla Mutual Fund - Growth Plan  | 50.00           |
| 9  | 4.2 crore units of ₹ 11.8 each of DWS Medium Term Income Fund - Dir - Growth under DWS Mutual Fund - Growth Plan   | 50.00           |
| 10 | 6.9 crore units of ₹ 14.5 each of HDFC Medium Term Fund - Dir under HDFC Mutual Fund - Growth Plan   | 100.00          |
| 11 | 9.6 crore units of ₹ 8.3 each of HDFC Short Term Opportunities Fund - Dir under HDFC Mutual Fund - Growth Plan   | 80.00           |
| 12 | 9.6 crore units of ₹ 7.8 each of HDFC Short Term Opportunities Fund - Dir under HDFC Mutual Fund - Growth Plan   | 75.00           |
| 13 | 5.0 crore units of ₹ 20.2 each of ICICI Prudential Blended Plan - Plan B under Mutual Fund - Growth Plan   | 100.00          |
| 14 | 12.6 crore units of ₹ 9.9 each of ICICI Prudential Banking and PSU Debt Fund - Dir under ICICI Mutual Fund - Growth Plan                                     | 125.00          |
| 15 | 12.6 crore units of ₹ 6.1 each of ICICI Prudential Banking and PSU Debt Fund - Dir under ICICI Mutual Fund - Growth Plan                                     | 77.00           |
| 16 | 3.6 crore units of ₹ 28 each of Kotak Bond - Short Term - Dir under Kotak Mutual Fund - Growth Plan  | 100.00          |
| 17 | 14.2 crore units of ₹ 21.2 each of Reliance Floating Rate Fund Short Term Plan - Dir under Reliance Mutual Fund - Growth Plan                                | 300.00          |
| 18 | 1.7 crore units of ₹ 28.6 each of IDFC Super Saver Income Fund-Short Term Plan- Dir under IDFC Mutual Fund - Growth Plan                                     | 50.00           |
| 19 | 7.5 crore units of ₹ 10 each of IDFC Corporate Bond Fund- Dir under IDFC Mutual Fund - Growth Plan   | 75.00           |
| 20 | 0.0 crore units of ₹ 1881.5 each of Religare Invesco Short Term Fund - Dir under Religare Mutual Fund - Growth Plan  | 50.00           |
| 21 | 4.7 crore units of ₹ 26.8 each of Tata Short Term Bond Fund - Dir - Growth under Tata Mutual Fund - Growth Plan  | 125.00          |
| 22 | 1.7 crore units of ₹ 219.2 each of Birla Sun Life Saving Fund - Direct under Birla Mutual Fund - Growth Plan   | 375.88          |
| 23 | 3.7 crore units of ₹ 214.5 each of ICICI Prudential Flexible Income Plan - Direct under ICICI Mutual Fund - Growth Plan                                      | 784.45          |
| 24 | 11.8 crore units of ₹ 10.1 each of JM Money Manager Fund - Super Plus Plan (Direct) - Bonus Option - Principal Units (512) under JM Mutual Fund - Bonus Plan | 119.28          |
| 25 | 3.2 crore units of ₹ 9.7 each of JP Morgan India Treasury Fund - Bonus Plan - Direct under JP Mutual Fund - Bonus Plan                                       | 31.26           |
| 26 | 7.4 crore units of ₹ 12.2 each of L&T Ultra Short Term-Bonus Plan - Direct under L&T Mutual Fund - Bonus Plan  | 90.91           |
| 27 | 0.3 crore units of ₹ 1570.4 each of Reliance Money Manager Fund - Direct under Reliance Mutual Fund - Growth Plan  | 411.25          |
| 28 | 0.2 crore units of ₹ 1475.2 each of SBI SHDF - Ultra Short Term Fund - Direct under SBI Mutual Fund - Growth Plan  | 321.00          |
| 29 | 0.1 crore units of ₹ 1551.1 each of UTI Treasury Advantage - Direct under UTI Mutual Fund - Growth Plan  | 187.14          |
|    | <b>Total</b>   | <b>4,837.63</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED MUTUAL FUNDS

|    |   | 31 March 2015 |
|----|---|---------------|
| 1  | 8.0 crore units of ₹ 10 each of Axis Fixed Term Plan - Series 55 - Dir under Axis Mutual Fund - Growth Plan                                 | 80.00         |
| 2  | 4.0 crore units of ₹ 10 each of Axis Fixed Term Plan - Series 60 (389 Days) - Dir under Axis Mutual Fund - Growth Plan                      | 40.00         |
| 3  | 7.5 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series - JQ (368 Days) under Birla Mutual Fund - Growth Plan                 | 75.00         |
| 4  | 6.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series KA (415 days) - Dir under Birla Mutual Fund - Growth Plan           | 60.00         |
| 5  | 5.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KE (412 Days) - Dir under Birla Mutual Fund - Growth Plan             | 50.00         |
| 6  | 9.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KR (385 days) - Dir under Birla Mutual Fund - Growth Plan             | 90.00         |
| 7  | 10.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series LG (367 days) - Dir under Birla Mutual Fund - Growth Plan            | 100.00        |
| 8  | 5.0 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series LJ (366 Days) - Dir under Birla Mutual Fund - Growth Plan             | 50.00         |
| 9  | 7.5 crore units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series MD (1099 Days) under Birla Mutual Fund - Growth Plan                  | 75.00         |
| 10 | 3.0 crore units of ₹ 10 each of DSP BlackRock FTP Series 36 15 M - Dir under DSP Mutual Fund - Growth Plan                                  | 30.00         |
| 11 | 3.4 crore units of ₹ 10 each of DWS Interval Fund - Annual Plan Series 1 under DWS Mutual Fund - Growth Plan                                | 34.06         |
| 12 | 4.0 crore units of ₹ 10 each of DWS Fixed Maturity Plan Series 45 - Direct Plan under DWS Mutual Fund - Growth Plan                         | 40.00         |
| 13 | 8.0 crore units of ₹ 10 each of DWS Fixed Maturity Plan Series 57 - Direct Plan under DWS Mutual Fund - Growth Plan                         | 80.00         |
| 14 | 5.0 crore units of ₹ 10 each of DWS Fixed Maturity Plan - Series 85 (1100 days) under DWS Mutual Fund - Growth Plan                         | 50.00         |
| 15 | 6.5 crore units of ₹ 10 each of HDFC FMP 369D January 2014 (1) Series 29 - Dir under HDFC Mutual Fund - Growth Plan                         | 64.61         |
| 16 | 4.1 crore units of ₹ 10 each of HDFC FMP 372D February 2014 (1) Series 29 - Direct under HDFC Mutual Fund - Growth Plan                     | 40.76         |
| 17 | 3.5 crore units of ₹ 10 each of HDFC FMP 453D February 2014 (1) Series 29 - Direct under HDFC Mutual Fund - Growth Plan                     | 35.00         |
| 18 | 3.5 crore units of ₹ 10 each of HDFC FMP 1157 D Feb 2015(1) - Direct under HDFC Mutual Fund - Growth Plan                                   | 35.00         |
| 19 | 6.8 crore units of ₹ 10 each of ICICI Prudential FMP Series 68 368 Days Plan G under ICICI Mutual Fund - Growth Plan                        | 67.59         |
| 20 | 7.3 crore units of ₹ 10 each of ICICI Prudential FMP Series 68 - 369 Days Plan I under ICICI Mutual Fund - Growth Plan                      | 73.00         |
| 21 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 72 - 483 Days Plan J - Dir under ICICI Mutual Fund - Growth Plan                | 50.00         |
| 22 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 72 - 440 Days Plan L - Direct under ICICI Mutual Fund - Growth Plan             | 50.00         |
| 23 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 73 - 407 Days Plan C - Dir under ICICI Mutual Fund - Growth Plan                | 50.00         |
| 24 | 8.2 crore units of ₹ 10 each of ICICI Prudential FMP Series 73 - 391 Days Plan G - Dir under ICICI Mutual Fund - Growth Plan                | 81.70         |
| 25 | 3.2 crore units of ₹ 10 each of ICICI Prudential Interval Fund Series VI Annual Interval Plan C - Dir under ICICI Mutual Fund - Growth Plan | 35.44         |
| 26 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 73 - 369 Days Plan T - Dir under ICICI Mutual Fund - Growth Plan                | 50.00         |
| 27 | 6.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 74 - 369 Days Plan F - Dir under ICICI Mutual Fund - Growth Plan                | 60.00         |
| 28 | 7.0 crore units of ₹ 10 each of ICICI Prudential FMP Series 74 - 367 Days Plan D - Dir under ICICI Mutual Fund - Growth Plan                | 70.00         |
| 29 | 4.2 crore units of ₹ 10 each of ICICI Prudential FMP Series 74 - 369 Days Plan I - Dir under ICICI Mutual Fund - Growth Plan                | 42.30         |
| 30 | 5.0 crore units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 75 - 1103 Days Plan P under ICICI Mutual Fund - Growth Plan   | 50.00         |
| 31 | 4.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1103 Days Plan F - Dir under ICICI Mutual Fund - Growth Plan               | 40.00         |
| 32 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1100 Days Plan G - Dir under ICICI Mutual Fund - Growth Plan               | 50.00         |
| 33 | 5.0 crore units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 75 - 1100 Days Plan R under ICICI Mutual Fund - Growth Plan   | 50.00         |
| 34 | 5.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1155 Days Plan K- Dir under ICICI Mutual Fund - Growth Plan                | 50.00         |
| 35 | 4.0 crore units of ₹ 10 each of ICICI Prudential FMP series 76 - 1132 Days Plan P- Dir under ICICI Mutual Fund - Growth Plan                | 40.00         |
| 36 | 4.4 crore units of ₹ 10 each of IDFC Yearly Series Interval Fund-Series 1 - Dir under IDFC Mutual Fund - Growth Plan                        | 48.30         |
| 37 | 4.5 crore units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 30 - Dir under JP Mutual Fund - Growth Plan                      | 45.00         |
| 38 | 5.4 crore units of ₹ 10 each of Kotak FMP Series 105 under Kotak Mutual Fund - Growth Plan  | 54.45         |
| 39 | 3.9 crore units of ₹ 10 each of Kotak FMP Series 106 - 370 Days under Kotak Mutual Fund - Growth Plan                                       | 39.02         |
| 40 | 5.5 crore units of ₹ 10 each of Kotak FMP Series 136 - Dir under Kotak Mutual Fund - Growth Plan  | 54.51         |
| 41 | 5.0 crore units of ₹ 10 each of Kotak FMP Series 141 - Dir under Kotak Mutual Fund - Growth Plan  | 50.00         |
| 42 | 4.0 crore units of ₹ 10 each of Kotak FMP Series 147 - 384 Days - Dir under Kotak Mutual Fund - Growth Plan                                 | 40.00         |
| 43 | 1.9 crore units of ₹ 10 each of Kotak FMP Series 151 - Direct under Kotak Mutual Fund - Growth Plan   | 18.60         |
| 44 | 5.0 crore units of ₹ 10 each of Kotak FMP Series 155 - Direct under Kotak Mutual Fund - Growth Plan   | 50.00         |
| 45 | 5.0 crore units of ₹ 10 each of Kotak FMP Series 156 - 370 Days under Kotak Mutual Fund - Growth Plan                                       | 50.00         |
| 46 | 7.5 crore units of ₹ 10 each of Kotak FMP Series 157 - 370 Days under Kotak Mutual Fund - Growth Plan                                       | 75.00         |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED MUTUAL FUNDS CONTINUED...

|    |  | 31 March 2015   |
|----|--|-----------------|
| 47 | 4.0 crore units of ₹ 10 each of Kotak FMP Series 158 - 370 Days - Dir under Kotak Mutual Fund - Growth Plan  | 40.00           |
| 48 | 3.5 crore units of ₹ 10 each of Kotak FMP Series 159 - 370 Days - Dir under Kotak Mutual Fund - Growth Plan  | 35.00           |
| 49 | 4.0 crore units of ₹ 10 each of Kotak FMP Series 171 - Direct under Kotak Mutual Fund - Growth Plan  | 40.00           |
| 50 | 3.0 crore units of ₹ 10 each of LIC Nomura MF Fixed Maturity Plan Series 81 - 371 Days - Dir under LIC Mutual Fund - Growth Plan                     | 30.00           |
| 51 | 8.0 crore units of ₹ 10 each of Reliance Yearly Interval Fund - Series 8 under Reliance Mutual Fund - Growth Plan                                    | 80.00           |
| 52 | 4.4 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXIV Series 4 - Direct under Reliance Mutual Fund - Growth Plan                        | 44.48           |
| 53 | 3.5 crore units of ₹ 10 each of Reliance Interval Fund II - Series I - Dir under Reliance Mutual Fund - Growth Plan                                  | 34.70           |
| 54 | 26.8 crore units of ₹ 10 each of Reliance Yearly Interval Fund - Series - 1 - Dir under Reliance Mutual Fund - Growth Plan                           | 300.00          |
| 55 | 5.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 17 - Dir under Reliance Mutual Fund - Growth Plan                             | 50.00           |
| 56 | 5.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 19 - Dir under Reliance Mutual Fund - Growth Plan                             | 50.00           |
| 57 | 13.3 crore units of ₹ 10 each of Reliance Yearly Interval Fund - Series 2 - Dir under Reliance Mutual Fund - Growth Plan                             | 150.00          |
| 58 | 4.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXV - Series 22 - Dir under Reliance Mutual Fund - Growth Plan                         | 40.00           |
| 59 | 4.2 crore units of ₹ 10 each of Reliance Yearly Interval Fund - Series 3 - Dir under Reliance Mutual Fund - Growth Plan                              | 46.10           |
| 60 | 5.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 27 - Dir under Reliance Mutual Fund - Growth Plan                             | 50.00           |
| 61 | 7.5 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 30 - Dir under Reliance Mutual Fund - Growth Plan                             | 75.00           |
| 62 | 5.0 crore units of ₹ 10 each of Reliance FHF XXVI Series 12 under Reliance Mutual Fund - Growth Plan   | 50.00           |
| 63 | 8.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVI - Series 13 under Reliance Mutual Fund - Growth Plan                                | 80.00           |
| 64 | 5.2 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVI Series 17 - Dir under Reliance Mutual Fund - Growth Plan                            | 52.10           |
| 65 | 5.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVIII - Series 4 under Reliance Mutual Fund - Growth Plan                             | 50.00           |
| 66 | 4.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVI Series 19 - Dir under Reliance Mutual Fund - Growth Plan                            | 40.00           |
| 67 | 4.6 crore units of ₹ 10 each of Reliance Yearly Interval Fund Series 9 - Dir under Reliance Mutual Fund - Growth Plan                                | 50.00           |
| 68 | 4.0 crore units of ₹ 10 each of Reliance Fixed Horizon Fund - XXVIII - Series 7 under Reliance Mutual Fund - Growth Plan                             | 40.00           |
| 69 | 7.5 crore units of ₹ 10 each of Reliance Fixed Horizon Fund XXVIII Series 10 under Reliance Mutual Fund - Growth Plan                                | 75.00           |
| 70 | 3.5 crore units of ₹ 10 each of Religare Invesco FMP - Sr. 22 - Plan F (15 Months) - Dir under   | 35.00           |
| 71 | 3.0 crore units of ₹ 10 each of Religare Invesco FMP - Series 22 - Plan H - Dir under Religare Mutual Fund - Growth Plan                             | 30.00           |
| 72 | 3.5 crore units of ₹ 10 each of Religare Invesco FMP - Series 23 - Plan H (370 Days) under Religare Mutual Fund - Growth Plan                        | 35.00           |
| 73 | 3.5 crore units of ₹ 10 each of Religare Invesco FMP - Series 23 - Plan J (370 Days) - Dir under Religare Mutual Fund - Growth Plan                  | 35.00           |
| 74 | 3.5 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan - Series 25 - Plan A (1098 days) under Religare Mutual Fund - Growth Plan       | 35.00           |
| 75 | 4.5 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan - Series 25 - Plan C (1148 Days) - Dir under Religare Mutual Fund - Growth Plan | 45.00           |
| 76 | 4.0 crore units of ₹ 10 each of Religare Invesco Fixed Maturity Plan Series 25 - Plan D - Dir under Religare Mutual Fund - Growth Plan               | 40.40           |
| 77 | 3.5 crore units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme M - Dir under Tata Mutual Fund - Growth Plan                               | 35.00           |
| 78 | 4.0 crore units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme T - Dir under Tata Mutual Fund - Growth Plan                               | 40.40           |
| 79 | 7.0 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - III (368 days) under UTI Mutual Fund - Growth Plan                           | 70.00           |
| 80 | 5.2 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - VI (366 days) - Dir under UTI Mutual Fund - Growth Plan                      | 52.45           |
| 81 | 3.5 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - VIII (368 days) - Dir under UTI Mutual Fund - Growth Plan                    | 35.00           |
| 82 | 7.5 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - IX (369 days) - Dir under UTI Mutual Fund - Growth Plan                      | 75.00           |
| 83 | 5.0 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XIX - XI (366 days) - Dir under UTI Mutual Fund - Growth Plan                      | 50.00           |
| 84 | 7.6 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XXI - XI (1112 days) under UTI Mutual Fund - Growth Plan                           | 75.68           |
| 85 | 5.0 crore units of ₹ 10 each of UTI Fixed Term Income Fund Series XX - VIII (1105 days) under UTI Mutual Fund - Growth Plan                          | 50.00           |
|    | <b>Total</b>   | <b>4,705.65</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## QUOTED BONDS

|    |  | 31 March 2015   |
|----|--|-----------------|
| 1  | 1,000,000 units of ₹ 1000 each fully paid of 8.55% India Infrastructure Finance Company Ltd          | 100.00          |
| 2  | 1000 units of ₹ 1,000,000 each fully paid of 8.46% India Infrastructure Finance Company Ltd          | 100.11          |
| 3  | 1000 units of ₹ 1,000,000 each fully paid of 8.48% India Infrastructure Finance Company Ltd          | 100.02          |
| 4  | 5,000,000 units of ₹ 1000 each fully paid of 7.18% India Railway Finance Corporation Ltd             | 500.00          |
| 5  | 1500 units of ₹ 1,000,000 each fully paid of 8.48% National Highways Authority of India              | 149.81          |
| 6  | 180,492 units of ₹ 5000 each fully paid of 8.63% National Housing Bank TaxFree Bonds                 | 90.25           |
| 7  | 127,685 units of ₹ 5000 each fully paid of 8.68% National Housing Bank TaxFree Bonds                 | 63.84           |
| 8  | 395,812 units of ₹ 1000 each fully paid of 8.48% NTPC TaxFree Bonds                                  | 39.58           |
| 9  | 400 units of ₹ 1,000,000 each fully paid of 8.63% NTPC TaxFree Bonds                                 | 40.01           |
| 10 | 971,671 units of ₹ 1000 each fully paid of 8.54% Power Finance Corporation Limited                   | 97.17           |
| 11 | 420 units of ₹ 1,000,000 each fully paid of 8.46% Rural Electrification Corporation Ltd              | 42.02           |
| 12 | 250 units of ₹ 1,000,000 each fully paid of 0% Axis Finance Ltd bonds                                | 25.00           |
| 13 | 500 units of ₹ 1,000,000 each fully paid of 0% Fullerton India Credit Company Ltd bonds              | 49.74           |
| 14 | 1250 units of ₹ 1,000,000 each fully paid of 0% HDB Financial Services Limited bonds                 | 125.00          |
| 15 | 4000 units of ₹ 1,000,000 each fully paid of 0% Housing and Urban Development Corporation            | 515.46          |
| 16 | 2000 units of ₹ 500,000 each fully paid of 0% ICICI Home Finance bonds                               | 100.00          |
| 17 | 1000 units of ₹ 1,000,000 each fully paid of 0% IDFC Ltd bonds                                       | 100.00          |
| 18 | 500,000 units of ₹ 1000 each fully paid of 0% IL&FS Ltd bonds  | 50.00           |
| 19 | 2000 units of ₹ 1,000,000 each fully paid of 0% Kotak Mahindra Prime Ltd bonds                       | 200.00          |
| 20 | 3000 units of ₹ 1,000,000 each fully paid of 0% LIC Housing Finance bonds                            | 300.00          |
| 21 | 500 units of ₹ 1,000,000 each fully paid of 0% M&M bonds   | 50.00           |
| 22 | 1000 units of ₹ 1,000,000 each fully paid of 0% Mahindra & Mahindra Financial Services Limited bonds | 100.00          |
| 23 | 500 units of ₹ 1,000,000 each fully paid of 9.27% Power Finance Corporation Limited bonds            | 48.83           |
| 24 | 1000 units of ₹ 1,000,000 each fully paid of 0% Reliance Capital Ltd bonds                           | 99.59           |
|    | <b>Total</b>   | <b>3,086.42</b> |

## UNQUOTED MUTUAL FUNDS

|    |  | 31 March 2015 |
|----|--|---------------|
| 1  | 5.0 crore units of ₹ 10 each of ICICI Prudential Blended Plan - Plan B under ICICI Mutual Fund - Growth Plan   | 100.00        |
| 2  | 2.3 crore units of ₹ 100 each of Birla Sun Life Dynamic Bond Fund under Birla Mutual Fund - Growth Plan  | 50.00         |
| 3  | 2.3 crore units of ₹ 100 each of Birla Sun Life Saving Fund - Direct under Birla Mutual Fund - Growth Plan   | 506.71        |
| 4  | 1.1 crore units of ₹ 10 each of Birla Sun Life Short Term Fund - Dir under Birla Mutual Fund - Growth Plan   | 50.00         |
| 5  | 0.3 crore units of ₹ 100 each of Birla Sun Life Treasury Optimizer Plan - Dir under Birla Mutual Fund - Growth Plan  | 50.00         |
| 6  | 0.4 crore units of ₹ 100 each of DWS Insta Cash Plus Fund - Dir Plan - Annual Bonus under DWS Mutual Fund - Bonus Plan                                     | 39.39         |
| 7  | 14.5 crore units of ₹ 10 each of DWS Ultra Short Term Fund - Direct under DWS Mutual Fund - Growth Plan  | 197.78        |
| 8  | 6.9 crore units of ₹ 10 each of HDFC Medium Term Fund - Dir under HDFC Mutual Fund - Growth Plan   | 100.00        |
| 9  | 4.1 crore units of ₹ 100 each of ICICI Prudential Flexible Income Plan - Direct under ICICI Mutual Fund - Growth Plan                                      | 879.55        |
| 10 | 1.7 crore units of ₹ 10 each of IDFC Super Saver Income Fund-Short Term Plan- Dir under IDFC Mutual Fund - Growth Plan                                     | 50.00         |
| 11 | 11.8 crore units of ₹ 10 each of JM Money Manager Fund - Super Plus Plan (Direct) - Bonus Option - Principal Units (512) under JM Mutual Fund - Bonus Plan | 119.28        |
| 12 | 19.7 crore units of ₹ 10 each of JP Morgan India Treasury Fund - Bonus Plan - Direct under JP Mutual Fund - Bonus Plan                                     | 200.06        |
| 13 | 4.8 crore units of ₹ 10 each of JP Morgan India Treasury Fund - Bonus Plan - Direct under JP Mutual Fund - Bonus Plan                                      | 50.00         |
| 14 | 16.4 crore units of ₹ 10 each of L&T Ultra Short Term-Bonus Plan - Direct under L&T Mutual Fund - Bonus Plan   | 200.00        |
| 15 | 14.2 crore units of ₹ 10 each of Reliance Floating Rate Fund Short Term Plan - Dir under Reliance Mutual Fund - Growth Plan                                | 300.00        |
| 16 | 0.01 crore units of ₹ 1000 each of Reliance Liquid Fund - Treasury Plan - Dir under Reliance Mutual Fund - Growth Plan                                     | 35.10         |
| 17 | 0.3 crore units of ₹ 1000 each of Reliance Money Manager Fund - Direct under Reliance Mutual Fund - Growth Plan  | 487.42        |
| 18 | 0.03 crore units of ₹ 1000 each of Religare Invesco Short Term Fund - Dir under Religare Mutual Fund - Growth Plan   | 50.00         |
| 19 | 0.2 crore units of ₹ 1000 each of SBI SHDF - Ultra Short Term Fund - Direct under SBI Mutual Fund - Growth Plan  | 359.56        |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## UNQUOTED MUTUAL FUNDS CONTINUED...

|    |  | 31 March 2015   |
|----|--|-----------------|
| 20 | 12.9 crore units of ₹ 10 each of Sundaram Money Fund Direct Plan - Bonus under Sundaram Mutual Fund - Bonus Plan | 116.30          |
| 21 | 0.1 crore units of ₹ 1000 each of Tata Floater Fund - Direct under Tata Mutual Fund - Growth Plan                | 247.21          |
| 22 | 0.1 crore units of ₹ 1000 each of UTI Treasury Advantage - Direct under UTI Mutual Fund - Growth Plan            | 225.32          |
|    | <b>Total</b>   | <b>4,413.68</b> |

## UNQUOTED CERTIFICATE OF DEPOSITS

|   |  | 31 March 2015 |
|---|--|---------------|
| 1 | 2000 units of ₹ 5 lacs each fully paid of 0.0% IDFC Ltd Commercial Paper | 97.19         |

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

|   | Non-current   |               | Current       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Finished goods (crude oil)*                           | -             | -             | 99.05         | 77.93         |
| Stores and spares                                     | 342.36        | 362.27        | 144.25        | 107.50        |
|   | <b>342.36</b> | <b>362.27</b> | <b>243.30</b> | <b>185.43</b> |
| Less: amount disclosed under other non-current assets | (342.36)      | (362.27)      | -             | -             |
|   | -             | -             | <b>243.30</b> | <b>185.43</b> |

\*includes stock in pipeline ₹ 60.35 crore (31 March 2015: ₹ 56.06 crore).

## 17. CASH AND BANK BALANCES

|   | Non-current   |               | Current         |               |
|---|---------------|---------------|-----------------|---------------|
|   | 31 March 2016 | 31 March 2015 | 31 March 2016   | 31 March 2015 |
| <b>CASH AND CASH EQUIVALENTS</b>                      |               |               |                 |               |
| <b>Balances with banks:</b>                           |               |               |                 |               |
| - Current accounts                                    | -             | -             | 0.13            | 2.30          |
| - Deposits with original maturity of upto 3 months    | -             | -             | 950.01          | 5.20          |
| - Unpaid dividend accounts                            | -             | -             | 287.85          | 213.95        |
| <b>Cash on hand</b>                                   | -             | -             | 0.01            | 0.01          |
|   | -             | -             | <b>1,238.00</b> | <b>221.46</b> |
| <b>OTHER BANK BALANCES</b>                            |               |               |                 |               |
| - Escrow account                                      | -             | -             | -               | 143.13        |
| - Site restoration fund                               | 235.05        | 172.68        | -               | -             |
|   | <b>235.05</b> | <b>172.68</b> | -               | <b>143.13</b> |
| Less: amount disclosed under other non-current assets | (235.05)      | (172.68)      | -               | -             |
|   | -             | -             | <b>1,238.00</b> | <b>364.59</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 18. REVENUE FROM OPERATIONS

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Sale of finished goods   |                 |                 |
| Crude oil and condensate   | 5,788.65        | 10,341.25       |
| Gas  | 189.98          | 159.41          |
| Less: Government share of profit petroleum                               | (1,372.63)      | (2,727.80)      |
|  | <b>4,606.00</b> | <b>7,772.86</b> |
| Sale of services (tolling income)  | 43.43           | 33.12           |
| Other operating revenue (income received as operator from joint venture) | -               | 0.83            |
|  | <b>4,649.43</b> | <b>7,806.81</b> |

## 19. OTHER INCOME

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Interest income on                         |                 |                 |
| Bank deposits                              | 14.10           | 19.36           |
| Current investments                        | 278.29          | 198.30          |
| Others                                     | 0.79            | 0.74            |
| Gain on sale of current investments (net)* | 547.06          | 745.09          |
| Exchange differences (net)                 | 90.08           | 79.62           |
| Other non-operating income**               | 73.12           | 5.27            |
|  | <b>1,003.44</b> | <b>1,048.38</b> |

\*net off adjustment of ₹ 0.37 crore (31 March 2015: Nil) to carrying value of current investment on account of mark to market losses.

\*\* includes ₹ 62.74 crore (31 March 2015 : Nil) on account of reversal of provision of interest on income tax relating to earlier years.

## 20. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS

|  | 31 March 2016  | 31 March 2015 |
|--|----------------|---------------|
| Inventories at the end of the year       | 99.05          | 77.93         |
| Inventories at the beginning of the year | 77.93          | 76.25         |
|  | <b>(21.12)</b> | <b>(1.68)</b> |

## 21. EMPLOYEE BENEFIT EXPENSES

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Salaries, wages and bonus                             | 651.20        | 771.52        |
| Contribution to provident fund                        | 28.73         | 32.37         |
| Contribution to superannuation fund                   | 11.64         | 15.09         |
| Contribution to national pension scheme               | 0.55          | -             |
| Employee stock option scheme (refer note 28)          | 34.97         | 28.86         |
| Gratuity expense (refer note 27)                      | 12.20         | 8.78          |
| Compensated absences                                  | 1.76          | 2.68          |
| Staff welfare expenses                                | 36.86         | 63.64         |
|   | <b>777.91</b> | <b>922.94</b> |
| Less: Cost recharged to related party (refer note 30) | (4.51)        | -             |
| Less: Cost allocated to joint ventures                | (676.21)      | (815.00)      |
|   | <b>97.19</b>  | <b>107.94</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 22. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Depreciation and depletion of tangible assets (refer note 7) | 1,615.82        | 2,408.67        |
| Amortization of intangible assets (refer note 8)             | 18.86           | 32.01           |
| Less: Cost recharged to related party (refer note 30)        | (0.86)          | -               |
| Less: Cost allocated to joint ventures                       | (44.10)         | (57.25)         |
| Less: Exceptional item (refer note 25)                       | -               | (1,046.39)      |
|  | <b>1,589.72</b> | <b>1,337.04</b> |

## 23. FINANCE COSTS

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Interest                               | 17.64         | 7.91          |
| Bank charges                           | 0.28          | 0.33          |
|  | <b>17.92</b>  | <b>8.24</b>   |
| Less: Cost allocated to joint ventures | (0.11)        | (0.13)        |
|  | <b>17.81</b>  | <b>8.11</b>   |

## 24. OTHER EXPENSES

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Data acquisition and analysis  | 7.07          | 0.05          |
| Arbitration costs  | 2.71          | 1.43          |
| Royalty  | 14.29         | 16.12         |
| Legal and professional fees  | 132.14        | 242.98        |
| Auditors' remuneration   |               |               |
| As auditor:  |               |               |
| Fees for audit of standalone and consolidated financial statements                 | 0.57          | 0.41          |
| Fees for limited review of standalone and consolidated quarterly financial results | 0.46          | 0.45          |
| Fees for certification and agreed upon procedures                                  | 0.09          | 0.10          |
| Fees for audit of form 3CD   | 0.03          | 0.03          |
| Reimbursement of expenses  | 0.05          | 0.02          |
| Travelling and conveyance  | 30.75         | 52.39         |
| Commission to independent directors  | 3.49          | 3.37          |
| Share buy back expenses  | -             | 1.83          |
| Directors' sitting fees  | 0.53          | 0.53          |
| Contract employee charges  | 87.24         | 101.78        |
| Rent   | 46.69         | 77.49         |
| Rates and Taxes  | 18.05         | 17.39         |
| Insurance  | 7.77          | 16.82         |
| Corporate social responsibility expenditure (refer note 41)                        | 49.45         | 68.46         |
| Repairs and maintenance  |               |               |
| Buildings  | 12.50         | 14.36         |
| Others   | 35.28         | 54.38         |
| Loss on sale of investment in subsidiary*  | 4.09          | -             |
| Miscellaneous expenses   | 62.68         | 58.10         |
|  | <b>515.93</b> | <b>728.49</b> |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 24. OTHER EXPENSES CONTINUED...

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Less: Cost recharged to related party (refer note 30) | (2.95)        | -             |
| Less: Cost allocated to joint ventures                | (297.18)      | (403.78)      |
|   | <b>215.80</b> | <b>324.71</b> |

\* net of provision of ₹ 1,209.69 crore (31 March 2015: Nil) made in the previous year

## 25. EXCEPTIONAL ITEMS

|  | 31 March 2016 | 31 March 2015   |
|--|---------------|-----------------|
| Depreciation charge for earlier years*                           | -             | 1,046.39        |
| Impairment Loss on   |               |                 |
| Development work in progress (refer note 9.1)                    | 9.23          | -               |
| Exploration intangible assets under development (refer note 9.2) | 271.31        | -               |
| Diminution in the value of long term Investments (refer note 10) | -             | 949.76          |
| Provision for meeting obligations of subsidiary (refer note 5)   | -             | 259.92          |
|  | <b>280.54</b> | <b>2,256.07</b> |

\* Pursuant to the implementation of Schedule II of Companies Act 2013 on 1 April 2014, the Group had retrospectively changed the method of depreciation on some of its oil and gas assets from 'Straight Line' method to the 'Unit of Production' method. The additional charge of ₹ 1,046.39 crore due to the same for the period up to 31 March 2014 had been disclosed as an exceptional item for year ended 31 March 2015.

## 26. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| <b>Profit for the year as per Statement of Profit &amp; Loss</b><br>(used for calculation of both basic and diluted EPS) | <b>853.53</b>    | <b>1,320.03</b>  |
| Exceptional item [net of tax credit of ₹ 97.09 crore (31 March 2015: ₹ 298.27 crore)]                                    | 183.45           | 1,957.80         |
| <b>Profit for the year before exceptional items</b>  | <b>1,036.98</b>  | <b>3,277.83</b>  |
|  | <b>No. crore</b> | <b>No. crore</b> |
| Weighted average number of equity shares in calculating basic EPS  | 187.48           | 187.85           |
| Effect of dilution:  |                  |                  |
| Stock options granted under employee stock options   | 0.52             | 0.58             |
| Weighted average number of equity shares in calculating diluted EPS  | 188.00           | 188.43           |
| <b>EARNINGS PER EQUITY SHARE IN ₹ Computed on the basis of profit for the year before exceptional items</b>              |                  |                  |
| Basic  | 5.53             | 17.45            |
| Diluted  | 5.52             | 17.40            |
| <b>EARNINGS PER EQUITY SHARE IN ₹ Computed on the basis of profit for the year</b>                                       |                  |                  |
| Basic  | 4.55             | 7.03             |
| Diluted  | 4.54             | 7.01             |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 27. GRATUITY

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

### Statement of profit and loss

#### Net employee benefit expense recognized in the employee cost

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Current service cost                               | 9.26          | 8.11          |
| Interest cost on benefit obligation                | 3.79          | 4.05          |
| Expected return on plan assets                     | (2.43)        | (2.74)        |
| Net actuarial (gain) / loss recognized in the year | 1.58          | (0.64)        |
| <b>Net benefit expense</b>                         | <b>12.20</b>  | <b>8.78</b>   |
| Actual return on plan assets                       | 2.57          | 2.30          |

### Balance Sheet

#### Benefit asset/liability

|   | 31 March 2016  | 31 March 2015  |
|---|----------------|----------------|
| Present value of defined benefit obligation | 59.00          | 48.56          |
| Fair value of plan assets                   | 38.62          | 30.84          |
| <b>Plan asset / (liability)</b>             | <b>(20.38)</b> | <b>(17.72)</b> |

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

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Opening defined benefit obligation        | 48.56         | 45.03         |
| Current service cost                      | 9.26          | 8.11          |
| Interest cost                             | 3.79          | 4.05          |
| Benefits paid                             | (3.82)        | (7.55)        |
| Actuarial (gains) / losses on obligation  | 1.21          | (1.08)        |
| <b>Closing defined benefit obligation</b> | <b>59.00</b>  | <b>48.56</b>  |

### Changes in the fair value of plan assets are as follows:

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Opening fair value of plan assets        | 30.84         | 29.58         |
| Expected return                          | 2.43          | 2.74          |
| Contributions by employer                | 9.54          | 6.51          |
| Benefits paid                            | (3.82)        | (7.55)        |
| Actuarial gains / (losses)               | (0.37)        | (0.44)        |
| <b>Closing fair value of plan assets</b> | <b>38.62</b>  | <b>30.84</b>  |

The Company's expected contribution to the fund in the next year is ₹ 10.27 crore (31 March 2015: ₹ 11.47 crore).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

|                          | 31 March 2016 | 31 March 2015 |
|--------------------------|---------------|---------------|
| Investments with insurer | 100%          | 100%          |

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

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| Discount rate                            | 8.00%            | 7.80%            |
| Future salary increase - National/ Expat | 10.00%/ 2.00%    | 10.00%           |
| Expected rate of return on assets        | 8.00%            | 9.45%            |
| Employee turnover - National/ Expat      | 8.00%/13.00%     | 8.00%/NA         |
| Mortality rate                           | IALM (2006 - 08) | IALM (2006 - 08) |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 27. GRATUITY CONTINUED...

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 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 |
|--|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation                 | 59.00         | 48.56         | 45.03         | 36.76         | 1.03          |
| Plan assets                                | 38.62         | 30.84         | 29.58         | 23.53         | -             |
| Surplus / (deficit)                        | (20.38)       | (17.72)       | (15.45)       | (13.23)       | (1.03)        |
| Experience adjustments on plan assets      | (0.24)        | (0.44)        | 0.05          | 0.04          | -             |
| Experience adjustments on plan liabilities | (2.22)        | (0.07)        | (3.96)        | (3.74)        | (0.02)        |

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 2016, 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 2016    | 1,61,67,131                | 3,01,12,439               | 48,31,955                | 7,58,370                 |
| 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 2016 |                            |                           |                          |                          |
| Date of Grant                                | CIPOP                      | CIESOP                    | CIPOP Phantom            | CIESOP Phantom           |
| 24-Nov-06                                    | -                          | -                         | -                        | -                        |
| 01-Jan-07                                    | 17,08,195                  | 34,67,702                 | -                        | -                        |
| 20-Sep-07                                    | 32,35,194                  | 55,15,053                 | -                        | -                        |
| 29-Jul-08                                    | 7,89,567                   | 37,73,856                 | 8,22,867                 | 3,24,548                 |
| 10-Dec-08                                    | -                          | 36,040                    | -                        | 38,008                   |
| 22-Jun-09                                    | -                          | -                         | 69,750                   | -                        |
| 29-Jul-09                                    | 9,94,768                   | 54,05,144                 | 1,230,416*               | 2,11,362                 |
| 27-Jul-10                                    | 5,84,144                   | 30,27,463                 | 614,999*                 | 93,572                   |
| 23-Dec-10                                    | -                          | -                         | 23,645                   | -                        |
| 26-Jul-11                                    | 10,06,415                  | 47,33,714                 | 3,90,654                 | 66,385                   |
| 23-Jul-12                                    | 8,90,501                   | 41,53,467                 | 4,41,624                 | 24,495                   |
| 23-Jul-13                                    | 32,90,997                  | -                         | 4,32,259                 | -                        |
| 22-Jul-14                                    | 36,67,350                  | -                         | 7,44,272                 | -                        |
| 17-Nov-14                                    | -                          | -                         | 61,469                   | -                        |
| <b>Total</b>                                 | <b>1,61,67,131</b>         | <b>3,01,12,439</b>        | <b>48,31,955</b>         | <b>7,58,370</b>          |

\* 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 FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 28. EMPLOYEE STOCK OPTION PLANS CONTINUED...

Details of activities under employees stock option plans

| CIPOP Plan                                | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 61,99,640         | 10.00                                | 44,39,313         | 10.00                                |
| Granted during the year                   | Nil               | 10.00                                | 36,67,350         | 10.00                                |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | 9,729             | 10.00                                | 11,270            | 10.00                                |
| Forfeited / cancelled during the year     | 11,28,265         | 10.00                                | 18,95,753         | 10.00                                |
| <b>Outstanding at the end of the year</b> | <b>50,61,646</b>  | <b>10.00</b>                         | <b>61,99,640</b>  | <b>10.00</b>                         |
| Exercisable at the end of the year        | 18,270            | 10.00                                | Nil               | NA                                   |

Weighted average fair value of options granted on the date of grant is NA (31 March 2015: ₹ 300.67)

Weighted average share price at the date of exercise of stock options is ₹ 144.82 (31 March 2015: ₹ 297.18)

| CIESOP Plan                               | 31 March 2016     |                                      | 31 March 2015      |                                      |
|---|-------------------|--------------------------------------|--------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options  | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 1,03,88,430       | 303.43                               | 1,25,23,078        | 300.76                               |
| Granted during the year                   | Nil               | NA                                   | Nil                | NA                                   |
| Expired during the year                   | Nil               | NA                                   | Nil                | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | 6,44,901           | 227.68                               |
| Forfeited / cancelled during the year     | 7,86,229          | 314.00                               | 14,89,747          | 313.80                               |
| <b>Outstanding at the end of the year</b> | <b>96,02,201</b>  | <b>302.56</b>                        | <b>1,03,88,430</b> | <b>303.43</b>                        |
| Exercisable at the end of the year        | 96,02,201         | 302.56                               | 74,25,117          | 294.08                               |

Weighted average fair value of options granted on the date of grant is NA (31 March 2015: NA)

Weighted average share price at the date of exercise of stock options is NA (31 March 2015: ₹ 320.24)

| CIPOP Plan – Phantom options              | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 10,46,501         | 10.00                                | 5,98,774          | 10.00                                |
| Granted during the year                   | Nil               | NA                                   | 8,05,741          | 10.00                                |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | Nil               | NA                                   |
| Forfeited / cancelled during the year     | 2,21,317          | 10.00                                | 3,58,014          | 10.00                                |
| <b>Outstanding at the end of the year</b> | <b>8,25,184</b>   | <b>10.00</b>                         | <b>10,46,501</b>  | <b>10.00</b>                         |
| 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 2015: ₹ 180.27)

Weighted average share price at the date of exercise of stock options is NA (31 March 2015: NA)

| CIESOP Plan – Phantom options             | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 14,174            | 326.85                               | 34,316            | 327.11                               |
| Granted during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | Nil               | NA                                   |
| Forfeited / cancelled during the year     | 14,174            | 327.29                               | 20,142            | 327.29                               |
| <b>Outstanding at the end of the year</b> | <b>Nil</b>        | <b>326.85</b>                        | <b>14,174</b>     | <b>326.85</b>                        |
| Exercisable at the end of the year        | NA                | NA                                   | Nil               | NA                                   |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 28. EMPLOYEE STOCK OPTION PLANS CONTINUED...

| Scheme   | Range of exercise price in ₹ | No. of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price in ₹ |
|--|------------------------------|----------------------------|---|--------------------------------------|
| The details of exercise price for stock options outstanding as at 31 March 2016 are: |                              |                            |   |                                      |
| CIPOP Plan   | 10.00                        | 50,61,646                  | 0.86  | 10.00                                |
| CIESOP Plan  | 160-331.25                   | 96,02,201                  | NA  | 303.43                               |
| CIPOP Plan – Phantom options   | 10.00                        | 8,25,184                   | 1.06  | 10.00                                |
| CIESOP Plan – Phantom options  | NA                           | Nil                        | NA  | NA                                   |
| The details of exercise price for stock options outstanding as at 31 March 2015 are: |                              |                            |   |                                      |
| CIPOP Plan   | 10.00                        | 61,99,640                  | 2.58  | 10.00                                |
| CIESOP Plan  | 160-331.25                   | 1,03,88,430                | 0.31  | 303.43                               |
| CIPOP Plan – Phantom options   | 10.00                        | 10,46,501                  | 1.91  | 10.00                                |
| CIESOP Plan – Phantom options  | 326.85                       | 14,174                     | 0.31  | 326.85                               |

### 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 2016 | 31 March 2015 |
|---|---------------|---------------|
| Total Employee Compensation Cost pertaining to share-based payment plans                        | 34.97         | 28.86         |
| Compensation Cost pertaining to equity-settled employee share-based payment plan included above | 33.65         | 29.27         |
| Compensation Cost pertaining to cash-settled employee share-based payment plan included above   | 1.32          | (0.41)        |
| Equity settled employee stock options outstanding as at year end                                | 247.86        | 229.13        |
| Liability for cash settled employee stock options outstanding as at year end                    | 7.12          | 7.17          |

### 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   |                          |                          |
|---|--------------------------|--------------------------|
| Grant date  |                          | 22-Jul-14                |
| Stock Price/fair value of the equity shares on the date of grant (₹)  |                          | 345.35                   |
| Vesting date  |                          | 22-Jul-17                |
| Vesting %   |                          | Refer vesting conditions |
| Volatility  |                          | 27.95%                   |
| Risk free rate  |                          | 8.36%                    |
| Time to maturity (years)  |                          | 3.13                     |
| Exercise price (₹)  |                          | 10.00                    |
| Fair Value of the options (₹)   |                          | 300.67                   |
| VARIABLES – CIPOP PHANTOM   |                          |                          |
| Grant date  | 17-Nov-14                | 22-Jul-14                |
| Stock Price/fair value of the equity shares on the reporting date (₹) | 213.85                   | 213.85                   |
| Vesting date  | 17-Nov-17                | 22-Jul-17                |
| Vesting %   | Refer vesting conditions | Refer vesting conditions |
| Volatility  | 40.31%                   | 42.37%                   |
| Risk free rate  | 7.10%                    | 7.01%                    |
| Time to maturity (years)  | 1.63                     | 1.31                     |
| Exercise price (₹)  | 10.00                    | 10.00                    |
| Fair Value of the options (₹)   | 138.55                   | 139.58                   |

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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 29. LEASES

### Operating Lease: as lessee

Cairn India Limited has entered into operating leases for office premises with a non- cancellable lease period of 3 years. 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 2016 | 31 March 2015 |
|--|---------------|---------------|
| Lease payments made during the year              | 25.27         | 24.34         |
| Within one year of the balance sheet date        | 25.90         | 25.27         |
| Due in a period between one year and three years | 2.42          | 21.06         |

## 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                       |
|                                    | Vedanta Limited (formerly Sesa Sterlite Limited) |

|                      |  |
|----------------------|--|
| Subsidiary companies | 1. Cairn Energy Australia Pty Limited              |
|                      | 2. Cairn Energy India Pty Limited                  |
|                      | 3. CEH Australia Limited**                         |
|                      | 4. Cairn India Holdings Limited ('CIHL')           |
|                      | 5. CIG Mauritius Holding Private Limited ('CMHPL') |
|                      | 6. CIG Mauritius Private Limited                   |
|                      | 7. Cairn Energy Holdings Limited                   |
|                      | 8. Cairn Energy Discovery Limited                  |
|                      | 9. Cairn Exploration (No. 2) Limited               |
|                      | 10. Cairn Exploration (No. 6) Limited*             |
|                      | 11. Cairn Energy Hydrocarbons Limited ('CEHC')     |
|                      | 12. Cairn Energy Gujarat Block 1 Limited           |
|                      | 13. Cairn Exploration (No. 7) Limited***           |
|                      | 14. Cairn Lanka (Pvt) Limited                      |
|                      | 15. Cairn Energy India West BV**                   |
|                      | 16. Cairn Energy Netherlands Holdings BV**         |
|                      | 17. Cairn Energy Gujarat BV**                      |
|                      | 18. Cairn Energy Cambay BV**                       |
|                      | 19. Cairn South Africa Proprietary Limited         |

|                                       |                         |
|---------------------------------------|-------------------------|
| Enterprises controlled by the Company | Cairn Enterprise Centre |
|---------------------------------------|-------------------------|

\* Liquidated in current year.

\*\* Liquidated during previous year.

\*\*\* Liquidated subsequent to the year end

#### Related parties with whom transactions have taken place

|                     |   |
|---------------------|---|
| Fellow subsidiaries | Twin Star Mauritius Holdings Limited **** |
|                     | Sesa Resources Limited                    |

\*\*\*\*also has significant influence over the Company.

|                          |  |
|--------------------------|--|
| Key management personnel | Mayank Ashar, Managing Director and Chief Executive Officer (from 17 November 2014)        |
|                          | Sudhir Mathur, Chief Financial Officer (Interim Head, from 2 May 2014 to 16 November 2014) |
|                          | P. Elango, Wholetime Director and Interim Chief Executive officer (upto 2 May 2014)        |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 30. RELATED PARTY DISCLOSURES CONTINUED...

### 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 2016 | 31 March 2015   |
|---|---------------------------------------|---------------|-----------------|
| Reimbursement of expenses                   | Vedanta Limited                       | 3.08          | 4.64            |
|   |                                       | <b>3.08</b>   | <b>4.64</b>     |
| Recovery of expenses                        | Vedanta Limited                       | 8.32          | -               |
|   |                                       | <b>8.32</b>   | <b>-</b>        |
| Corporate social responsibility expenditure | Cairn Enterprise Centre               | 22.97         | 3.21            |
|   |                                       | <b>22.97</b>  | <b>3.21</b>     |
| Equity contributions made during the year   | CIG Mauritius Holding Private Limited | 264.23        | 1.21            |
|   |                                       | <b>264.23</b> | <b>1.21</b>     |
| Dividend paid                               | Twin Star Mauritius Holdings Limited  | 258.19        | 849.70          |
|   | Sesa Resources Limited                | 13.08         | 37.61           |
|   | Vedanta Limited                       | 177.81        | 403.81          |
|   |                                       | <b>449.08</b> | <b>1,291.12</b> |
| Sale of Investments in CMHPL                | Cairn Energy Hydrocarbons Limited     | 0.21          | -               |
|   |                                       | <b>0.21</b>   | <b>-</b>        |
| Remuneration to key management personnel    | Mayank Ashar                          | 16.65         | 6.07            |
|   | Sudhir Mathur                         | -             | 2.61            |
|   | P. Elango                             | -             | 1.27            |
|   |                                       | <b>16.65</b>  | <b>9.95</b>     |

Note:

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 2016 | 31 March 2015 |
|--|--|---------------|---------------|
| Other current liabilities including trade payables | Cairn Energy Hydrocarbons Limited      | -             | 0.01          |
|  | Vedanta Limited                        | 0.22          | 0.82          |
|  | Cairn Enterprise Centre                | 16.93         | 0.40          |
|  |  | <b>17.15</b>  | <b>1.23</b>   |
| Loans & Advances                                   | Cairn South Africa Proprietary Limited | 0.11          | 0.16          |
|  | Vedanta Limited                        | 5.75          | -             |
|  |  | <b>5.86</b>   | <b>0.16</b>   |

## 31. CAPITAL AND OTHER COMMITMENTS

### Capital commitments (net of advances)

Company's share of Joint Ventures' Exploration activities and Development activities – Nil (31 March 2015: ₹ 238.70 crore) and ₹ 81.27 crore (31 March 2015: ₹ 915.80 crore) respectively.

### Other commitments

Company's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts : ₹114.48 crore (31 March 2015: ₹ 1,540.94 crore).

## 32. CONTINGENT LIABILITIES

### a. Ravva Joint Venture Arbitration proceedings : Base Development Cost

Ravva joint venture had received the notice from Ministry of Petroleum & Natural Gas, Government of India (GOI) for the period from 2000-2005 for USD 129 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Group's share will be USD 29 million (approximately ₹ 192.34 crore) [31 March 2015: USD 29 million (approximately ₹ 181.65 crore)] 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 against the High Court's order before the Court of Appeal and the same has dismissed the GOI's appeal on 27 June 2014. GOI still preferred to challenge the same before the Federal Court, Kuala Lumpur and their Leave to Appeal is currently due for hearing before Federal Court on 17 May 2016. GOI has also issued Show

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 32. CONTINGENT LIABILITIES CONTINUED...

Cause Notice on this matter which the Company has replied to and also filed an application for enforcement of Award before Delhi High Court as an abundant caution. Next hearing is due on 29 April 2016. Furthermore, GOI is yet to agree on quantum of arbitration costs & expenses (legal fees and expenses) for reimbursing to the companies as per the Award. Therefore, the Companies have approached the Tribunal to quantify the costs. The GOI has obtained a stay order from Hon'ble High Court of Delhi, on 14 August 2015 against the Tribunal proceedings on quantum of arbitration costs on the grounds of Tribunal being functus officio. Cairn has filed an appeal before the Hon'ble High Court of Delhi against the aforesaid 'stay order' granted by the Hon'ble High Court of Delhi against the Tribunal 'proceedings on determination of costs'. The matters are due for hearing on 3 October 2016 and 26 April 2016 respectively.

### b. Ravva Joint Venture Arbitration proceedings: ONGC Carry

The Company is involved in a dispute with GOI relating to the calculation of payments that it was required to make in connection with the Ravva field. The Ravva PSC obliges the Company to pay proportional share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the "ONGC Carry"). The question as to how the ONGC Carry is to be calculated, along with other issues, was submitted to an international arbitration panel in August 2002 which rendered a decision on the ONGC Carry in the Company's favour and four other issues in favour of GOI in October 2004 ("Partial Award"). The GOI filed a challenge to the ONGC Carry decision in the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia which adjudicated the matter on 11 October 2011, upheld the Partial Award. Company persuaded with Ministry of Petroleum and Natural Gas (MoPNG) to implement the Partial Award while reconciling the statement of accounts as outlined in Partial Award ever since the Federal Court adjudication in place. However, MoPNG has issued a Show Cause Notice on 10 July 2014 alleging that profit petroleum has been short-paid. The Company had requested for Tribunal's reconstitution to publish the Final Award since it has retained the jurisdiction if parties are unable to agree on quantification sums due and payable to each other pursuant to the Partial Award. Accordingly, Tribunal was reconstituted and the next hearing is scheduled in June 2016. While the Company does not believe the GOI will be successful in its challenge, if the arbitral award is reversed and such reversal is binding, the Company could be liable for up to approximately USD 63.90 million (approximately ₹ 423.94 crore) [31 March 2015: USD 63.90 million (approximately ₹ 400.26 crore)] plus interest.

### c. Service tax

"The Company has received ten show cause notices (SCN's) relating to the period 1 April 2006 to 31 March 2015, citing non-payment of service tax on various services. Out of ten SCN 's, nine SCN's have been adjudicated by the department relating to the period 1 April 2006 to 31 March 2014 for which the Company has filed an appeal. Further, with respect to the last SCN, relating to the period 1 April 2014 to 31 March 2015, Company is in the process of filing the reply.

Should future adjudication go against the Company, it will be liable to pay service tax of approximately ₹49.53 crore ( 31 March 2015: ₹ 119.41 crore) plus potential interest of approximately ₹ 68.55 crore (31 March 2015: ₹ 132.70 crore), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company is operator.

### d. 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. However in an another similar case, the Gujarat High Court has held that tax holiday benefit would extend to production of gas.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately ₹ 279.64 crore (31 March 2015: ₹ 263.35 crore).

### e. Withholding tax on payments made on acquiring a subsidiary

In March 2014 the Company received a notice from the Indian Tax Authorities ("Tax Authorities") alleging failure by the Company to withhold tax on the consideration paid to Cairn UK Holdings Limited ("CUHL") in the year 2006-07, the then holding company. The said transaction relates to the acquisition of the shares of Cairn India Holdings Limited ("CIHL"), a 100% subsidiary of the Company, from CUHL during the financial year 2006-2007 as a part of group reorganization by the then ultimate parent company Cairn Energy Plc. Based upon the retrospective amendment(s) made in the year 2012 by inserting explanation 5 of section 9(1)(i) of the Income Tax Act, 1961, the Tax Authorities vide its order dated 11 March 2015, have raised a demand of approx. ₹ 20,494.73 crore (comprising tax of approx. ₹ 10,247.36 crore and interest of an equivalent amount) for not withholding tax on the consideration paid to CUHL, for acquiring shares of CIHL. Tax Authorities have stated in the said order that a short term capital gain of ₹ 24,503.50 crore 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 understands that a tax demand has also been raised by the Tax Authorities on CUHL with respect to taxability of alleged capital gain earned by CUHL.

In this regard, Vedanta Resources Plc. filed a Notice of Claim against the Government Of India under the UK-India Bilateral Investment Treaty (the "BIT") in order to protect its legal position and shareholder interests. Management has been advised that Vedanta Resources Plc. has a good case to defend as per provisions of BIT, the benefit of which would ultimately accrue to the Company.

Further, the Company has been advised that there could be no liability on the Company on account of not withholding the taxes in the year 2006-07 based on provisions of law prevailing at the time of transaction as the aforesaid retrospective amendment has cast an impossible obligation on the Company to deduct tax by having to predict and anticipate that the retrospective amendment will be made by legislature on a future date. The Company has approached the Hon'ble Delhi High Court against the said order and also filed an appeal before the Commissioner of Income Tax

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 32. CONTINGENT LIABILITIES CONTINUED...

(Appeals) to defend its said position.

### f. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 24.66 crore (31 March 2015: ₹ 5.93 crore) plus penalty and interest which the Company has contested before appellate authorities. The Company believes that this levy is not constitutionally valid and its Special Leave Petition in this regard is pending before the Honorable Supreme Court.

ii) Other claims raised by contractors and vendors of the Group ₹ 24.56 crore (31 March 2015: ₹ 32.51 crore)

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (f) 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 2016 | 31 March 2015 |
|---|---------------|---------------|
| Trade receivables   | 138.80        | 620.03        |
| Loans and advances and other assets                               | 64.34         | 161.52        |
| Cash & bank balances  | -             | 1.05          |
| Other current liabilities including trade payables and provisions | 1,414.90      | 1,110.89      |

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

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| 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 | -             | -             |

## 35. VALUE OF IMPORTS CALCULATED ON CIF BASIS

|                   | 31 March 2016 | 31 March 2015 |
|-------------------|---------------|---------------|
| Stores and spares | 277.58        | 40.61         |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 36. EXPENDITURE IN FOREIGN CURRENCY (Accrual basis)

|   | 31 March 2016 | 31 March 2015   |
|---|---------------|-----------------|
| Exploration and development expenditure             | 467.12        | 1,987.00        |
| Share of expenses from producing oil and gas blocks | 260.01        | 290.00          |
| Commission to independent directors                 | 0.86          | 0.85            |
| Salaries, wages and bonus                           | 111.66        | 163.13          |
| Staff welfare expenses                              | 9.47          | 19.83           |
| Legal and professional fees                         | 15.39         | 30.30           |
| Data acquisition and analysis                       | 7.07          | 0.04            |
| Travelling and conveyance                           | 1.17          | 2.43            |
| Insurance   | 6.64          | 14.15           |
| Repairs and maintenance                             | 10.12         | 17.24           |
| Arbitration Cost                                    | 1.37          | 0.89            |
| Rent  | 0.73          | 0.67            |
| Miscellaneous expenses                              | 21.81         | 57.92           |
|   | <b>913.42</b> | <b>2,584.45</b> |

## 37. EARNINGS IN FOREIGN CURRENCY (Accrual basis)

|                          | 31 March 2016   | 31 March 2015   |
|--------------------------|-----------------|-----------------|
| Revenue from operations* | 4,606.00        | 7,773.69        |
|                          | <b>4,606.00</b> | <b>7,773.69</b> |

\*Represents revenues from domestic customers to whom invoicing is made in foreign currencies but settlement happens in equivalent Indian rupees

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

|            | Percentage of total consumption |                | Amount        |               |
|------------|---------------------------------|----------------|---------------|---------------|
|            | 31 March 2016                   | 31 March 2015  | 31 March 2016 | 31 March 2015 |
| Imported   | 17.83%                          | 68.12%         | 78.58         | 233.96        |
| Indigenous | 82.17%                          | 31.88%         | 362.15        | 109.49        |
|            | <b>100.00%</b>                  | <b>100.00%</b> | <b>440.73</b> | <b>343.45</b> |

## 39. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

| Year of remittance (ending on)                                  | 31 March 2016                    | 31 March 2015  |
|---|----------------------------------|--|
| Period to which it relates                                      | 1 April 2014<br>to 31 March 2015 | 1 April 2013<br>to 31 March 2014<br>& 1 April 2014<br>to 31 March 2015 |
| Non-resident shareholders                                       | 5                                | 7  |
| Equity shares held on which dividend was due (numbers in crore) | 64.55                            | 73.89  |
| Amount remitted (in USD crore)                                  | 4.10                             | 14.01  |
| Amount remitted (in equivalent ₹ crore)                         | 258.19                           | 849.71   |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 40. OIL & GAS RESERVES AND RESOURCES

The Company's gross reserve estimates are updated at least 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, based on the current terms of the PSCs, are 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 2016   | 31 March 2015 | 31 March 2016                                    | 31 March 2015 | 31 March 2016   | 31 March 2015 |
| Rajasthan MBA Fields         | 2,208   | 2,208         | 496  | 545           | 174   | 191           |
| Rajasthan MBA EOR            | -   | -             | 225  | 226           | 79  | 79            |
| Rajasthan Block Other Fields | 4,189   | 3,833         | 471  | 505           | 165   | 177           |
| Ravva Fields                 | 706   | 684           | 39   | 47            | 9   | 11            |
| CBOS/2 Fields                | 215   | 220           | 23   | 24            | 9   | 9             |
| Other fields                 | 481   | 481           | 74   | 74            | 36  | 36            |
|                              | <b>7,799</b>  | <b>7,426</b>  | <b>1,328</b>                                     | <b>1,421</b>  | <b>471</b>  | <b>503</b>    |

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)       |
| <b>Reserves as of 1 April 2014*</b>    | <b>137.06</b>                | <b>41.78</b> | <b>88.49</b>                             | <b>14.64</b> |
| Additions / revision during the year   | 3.75                         | 10.61        | 14.54                                    | 6.01         |
| Production during the year             | 25.38                        | 4.58         | 25.38                                    | 4.58         |
| <b>Reserves as of 31 March 2015**</b>  | <b>115.43</b>                | <b>47.81</b> | <b>77.65</b>                             | <b>16.07</b> |
| Additions / revision during the year   | (5.83)                       | (10.95)      | 22.96                                    | 6.21         |
| Production during the year             | 24.46                        | 4.52         | 24.46                                    | 4.52         |
| <b>Reserves as of 31 March 2016***</b> | <b>85.14</b>                 | <b>32.34</b> | <b>76.15</b>                             | <b>17.76</b> |

\*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)

\*\* Includes probable oil reserves of 36.95 mmstb (of which 13.84 mmstb is developed) and probable gas reserves of 34.32 bscf (of which 5.94 bscf is developed)

\*\*\* Includes probable oil reserves of 22.69 mmstb (of which 15.05 mmstb is developed) and probable gas reserves of 18.31 bscf (of which 5.02 bscf is developed)

mmboe = million barrels of oil equivalent

mmstb = million stock tank barrels

bscf = billion standard cubic feet

1 million metric tonnes = 7.4 mmstb

1 standard cubic meter = 35.315 standard cubic feet

MBA = Mangala, Bhagyam & Aishwariya

EOR = Enhanced Oil Recovery

## 41. DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| (a) Gross amount required to be spent by the Company during the year | 107.21        | 129.70        |
| (b) Amount spent on  |               |               |
| i) Construction/acquisition of any asset                             |               |               |
| Paid in cash/cash equivalents  | -             | -             |
| Yet to be paid   | -             | -             |
|  | -             | -             |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 41. DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE CONTINUED...

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| ii) On purposes other than (i) above (for CSR Projects) |               |               |
| Paid in cash/cash equivalents                           | 21.80         | 55.07         |
| Yet to be paid  | 27.65         | 13.39         |
|   | <b>49.45*</b> | <b>68.46*</b> |

\*Includes ₹ 22.97 crore (31 March 2015: ₹ 3.21 crore) paid to related party (refer note 30)

## 42. DISCOUNTING OF RECEIVABLES

During the year, Company has discounted certain receivables with bank on non-recourse basis. Accordingly, closing balance of trade receivables and advances receivable in cash or kind have been reduced by ₹ 277.25 crore (31 March 2015: Nil) and ₹ 485.00 crore (31 March 2015: Nil) respectively.

## 43. 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.

## 44. 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 maximum amount outstanding anytime during the year are as follows :-

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Cairn Energy Hydrocarbons Limited      | -             | 4.86          |
| Cairn Lanka Private Limited            | -             | 0.21          |
| Cairn South Africa Proprietary Limited | 0.16          | 0.16          |

No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

## 45. SCHEME OF ARRANGEMENT WITH PARENT COMPANY

The Board of Directors at their meeting held on 14 June 2015, have approved a Scheme of Arrangement (the "Scheme") between the Company and its parent company Vedanta Limited and their respective shareholders and creditors. As per the Scheme, the implementation of which is subject to the receipt of necessary approvals from the non-promoter group shareholders and relevant regulatory authorities, the Company is proposed to be amalgamated into Vedanta Limited, with effect from 1 April 2015 or such date as may be approved by the High Court.

## 46. 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 and on behalf of the Board of Directors

### For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

### Navin Agarwal

Chairman  
DIN 00006303

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Aman Mehta

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

### Sudhir Mathur

Chief Financial Officer

### Neerja Sharma

Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

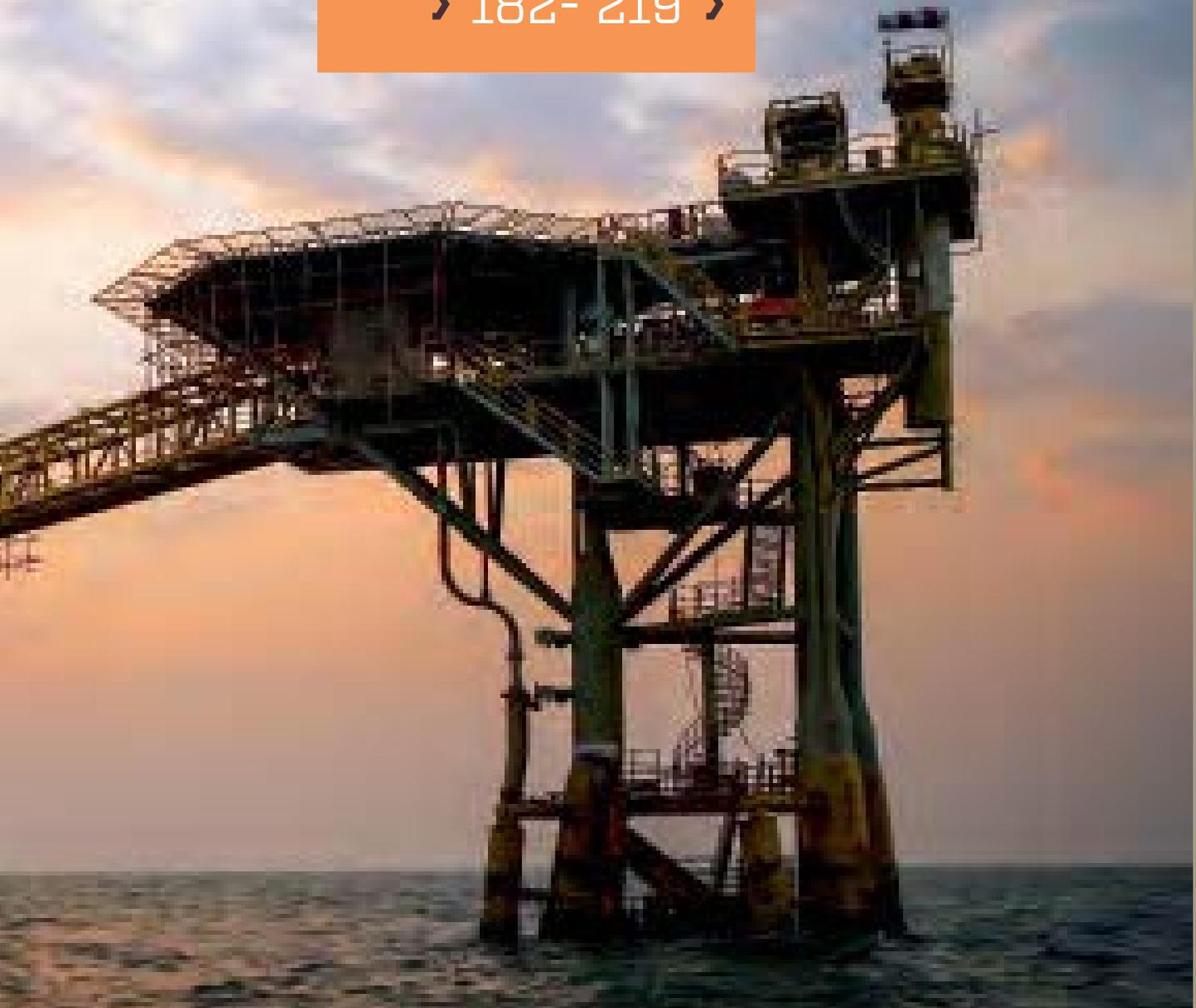




# AUDITED FINANCIAL STATEMENTS

PART II

› 182- 219 ›



# INDEPENDENT AUDITOR'S REPORT

To the Members of Cairn India Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Cairn India Limited (the "Company") and its subsidiaries (together, the "Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated loss, and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
  - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors of the Company as on March 31, 2016 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)...

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary companies incorporated in India, since none of the subsidiaries are incorporated in India, no separate report on internal financial controls over financial reporting of the Company is being issued;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

### **For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration Number: 301003E

### **per Naman Agarwal**

Partner  
Membership Number: 502405

Place: Gurgaon  
Date: 22 April 2016

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

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

|   | Notes | 31 March 2016    | 31 March 2015    |
|---|-------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                   |       |                  |                  |
| <b>Shareholders' funds</b>                      |       |                  |                  |
| Share capital                                   | 3     | 1,874.86         | 1,874.85         |
| Reserves and surplus                            | 4     | 46,917.69        | 56,995.35        |
|   |       | <b>48,792.55</b> | <b>58,870.20</b> |
| <b>Non-current liabilities</b>                  |       |                  |                  |
| Deferred tax liabilities (net)                  | 10    | 1,102.83         | 1,271.83         |
| Long-term provisions                            | 5     | 1,824.39         | 1,618.25         |
|   |       | <b>2,927.22</b>  | <b>2,890.08</b>  |
| <b>Current liabilities</b>                      |       |                  |                  |
| Trade payables                                  | 6     | 1,038.42         | 919.23           |
| Other current liabilities                       | 6     | 3,019.42         | 3,098.77         |
| Short-term provisions                           | 5     | 717.97           | 1,056.03         |
|   |       | <b>4,775.81</b>  | <b>5,074.03</b>  |
| <b>TOTAL</b>                                    |       | <b>56,495.58</b> | <b>66,834.31</b> |
| <b>ASSETS</b>                                   |       |                  |                  |
| <b>Non-current assets</b>                       |       |                  |                  |
| Fixed assets                                    |       |                  |                  |
| Tangible assets                                 | 7     | 8,165.85         | 8,454.75         |
| Intangible assets                               | 8     | 3,779.86         | 15,178.44        |
| Development capital work in progress            | 9.1   | 1,324.07         | 2,352.39         |
| Exploration intangible assets under development | 9.2   | 3,016.11         | 3,554.28         |
| Loans and advances                              | 11    | 7,754.65         | 16,273.43        |
| Other non-current assets                        | 13    | 3,032.19         | 1,663.17         |
|   |       | <b>27,072.73</b> | <b>47,476.46</b> |
| <b>Current assets</b>                           |       |                  |                  |
| Current investments                             | 14    | 15,054.09        | 15,233.42        |
| Inventories                                     | 15    | 468.29           | 343.88           |
| Trade receivables                               | 12    | 257.08           | 1,124.97         |
| Cash and bank balances                          | 16    | 2,385.45         | 851.69           |
| Loans and advances                              | 11    | 10,875.63        | 1,576.37         |
| Other current assets                            | 13    | 382.31           | 227.52           |
|   |       | <b>29,422.85</b> | <b>19,357.85</b> |
| <b>TOTAL</b>                                    |       | <b>56,495.58</b> | <b>66,834.31</b> |
| 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 and on behalf of the Board of Directors

## For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

### Navin Agarwal

Chairman  
DIN 00006303

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Aman Mehta

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

**Sudhir Mathur**  
Chief Financial Officer

**Neerja Sharma**  
Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

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

|  | Notes | 31 March 2016     | 31 March 2015    |
|--|-------|-------------------|------------------|
| <b>INCOME</b>  |       |                   |                  |
| Revenue from operations  | 17    | 8,625.57          | 14,646.20        |
| Other income   | 18    | 2,008.42          | 1,809.27         |
| <b>Total revenue</b>   |       | <b>10,633.99</b>  | <b>16,455.47</b> |
| <b>EXPENSES</b>  |       |                   |                  |
| Cess on crude oil  |       | 2,604.95          | 2,799.43         |
| Share of expenses from producing oil and gas blocks  |       | 2,093.49          | 1,767.24         |
| (Increase)/Decrease in inventories of finished goods   | 19    | (48.59)           | (1.14)           |
| Employee benefit expense   | 20    | 99.07             | 110.46           |
| Depletion, depreciation and amortization expense   | 21    | 3,107.15          | 2,569.47         |
| Finance costs  | 22    | 26.96             | 20.34            |
| Exploration costs written off  | 9.2   | 260.04            | 1,098.04         |
| Other expenses   | 23    | 251.75            | 349.54           |
|  |       | <b>8,394.82</b>   | <b>8,713.38</b>  |
| <b>Profit before tax and exceptional items</b>   |       | <b>2,239.17</b>   | <b>7,742.09</b>  |
| Exceptional items  | 24    | 11,673.80         | 2,633.00         |
| <b>(LOSS)/PROFIT BEFORE TAX</b>  |       | <b>(9,434.63)</b> | <b>5,109.09</b>  |
| <b>Tax expenses</b>  |       |                   |                  |
| Current tax [net of reversal of tax expense of ₹ 125.79 crore (31 March 2015 : Nil) relating to earlier years] | 11(c) | 173.50            | 1,001.73         |
| MAT credit (entitlement)/reversal (net)  |       | (7.25)            | (908.48)         |
| Net current tax expense  |       | 166.25            | 93.25            |
| Deferred tax charge/(credit)   |       | (71.91)           | 1,107.84         |
| Deferred tax (credit) on exceptional items   |       | (97.09)           | (571.60)         |
| <b>Total tax expense</b>   |       | <b>(2.75)</b>     | <b>629.49</b>    |
| <b>(LOSS)/PROFIT FOR THE YEAR</b>  |       | <b>(9,431.88)</b> | <b>4,479.60</b>  |
| <b>(Loss)/Earnings per equity share in ₹</b><br>[nominal value of share ₹ 10 (31 March 2015: ₹ 10)]            | 25    |                   |                  |
| <b>Computed on the basis of profit before exceptional items</b>  |       |                   |                  |
| Basic  |       | 11.44             | 34.82            |
| Diluted  |       | 11.41             | 34.71            |
| <b>Computed on the basis of (loss)/profit for the year</b>   |       |                   |                  |
| Basic  |       | (50.31)           | 23.85            |
| Diluted  |       | (50.31)           | 23.77            |
| 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 and on behalf of the Board of Directors

## For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

**per Naman Agarwal**

Partner  
Membership No. 502405

**Navin Agarwal**

Chairman  
DIN 00006303

**Mayank Ashar**

Managing Director &  
Chief Executive officer  
DIN 07001153

**Aman Mehta**

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

**Sudhir Mathur**  
Chief Financial Officer

**Neerja Sharma**

Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

AUDITED FINANCIAL STATEMENTS

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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

|   | 31 MARCH 2016     | 31 MARCH 2015     |
|---|-------------------|-------------------|
| <b>(LOSS)/PROFIT BEFORE TAX</b>   | <b>(9,434.63)</b> | <b>5,109.09</b>   |
| Adjustments for:  |                   |                   |
| Depletion, depreciation and amortization (including exceptional item)                         | 3,152.11          | 4,754.52          |
| Exploration cost written off  | 260.04            | 1,098.04          |
| Employee stock compensation expense (equity settled)  | 33.65             | 29.27             |
| Unrealized foreign exchange (gain)/loss (net)   | (620.64)          | (218.98)          |
| Impairment loss (included under exceptional items)  | 11,673.80         | 505.20            |
| Gain on sale of current investments (net)   | (417.08)          | (691.01)          |
| Interest expense  | 21.62             | 14.88             |
| Share buy back expenses   | -                 | 1.83              |
| Other finance charges   | 4.87              | 4.72              |
| Interest income   | (797.10)          | (583.65)          |
| Other non-operating income  | (79.95)           | (10.24)           |
| Dividend income   | (0.01)            | -                 |
| <b>Operating profit before working capital changes</b>  | <b>3,796.68</b>   | <b>10,013.67</b>  |
| Movements in working capital :  |                   |                   |
| Increase in trade payables, other liabilities and provisions                                  | 470.57            | 329.89            |
| Decrease in trade receivables   | 862.80            | 1,443.49          |
| (Increase) in inventories   | (82.62)           | (314.63)          |
| (Increase) in loans and advances and other assets   | (762.51)          | (864.92)          |
| <b>Cash generated from operations</b>   | <b>4,284.92</b>   | <b>10,607.50</b>  |
| Direct taxes paid (net of refunds)  | (151.04)          | (1,087.32)        |
| <b>Net cash flows from operating activities (A)</b>   | <b>4,133.88</b>   | <b>9,520.18</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |
| Payments made for fixed assets (including CWIP and capital advances)                          | (1,649.08)        | (5,574.43)        |
| Proceeds from sale/maturity of current investments (net)                                      | 596.40            | 1,821.43          |
| Loan given to related party   | -                 | (7,742.50)        |
| Proceeds from redemption/ maturity of deposits having original maturity of more than 3 months | 465.47            | 6,870.15          |
| Deposits made having original maturity of more than 3 months                                  | (2,105.77)        | (1,824.49)        |
| Interest received   | 610.63            | 545.76            |
| Dividend received on current investments  | 0.01              | -                 |
| Payments made to site restoration fund  | (85.79)           | (37.27)           |
| <b>Net cash (used in) investing activities (B)</b>  | <b>(2,168.13)</b> | <b>(5,941.35)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                   |
| Proceeds from issuance of equity share capital (including securities premium)                 | 0.01              | 14.69             |
| Payment made for buy back of equity shares  | -                 | (1,119.93)        |
| Expenses paid for buy back of equity shares   | -                 | (1.83)            |
| Proceeds from escrow account (made for buy back of equity shares)                             | 143.13            | -                 |
| Dividend paid on equity shares  | (676.04)          | (1,943.09)        |
| Tax on equity dividend paid   | (152.67)          | (366.34)          |
| Interest paid   | (29.76)           | (12.14)           |
| Payment of borrowing costs (other than interest)  | (4.87)            | (4.72)            |
| <b>Net cash (used in) financing activities (C)</b>  | <b>(720.20)</b>   | <b>(3,433.36)</b> |
| <b>Net increase in cash and cash equivalents (A + B + C)</b>                                  | <b>1,245.55</b>   | <b>145.47</b>     |

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

|  | 31 MARCH 2016   | 31 MARCH 2015 |
|--|-----------------|---------------|
| Effect of exchange differences on cash & cash equivalents held in foreign currency | 2.90            | (1.76)        |
| Cash and cash equivalents at the beginning of the year                             | 228.49          | 84.78         |
| <b>Cash and cash equivalents at the end of the year</b>                            | <b>1,476.94</b> | <b>228.49</b> |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>                                     |                 |               |
| Cash on hand   | 0.01            | 0.01          |
| With banks   |                 |               |
| - on deposits with original maturity of upto 3 months                              | 1,130.82        | 10.73         |
| - on current accounts  | 58.26           | 3.80          |
| - unpaid dividend accounts*  | 287.85          | 213.95        |
| <b>Total cash and cash equivalents (note 16)</b>                                   | <b>1,476.94</b> | <b>228.49</b> |

\* The Company can utilize these balances only towards settlement of the respective unpaid dividend account.

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 and on behalf of the Board of Directors

## For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

### Navin Agarwal

Chairman  
DIN 00006303

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Aman Mehta

Director  
DIN 00009364

Place: Gurgaon  
Date: 22 April 2016

### Sudhir Mathur

Chief Financial Officer

### Neerja Sharma

Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

## 1 CORPORATE INFORMATION

Cairn India Limited ('the Company') was incorporated in India on 21 August 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/South Africa through Production Sharing Contracts ('PSC') and Exploration Agreement entered into between these entities and Government of India/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 :

| 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 Limited**                         | British Virgin Islands   |
| 4      | Cairn India Holdings Limited ('CIHL')           | Jersey                   |
| 5      | CIG Mauritius Holding Private Limited ('CMHPL') | Mauritius                |
| 6      | CIG Mauritius Private Limited                   | Mauritius                |
| 7      | Cairn Energy Holdings Limited                   | United Kingdom           |
| 8      | Cairn Energy Discovery Limited                  | United Kingdom           |
| 9      | Cairn Exploration (No. 2) Limited               | United Kingdom           |
| 10     | Cairn Exploration (No. 6) Limited*              | United Kingdom           |
| 11     | Cairn Energy Hydrocarbons Limited ('CEHC')      | United Kingdom           |
| 12     | Cairn Energy Gujarat Block 1 Limited            | United Kingdom           |
| 13     | Cairn Exploration (No. 7) Limited***            | United Kingdom           |
| 14     | Cairn Lanka (Pvt) Limited                       | Sri Lanka                |
| 15     | Cairn Energy India West BV**                    | Netherlands              |
| 16     | Cairn Energy Netherlands Holdings BV**          | Netherlands              |
| 17     | Cairn Energy Gujarat BV**                       | Netherlands              |
| 18     | Cairn Energy Cambay BV**                        | Netherlands              |
| 19     | Cairn South Africa Proprietary Limited          | South Africa             |

CIHL is wholly owned direct subsidiary of the Company. During the year CEHC acquired 100% shares in CMHPL from the Company, whereafter all the above Companies except CIHL, have become direct or indirect wholly owned subsidiaries of CIHL. There has been no change in the shareholding pattern since 31 March 2015.

\*Liquidated in current year. \*\*Liquidated in previous year. \*\*\*Liquidated subsequent to the year end

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

| Oil & Gas blocks/fields               | Area                               | Participating Interest |
|---------------------------------------|------------------------------------|------------------------|
| <b>Operated blocks</b>                |                                    |                        |
| 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%                 |
| 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%                 |
| <b>Relinquished block</b>             |                                    |                        |
| SL 2007-01-001 *                      | North West Sri Lanka Offshore      | 100.00%                |
| <b>Non operated block</b>             |                                    |                        |
| KG-ONN-2003/1 **                      | Krishna Godavari Onshore           | 49.00%                 |

\* Relinquished on 15 October 2015

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

\*\*Operatorship has been transferred to Oil and Natural Gas Corporation (ONGC) w.e.f. 7 July 2014

\*\*\* intended to be relinquished in the next year

The participating interests were same in the previous year

## 2 BASIS OF PREPARATION

The financial statements of the Cairn India Group have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). Cairn India Group has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies, in all material respects, have been consistently applied by the Cairn India Group and are consistent with those used in the previous year.

On 30 March 2016, the Ministry of Corporate Affairs notified the Companies (Accounting Standards) Amendment Rules, 2016, resulting in amendment in certain Accounting Standards. The Group is of the view that the said amendments shall come into effect from accounting periods commencing on or after the publication of the notification i.e. from the period starting 1 April 2016 onwards and hence no impact of the same has been given in these financial statements.

### 2.1 Summary of significant accounting policies

#### a. Principles of consolidation:

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

- i. The financial statements of the Company and its subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealised profits or losses in accordance with Accounting Standard-21 (Consolidated Financial Statements).
- ii. The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of the subsidiaries are adjusted for the accounting principles and policies followed by the Company.
- iii. The difference between the cost to the Company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

#### b. Oil and gas assets

Cairn India Group follows the successful efforts method of accounting for oil and gas assets as set out by the Guidance Note issued by the 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.

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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

### c. Site restoration costs

At the end of the producing life of a field, costs are incurred in restoring the site of production facilities. Cairn India 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.

### d. Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

### e. Other tangible and intangible fixed assets

Tangible assets, other than oil and gas 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.

Intangible assets, other than oil and gas assets, acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and impairment losses, if any.

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.

### f. Depletion, depreciation and amortization

#### Oil and gas assets

Depletion is charged on a unit of production basis, based on proved reserves for acquisition costs and proved and developed reserves for successful exploratory wells, development wells, processing facilities, distribution assets, estimated future abandonment cost and all other related costs (also refer note 34). These assets are depleted within each cost centre. Reserves for this purpose are considered on working interest basis which are reassessed at least annually. Impact of changes to reserves are accounted for prospectively.

#### Other assets

Depreciation on assets, other than oil and gas assets, is provided using the Straight Line Method as per the useful lives of the assets stated below. The same have been determined by the management based on technical estimates.

|   |                     |
|---|---------------------|
| Vehicles                                      | 4 years             |
| Buildings (including lease hold improvements) | 6 years to 10 years |
| Computers                                     | 2 years             |
| Furniture and fixtures                        | 4 years             |
| Office equipments                             | 4 years             |
| Computer Software                             | 2 years             |

The useful lives of assets as mentioned in Schedule II of Companies Act 2013 is higher than those assessed by the management for all its fixed assets.

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 12 years) or expected useful economic lives, whichever is shorter.

Goodwill arising on consolidation is tested for impairment only.

### 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

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.

### 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. Inventories

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

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.

### k. 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. The following specific recognition criteria must also be met before revenue is recognised.

#### 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.

##### Treatment of Taxes

Cairn India Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Cairn India Group. Hence, they are excluded from revenue.

### 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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

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.

### 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 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 all 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.

In the situations where any component of Cairn India Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the component's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, each of the components restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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 component 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.

### o. 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) that have changed the no of equity shares outstanding, without corresponding change in resources.

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 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.

### 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, superannuation fund and national pension scheme are defined contribution schemes. Cairn India Group has no obligation, other than the contribution payable to the provident fund, superannuation fund and national pension scheme. Cairn India Group recognizes contribution payable to the provident fund, superannuation fund and national pension scheme as an expenditure,

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 2 BASIS OF PREPARATION CONTINUED...

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 and cash option award 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

In accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the Group measures compensation cost relating to employee stock options using the fair value method.

Compensation expense is amortised 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 Cairn India Group 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.

### t. 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.

### 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 3. SHARE CAPITAL

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| <b>AUTHORISED SHARES</b>  |                 |                 |
| 225.00 crore (31 March 2015: 225.00 crore) equity shares of ₹ 10 each | 2,250.00        | 2,250.00        |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP SHARES</b>                    |                 |                 |
| 187.49 crore (31 March 2015: 187.49 crore) equity shares of ₹ 10 each | 1,874.86        | 1,874.85        |
| <b>Total issued, subscribed and fully paid-up share capital</b>       | <b>1,874.86</b> | <b>1,874.85</b> |

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

|   | 31 March 2016 |                 | 31 March 2015 |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | No. crore     | ₹ crore         | No. crore     | ₹ crore         |
| At the beginning of the year              | 187.49        | 1,874.85        | 190.76        | 1,907.63        |
| Issued during the year – ESOPs exercised* | -             | 0.01            | 0.07          | 0.65            |
| Shares extinguished pursuant to buy back  | -             | -               | (3.34)        | (33.43)         |
| <b>Outstanding at the end of the year</b> | <b>187.49</b> | <b>1,874.86</b> | <b>187.49</b> | <b>1,874.85</b> |

\* Shares issued during the current year are less than 0.01 crore.

### (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 2016 | 31 March 2015 |
|---|---------------|---------------|
| Vedanta Limited (formerly Sesa Sterlite Limited), the holding company<br>44.45 crore (31 March 2015: 35.11 crore) equity shares of ₹ 10 each fully paid | 444.52        | 351.14        |
| Twin Star Mauritius Holdings Limited, subsidiary of Vedanta Limited<br>64.55 crore (31 March 2015: 73.89 crore) equity shares of ₹ 10 each fully paid   | 645.49        | 738.87        |
| Sesa Resources Limited, subsidiary of Vedanta Limited<br>3.27 crore (31 March 2015: 3.27 crore) equity shares of ₹ 10 each fully paid                   | 32.70         | 32.70         |

### (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 0.96 crore (31 March 2015: 1.46 crore) 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 3.67 crore equity shares (31 March 2015: 3.67 crore) during the period of five years immediately preceding the reporting date.

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

|  | 31 March 2016 |                        | 31 March 2015 |                        |
|--|---------------|------------------------|---------------|------------------------|
|  | No. crore     | % holding in the class | No. crore     | % holding in the class |
| <b>Equity shares of ₹ 10 each fully paid</b> |               |                        |               |                        |
| Twin Star Mauritius Holdings Limited         | 64.55         | 34.43%                 | 73.89         | 39.41%                 |
| Vedanta Limited                              | 44.45         | 23.71%                 | 35.11         | 18.73%                 |
| Cairn UK Holdings Limited                    | 18.41         | 9.82%                  | 18.41         | 9.82%                  |
| Life Insurance Corporation of India          | 16.98         | 9.06%                  | 16.98         | 9.06%                  |

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 3. SHARE CAPITAL CONTINUED...

### (g) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, refer Note no 27.

## 4. RESERVES AND SURPLUS

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| <b>SECURITIES PREMIUM ACCOUNT</b>  |                  |                  |
| Balance as per the last financial statements   | 19,042.96        | 20,107.23        |
| Add: additions on employee stock options exercised   | -                | 14.03            |
| Less: adjustment on account of buy back of equity shares   | -                | (1,086.49)       |
| Add: transferred from stock options outstanding  | 0.26             | 8.19             |
| <b>Closing Balance</b>   | <b>19,043.22</b> | <b>19,042.96</b> |
| <b>CAPITAL REDEMPTION RESERVE</b>  |                  |                  |
| Balance as per the last financial statements   | 36.70            | 3.27             |
| Add: transferred from general reserve on buy back of equity shares   | -                | 33.43            |
| <b>Closing Balance</b>   | <b>36.70</b>     | <b>36.70</b>     |
| <b>EMPLOYEE STOCK OPTIONS OUTSTANDING</b>  |                  |                  |
| Balance as per the last financial statements   | 229.13           | 208.04           |
| Add: Stock options charge for the year   | 33.65            | 82.88            |
| Less: Stock options cancelled during the year  | (14.66)          | (53.60)          |
| Less: transferred to securities premium on exercise of stock options   | (0.26)           | (8.19)           |
| <b>Closing Balance</b>   | <b>247.86</b>    | <b>229.13</b>    |
| <b>GENERAL RESERVE</b>   |                  |                  |
| Balance as per the last financial statements   | 3,658.08         | 3,691.51         |
| Add: Amount transferred on account of cancellation of equity settled and cash settled options [net of tax liability of ₹ 1.12 crore (31 March 2015 : Nil)] | 14.90            | -                |
| Less: transferred to capital redemption reserve on account of buy back of equity shares  | -                | (33.43)          |
| <b>Closing Balance</b>   | <b>3,672.98</b>  | <b>3,658.08</b>  |
| <b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>   |                  |                  |
| Balance as per the last financial statements   | 34,028.48        | 31,520.01        |
| (Loss)/Profit for the year   | (9,431.88)       | 4,479.60         |
| Less: Appropriations   |                  |                  |
| Proposed final equity dividend [amount per share ₹ 3.00 (31 March 2015: ₹ 4.00)]   | (562.46)         | (749.94)         |
| Tax on proposed final equity dividend  | (117.23)         | (149.94)         |
| Interim equity dividend [amount per share Nil (31 March 2015: ₹ 5.00)]   | -                | (937.37)         |
| Reversal of final dividend for earlier year*   | -                | 21.73            |
| Tax on interim dividend  | -                | (159.30)         |
| Reversal of tax on final dividend for earlier year*  | -                | 3.69             |
| <b>Net surplus in the statement of profit and loss</b>   | <b>23,916.91</b> | <b>34,028.48</b> |
| <b>Total reserves and surplus</b>  | <b>46,917.69</b> | <b>56,995.35</b> |

\* The Company had bought back 3.34 crore equity shares during the previous year, prior to declaration of final dividend for FY 2013-14. Hence, accrual for final dividend of ₹ 21.73 crore and tax thereon ₹ 3.69 crore made during the FY 2013-14, on these shares, was reversed in the previous year.

AUDITED FINANCIAL STATEMENTS

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 5. PROVISIONS

|  | Long-term       |                 | Short-term    |                 |
|--|-----------------|-----------------|---------------|-----------------|
|  | 31 March 2016   | 31 March 2015   | 31 March 2016 | 31 March 2015   |
| <b>PROVISION FOR EMPLOYEE BENEFITS</b>               |                 |                 |               |                 |
| Provision for employee stock options (cash settled)* | 4.32            | 5.73            | 2.80          | 1.44            |
| Provision for gratuity (refer note 26)               | -               | -               | 20.38         | 17.72           |
| Provision for compensated absences                   | -               | -               | 17.83         | 17.21           |
|  | <b>4.32</b>     | <b>5.73</b>     | <b>41.01</b>  | <b>36.37</b>    |
| <b>OTHER PROVISIONS</b>                              |                 |                 |               |                 |
| Provision for site restoration**                     | 1,820.07        | 1,612.52        | -             | -               |
| Provision for taxation (net of advance tax)          | -               | -               | -             | 119.78          |
| Proposed equity dividend                             | -               | -               | 562.46        | 749.94          |
| Provision for tax on proposed equity dividend        | -               | -               | 114.50        | 149.94          |
|  | <b>1,820.07</b> | <b>1,612.52</b> | <b>676.96</b> | <b>1,019.66</b> |
|  | <b>1,824.39</b> | <b>1,618.25</b> | <b>717.97</b> | <b>1,056.03</b> |

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| <b>* PROVISION FOR EMPLOYEE STOCK OPTIONS (CASH SETTLED) [REFER NOTE 2.1 (r) ABOVE]</b> |               |               |
| Opening Balance   | 7.17          | 7.78          |
| Additions for the year  | 1.32          | 1.67          |
| Payments during the year  | -             | (0.19)        |
| Reversed during the year  | (1.37)        | (2.09)        |
| <b>Closing Balance</b>  | <b>7.17</b>   | <b>7.17</b>   |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>** PROVISION FOR SITE RESTORATION [REFER NOTE 2.1 (c) ABOVE]</b> |                 |                 |
| Opening balance   | 1,612.52        | 3,108.26        |
| Additions during the year   | 207.55          | 20.82           |
| Reversed during the year  | -               | (1,516.56)      |
| <b>Closing balance</b>  | <b>1,820.07</b> | <b>1,612.52</b> |

## 6. OTHER CURRENT LIABILITIES

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| Trade payables                            | 1,038.42        | 919.23          |
| <b>OTHER LIABILITIES</b>                  |                 |                 |
| Others                                    |                 |                 |
| Statutory dues payable                    | 114.51          | 136.40          |
| Interest accrued on other than borrowings | 13.36           | 84.24           |
| Profit petroleum payable                  | 449.15          | 87.43           |
| Unpaid/unclaimed dividend                 | 287.85          | 213.95          |
| Liabilities for fixed assets              | 2,154.55        | 2,576.75        |
|   | <b>3,019.42</b> | <b>3,098.77</b> |
|   | <b>4,057.84</b> | <b>4,018.00</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

(All amounts are in ₹ crore, 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      |
|-----------------------------------|---------------|----------------|-----------|---------------------|-------------------|----------------------|------------------------|----------|----------------------------------|------------|
| <b>COST OR VALUATION</b>          |               |                |           |                     |                   |                      |                        |          |                                  |            |
| <b>At 1 April 2014</b>            | 1.91          | 152.05         | 1,557.95  | 7175.51             | 180.53            | 29.97                | 28.16                  | 770      | 9,133.38                         | 18,267.16  |
| Additions for the year            | -             | 6.00           | 423.91    | 2,845.05            | 149.88            | 126.86               | 49.83                  | 2.97     | 1,208.38                         | 4,812.88   |
| Disposals                         | -             | -              | -         | (0.76)              | (18.49)           | (4.18)               | -                      | -        | (1,516.56)                       | (1,539.99) |
| <b>At 31 March 2015</b>           | 1.91          | 158.05         | 1,981.86  | 10,019.80           | 311.92            | 152.65               | 77.99                  | 10.67    | 8,825.20                         | 21,540.05  |
| Additions for the year            | 8.40          | -              | 48.48     | 696.91              | 10.27             | 0.90                 | -                      | -        | 2,079.14                         | 2,844.10   |
| Disposals                         | -             | -              | -         | (0.06)              | (14.41)           | (16.33)              | (1.53)                 | -        | -                                | (32.33)    |
| <b>At 31 March 2016</b>           | 10.31         | 158.05         | 2,030.34  | 10,716.65           | 307.78            | 137.22               | 76.46                  | 10.67    | 10,904.34                        | 24,351.82  |
| <b>DEPRECIATION AND DEPLETION</b> |               |                |           |                     |                   |                      |                        |          |                                  |            |
| <b>At 1 April 2014</b>            | -             | 50.67          | 414.42    | 2,492.77            | 113.98            | 11.45                | 28.15                  | 3.05     | 5,269.02                         | 8,383.51   |
| Charge for the year               | -             | 54.23          | 669.70    | 2,905.15            | 35.26             | 29.22                | 2.08                   | 4.03     | 1,022.58                         | 4,722.25   |
| Disposals                         | -             | -              | -         | (0.11)              | (17.71)           | (2.64)               | -                      | -        | -                                | (20.46)    |
| <b>At 31 March 2015</b>           | -             | 104.90         | 1,084.12  | 5,397.81            | 131.53            | 38.03                | 30.23                  | 7.08     | 6,291.60                         | 13,085.30  |
| Charge for the year               | -             | 15.17          | 264.15    | 1,456.43            | 55.09             | 31.04                | 8.30                   | 0.97     | 1,301.63                         | 3,132.78   |
| Disposals                         | -             | -              | -         | (0.05)              | (14.22)           | (16.31)              | (1.53)                 | -        | -                                | (32.11)    |
| <b>At 31 March 2016</b>           | -             | 120.07         | 1,348.27  | 6,854.19            | 172.40            | 52.76                | 37.00                  | 8.05     | 7,593.23                         | 16,185.97  |
| <b>NET BLOCK</b>                  |               |                |           |                     |                   |                      |                        |          |                                  |            |
| <b>At 31 March 2015</b>           | 1.91          | 53.15          | 897.74    | 4,621.99            | 180.39            | 114.62               | 47.76                  | 3.59     | 2,533.60                         | 8,454.75   |
| <b>At 31 March 2016</b>           | 10.31         | 37.98          | 682.07    | 3,862.46            | 135.38            | 84.46                | 39.46                  | 2.62     | 3,311.11                         | 8,165.85   |

The above gross block includes ₹ 24,134.79 crore (31 March 2015: ₹ 21,321.08 crore) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 16,051.13 crore (31 March 2015: ₹ 12,959.67 crore) and net book value is ₹ 8,083.65 crore (31 March 2015: ₹ 8,361.41 crore).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 8. INTANGIBLE ASSETS

|                         | Goodwill         | Computer Software | Total            |
|-------------------------|------------------|-------------------|------------------|
| <b>GROSS BLOCK</b>      |                  |                   |                  |
| <b>At 1 April 2014</b>  | <b>15,152.24</b> | <b>176.31</b>     | <b>15,328.55</b> |
| Additions for the year  | -                | 18.58             | 18.58            |
| Deletions               | -                | (2.13)            | (2.13)           |
| <b>At 31 March 2015</b> | <b>15,152.24</b> | <b>192.76</b>     | <b>15,345.00</b> |
| Additions for the year  | -                | 10.37             | 10.37            |
| Deletions               | -                | (5.21)            | (5.21)           |
| <b>At 31 March 2016</b> | <b>15,152.24</b> | <b>197.92</b>     | <b>15,350.16</b> |
| <b>AMORTIZATION</b>     |                  |                   |                  |
| <b>At 1 April 2014</b>  | -                | <b>136.38</b>     | <b>136.38</b>    |
| Charge for the year     | -                | 32.27             | 32.27            |
| Deletions               | -                | (2.09)            | (2.09)           |
| <b>At 31 March 2015</b> | -                | <b>166.56</b>     | <b>166.56</b>    |
| Charge for the year     | -                | 19.32             | 19.32            |
| Deletions               | -                | (5.21)            | (5.21)           |
| <b>At 31 March 2016</b> | -                | <b>180.67</b>     | <b>180.67</b>    |
| <b>IMPAIRMENT LOSS</b>  |                  |                   |                  |
| <b>At 1 April 2015</b>  | -                | -                 | -                |
| Charge for the year     | 11,389.63        | -                 | 11,389.63        |
| <b>At 31 March 2016</b> | <b>11,389.63</b> | -                 | <b>11,389.63</b> |
| <b>NET BLOCK</b>        |                  |                   |                  |
| <b>At 31 March 2015</b> | <b>15,152.24</b> | <b>26.20</b>      | <b>15,178.44</b> |
| <b>At 31 March 2016</b> | <b>3,762.61</b>  | <b>17.25</b>      | <b>3,779.86</b>  |

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 ('CIHL') and consolidated net book value of assets in CIHL, at the time of acquisition of shares in CIHL. The valuation of CIHL largely represented the cash flows expected from the RJ-ON-90/1 oil and gas field, which has been identified as a separate Cash Generating Unit ('CGU'), in which CIHL held a participating interest through its step down subsidiary. Accordingly, the entire goodwill has been allocated to the said CGU for the purposes of impairment testing.

In the current period, following a downward revision in the long term crude oil outlook, the recoverable amount of RJ-ON-90/1 has been determined based on the fair value less costs of disposal approach using the discounted cash flow technique, leading to the above impairment charge. For the said purpose, cash flows expected to be generated by the projected production profiles of oil and natural gas over the expected tenure of the Production Sharing Contract (PSC) have been considered, and are based on the current estimates of reserves and risked resources. Reserves assumptions for fair value less costs of disposal consider all factors that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis, used to calculate fair value less costs of disposal uses oil price assumption for short-term (four years) which scales upto US\$70 per barrel by March 2020, derived from a consensus of various analyst recommendations. Thereafter, oil prices have been inflated at a rate of 2.5% p.a.. The cash flows are discounted using the post-tax nominal discount rate of 11.00 % derived from the Group's post-tax weighted average cost of capital and has been adjusted for risks associated with the business including extension of the PSC, which is due for renewal in May 2020. However, the management, basis available legal advice, remains confident that PSC for the said field would be extended for an additional period of 10 years, on the existing terms, as commercial production of natural gas is expected to continue for a period of at least ten years after the completion of the initial contract period.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 9. DEVELOPMENT AND EXPLORATION ASSETS IN PROGRESS/UNDER DEVELOPMENT

### 9.1 Development capital work in progress

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| Opening balance   | 2,352.39        | 3,621.06        |
| Add: Additions for the year   | 1,100.47        | 3,300.73        |
| Add: Additions from exploration intangible assets under development | 469.56          | -               |
| Less: Transferred to tangible assets                                | (2,589.12)      | (4,569.40)      |
| Less: Impairment loss*  | (9.23)          | -               |
| <b>Closing balance **</b>   | <b>1,324.07</b> | <b>2,352.39</b> |

### 9.2 Exploration intangible assets under development

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Opening balance  | 3,554.28        | 2,075.83        |
| Add: Additions for the year                            | 466.37          | 3,081.69        |
| Less: Transfer to Development Capital Work in Progress | (469.56)        | -               |
| Less: Exploration costs written off                    | (260.04)        | (1,098.04)      |
| Less: Impairment loss*                                 | (274.94)        | (505.20)        |
| <b>Closing balance</b>                                 | <b>3,016.11</b> | <b>3,554.28</b> |

\*Due to fall in crude oil prices in the international market, the management is continuously reassessing its future strategy and is carrying on development and exploration only in regions where it believes that the reserves and resources are commercially viable. Accordingly, development and exploration activities have been suspended in certain fields and management has assessed the recoverable value of the entire oil and gas blocks to which they relate, being separate CGUs. The recoverable amounts have been determined based on the fair value less costs of disposal approach using the discounted cash flow technique, wherever the CGUs included some producing assets. For all other CGUs, where there are no oil and gas producing assets and activities have been suspended, the recoverable amounts have been assessed as nil.

\*\* represents ₹ 336.35 crore (31 March 2015: ₹ 1,010.14 crore) relating to oil and gas producing facilities and ₹ 987.72 crore (31 March 2015: ₹ 1,342.25 crore) relating to other tangible assets.

## 10. DEFERRED TAX LIABILITIES (Net)

|   | 31 March 2016   | 31 March 2015   |
|---|-----------------|-----------------|
| <b>DEFERRED TAX LIABILITIES</b>   |                 |                 |
| Fixed assets: Impact of difference between tax depreciation and book depreciation/amortization and impairment charged for the financial reporting | 1,118.46        | 1,283.90        |
| Gain on sale of bonus units of Mutual Fund taxable in future years  | 88.02           | 115.43          |
| <b>Gross deferred tax liabilities</b>   | <b>1,206.48</b> | <b>1,399.33</b> |
| <b>DEFERRED TAX ASSETS</b>  |                 |                 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis               | 15.63           | 12.06           |
| Brought forward capital losses  | 88.02           | 44.24           |
| Provision for diminution in long term investment  | -               | 71.20           |
| <b>Gross deferred tax assets</b>  | <b>103.65</b>   | <b>127.50</b>   |
| <b>Net deferred tax liabilities</b>   | <b>1,102.83</b> | <b>1,271.83</b> |

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of ₹ 256.27 crore (31 March 2015: ₹ 144.02 crore) in respect of additional accumulated 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 11. LOANS AND ADVANCES

|   | Non-current     |                  | Current          |                 |
|---|-----------------|------------------|------------------|-----------------|
|   | 31 March 2016   | 31 March 2015    | 31 March 2016    | 31 March 2015   |
| <b>UNSECURED AND CONSIDERED GOOD</b>                            |                 |                  |                  |                 |
| Capital advances  | 15.95           | 179.33           | -                | -               |
| Security deposit  | 29.86           | 33.56            | 5.38             | 9.57            |
| Loans and advances to related parties (refer note 29)           | -               | 7,830.00         | 8,298.88         | -               |
| Advances recoverable in cash or kind                            | -               | -                | 1,888.85         | 1,312.24        |
|   | <b>45.81</b>    | <b>8,042.89</b>  | <b>10,193.11</b> | <b>1,321.81</b> |
| <b>UNSECURED AND CONSIDERED DOUBTFUL</b>                        |                 |                  |                  |                 |
| Advances recoverable in cash or kind                            | -               | -                | 348.61           | 264.37          |
| Less: provision   | -               | -                | (348.61)         | (264.37)        |
|   | -               | -                | -                | -               |
| <b>OTHER LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)</b> |                 |                  |                  |                 |
| Advance income-tax (net of provision)                           | 262.91          | 151.10           | 224.31           | 227.76          |
| Recoverable from statutory authorities                          | 122.27          | 73.47            | -                | -               |
| MAT credit entitlement  | 7,323.66        | 7,987.51         | 419.38           | -               |
| Safeguard duty paid under protest                               | -               | 18.46            | 18.46            | -               |
| Fringe benefit tax paid (net of provision)                      | -               | -                | 0.17             | 0.17            |
| Prepaid expenses  | -               | -                | 20.20            | 26.63           |
|   | <b>7,708.84</b> | <b>8,230.54</b>  | <b>682.52</b>    | <b>254.56</b>   |
|   | <b>7,754.65</b> | <b>16,273.43</b> | <b>10,875.63</b> | <b>1,576.37</b> |

Notes:

a) Recoverable from statutory authorities includes ₹ 58.10 crore (31 March 2015: ₹ 58.10 crore) on account of education and secondary and higher education cess paid for the financial year 2013-14, for which the Cairn India Group has filed the refund applications pursuant to circular no 978/2/2014-CX issued by Central Board of Excise & Customs. The said refund applications have been rejected by the tax authorities, which have been appropriately challenged by the Cairn India Group before Commissioner (Appeal), and also a writ petition has been filed before Honorable Rajasthan High Court.

b) Considering the current business plans, including production profiles, oil price forecast and management's expectation of an extension of the RJ-ON-90/1 PSC (refer note 8 above) the Group expects to recover the amount of MAT credit entitlement over its stipulated period of ten years from origination.

c) During the current year, the Group has utilized MAT credit aggregating to ₹ 251.72 crore (31 March 2015 : Nil) which has been set off against provision for tax. This comprises of ₹ 250.60 crore shown as a current tax charge and ₹ 1.12 crore adjusted against General Reserve.

## 12. TRADE RECEIVABLES

|  | Current       |                 |
|--|---------------|-----------------|
|  | 31 March 2016 | 31 March 2015   |
| <b>UNSECURED AND CONSIDERED GOOD</b>   |               |                 |
| Outstanding for a period exceeding six months from the date they are due for payment | -             | -               |
| Other receivables  | 257.08        | 1,124.97        |
|  | <b>257.08</b> | <b>1,124.97</b> |

## 13. OTHER ASSETS

|  | Non-current     |                 | Current       |               |
|--|-----------------|-----------------|---------------|---------------|
|  | 31 March 2016   | 31 March 2015   | 31 March 2016 | 31 March 2015 |
| <b>UNSECURED AND CONSIDERED GOOD</b>                             |                 |                 |               |               |
| Non-current bank balances (refer note 16)                        | 2,339.74        | 954.90          | -             | -             |
| Non-current inventory of stores and spares (refer note 15)       | 661.47          | 703.26          | -             | -             |
| Revenue received short of entitlement interest                   | -               | -               | 18.11         | 8.74          |
| Insurance claim receivable                                       | -               | -               | -             | 17.44         |
| Interest accrued on loans and advances, deposits and investments | 30.98           | 5.01            | 364.20        | 201.34        |
|  | <b>3,032.19</b> | <b>1,663.17</b> | <b>382.31</b> | <b>227.52</b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

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

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| Quoted mutual funds  | 3,656.08         | 4,705.65         |
| Quoted bonds   | 6,316.54         | 6,012.70         |
| Quoted Commercial Paper  | 243.84           | -                |
| Unquoted mutual funds  | 4,837.63         | 4,417.88         |
| Unquoted certificate of deposits   | -                | 97.19            |
|  | <b>15,054.09</b> | <b>15,233.42</b> |
| Aggregate amount of quoted investments<br>[Market value: ₹ 11,038.30 crore (31 March 2015: ₹ 11,488.51 crore)] | 10,216.46        | 10,718.35        |
| Aggregate amount of unquoted investments   | 4,837.63         | 4,515.07         |
|  | <b>15,054.09</b> | <b>15,233.42</b> |

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

|   | Non-current   |               | Current       |               |
|---|---------------|---------------|---------------|---------------|
|   | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Finished goods (crude oil)*                           | -             | -             | 189.20        | 140.61        |
| Stores and spares                                     | 661.47        | 703.26        | 279.09        | 203.27        |
|   | <b>661.47</b> | <b>703.26</b> | <b>468.29</b> | <b>343.88</b> |
| Less: amount disclosed under other non-current assets | (661.47)      | (703.26)      | -             | -             |
|   | -             | -             | <b>468.29</b> | <b>343.88</b> |

\*includes stock in pipeline ₹ 120.71 crore (31 March 2015: ₹ 112.13 crore)

## 16. CASH AND BANK BALANCES

|   | Non-current     |               | Current         |               |
|---|-----------------|---------------|-----------------|---------------|
|   | 31 March 2016   | 31 March 2015 | 31 March 2016   | 31 March 2015 |
| <b>CASH AND CASH EQUIVALENTS</b>  |                 |               |                 |               |
| <b>Balances with banks:</b>   |                 |               |                 |               |
| - Current accounts  | -               | -             | 58.26           | 3.80          |
| - Deposits with original maturity of upto 3 months                          | -               | -             | 1,130.82        | 10.73         |
| - Unpaid dividend accounts  | -               | -             | 287.85          | 213.95        |
| <b>Cash on hand</b>   | -               | -             | 0.01            | 0.01          |
|   | -               | -             | <b>1,476.94</b> | <b>228.49</b> |
| <b>OTHER BANK BALANCES</b>  |                 |               |                 |               |
| - Deposits with original maturity for more than 12 months                   | 2,081.27        | 782.22        | 828.48          | 173.66        |
| - Deposits with original maturity for more than 3 months but upto 12 months | -               | -             | 80.03           | 306.41        |
| - Escrow account  | -               | -             | -               | 143.13        |
| - Site restoration fund   | 258.47          | 172.68        | -               | -             |
|   | <b>2,339.74</b> | <b>954.90</b> | <b>908.51</b>   | <b>623.20</b> |
| Less: amount disclosed under other non-current assets                       | (2,339.74)      | (954.90)      | -               | -             |
|   | -               | -             | <b>2,385.45</b> | <b>851.69</b> |

## 17. REVENUE FROM OPERATIONS

|  | 31 March 2016   | 31 March 2015    |
|--|-----------------|------------------|
| Sale of finished goods   |                 |                  |
| Crude oil and condensate   | 10,640.90       | 19,121.93        |
| Gas  | 302.97          | 224.07           |
| Less: Government share of profit petroleum                               | (2,363.97)      | (4,734.36)       |
|  | <b>8,579.90</b> | <b>14,611.64</b> |
| Sale of services (tolling income)  | 45.67           | 33.73            |
| Other operating revenue (income received as operator from joint venture) | -               | 0.83             |
|  | <b>8,625.57</b> | <b>14,646.20</b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 18. OTHER INCOME

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Interest income on                         |                 |                 |
| Bank deposits                              | 67.94           | 39.01           |
| Current investments                        | 446.27          | 347.35          |
| Loan to a related party                    | 282.11          | 196.55          |
| Others                                     | 0.78            | 0.74            |
| Dividend income on current investments     | 0.01            | -               |
| Gain on sale of current investments (net)* | 417.08          | 691.01          |
| Exchange differences (net)                 | 714.28          | 524.37          |
| Other non-operating income **              | 79.95           | 10.24           |
|  | <b>2,008.42</b> | <b>1,809.27</b> |

\*net off adjustment of ₹ 130.14 crore (31 March 2015: ₹ 18.98 crore) to carrying value of current investment on account of mark to market losses.

\*\* includes ₹ 62.74 crore (31 March 2015 : Nil) on account of reversal of provision of interest on income tax relating to earlier years.

## 19. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS

|  | 31 March 2016  | 31 March 2015 |
|--|----------------|---------------|
| Inventories at the end of the year       | 189.20         | 140.61        |
| Inventories at the beginning of the year | 140.61         | 139.47        |
|  | <b>(48.59)</b> | <b>(1.14)</b> |

## 20. EMPLOYEE BENEFIT EXPENSE

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Salaries, wages and bonus                             | 652.96        | 773.88        |
| Contribution to provident fund                        | 28.73         | 32.37         |
| Contribution to superannuation fund                   | 11.64         | 15.09         |
| Contribution to national pension scheme               | 0.55          | -             |
| Employee stock option scheme (refer note 27)          | 34.97         | 28.86         |
| Gratuity expense (refer note 26)                      | 12.20         | 8.78          |
| Compensated absences                                  | 1.76          | 2.68          |
| Staff welfare expenses                                | 36.98         | 63.80         |
|   | <b>779.79</b> | <b>925.46</b> |
| Less: Cost recharged to related party (refer note 29) | (4.51)        | -             |
| Less: Cost allocated to joint ventures                | (676.21)      | (815.00)      |
|   | <b>99.07</b>  | <b>110.46</b> |

## 21. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

|  | 31 March 2016   | 31 March 2015   |
|--|-----------------|-----------------|
| Depreciation and depletion of tangible assets (refer note 7) | 3,132.79        | 4,722.25        |
| Amortization of intangible assets (refer note 8)             | 19.32           | 32.27           |
| Less: Cost recharged to related party (refer note 29)        | (0.86)          | -               |
| Less: Cost allocated to joint ventures                       | (44.10)         | (57.25)         |
| Less: Exceptional item (refer note 24)                       | -               | (2,127.80)      |
|  | <b>3,107.15</b> | <b>2,569.47</b> |

## 22. FINANCE COSTS

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Interest  | 21.73         | 15.01         |
| Bank charges  | 0.47          | 0.74          |
| Exchange difference to the extent considered as an adjustment to borrowing cost | 4.87          | 4.72          |
|   | <b>27.07</b>  | <b>20.47</b>  |
| Less: Cost allocated to joint ventures  | (0.11)        | (0.13)        |
|   | <b>26.96</b>  | <b>20.34</b>  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 23. OTHER EXPENSES

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Data acquisition and analysis                               | 7.07          | 0.05          |
| Arbitration costs   | 2.71          | 1.43          |
| Royalty   | 14.29         | 16.64         |
| Legal and professional fees                                 | 156.11        | 247.29        |
| Travelling and conveyance                                   | 30.80         | 52.45         |
| Commission to independent directors                         | 3.49          | 3.37          |
| Share buy back expenses                                     | -             | 1.83          |
| Directors' sitting fees                                     | 0.53          | 0.53          |
| Contract employee charges                                   | 87.24         | 101.78        |
| Rent  | 48.58         | 79.27         |
| Rates and Taxes   | 33.21         | 33.33         |
| Insurance   | 7.79          | 16.82         |
| Corporate social responsibility expenditure (refer note 33) | 49.45         | 68.46         |
| Repairs and maintenance                                     |               |               |
| Buildings   | 12.51         | 14.38         |
| Others  | 35.28         | 54.38         |
| Miscellaneous expenses                                      | 62.82         | 61.31         |
|   | <b>551.88</b> | <b>753.32</b> |
| Less: Cost recharged to related party (refer note 29)       | (2.95)        | -             |
| Less: Cost allocated to joint ventures                      | (297.18)      | (403.78)      |
|   | <b>251.75</b> | <b>349.54</b> |

## 24. EXCEPTIONAL ITEMS

|  | 31 March 2016    | 31 March 2015   |
|--|------------------|-----------------|
| Depreciation charge for earlier years*                           | -                | 2,127.80        |
| Impairment loss on   |                  |                 |
| Goodwill (refer note 8)  | 11,389.63        | -               |
| Development work in progress (refer note 9.1)                    | 9.23             | -               |
| Exploration intangible assets under development (refer note 9.2) | 274.94           | 505.20          |
|  | <b>11,673.80</b> | <b>2,633.00</b> |

\* Pursuant to the implementation of Schedule II of Companies Act 2013, on 1 April 2014 the Group had retrospectively changed the method of depreciation on some of its oil and gas assets from 'Straight Line' method to the 'Unit of Production' method. The additional charge of ₹ 2,127.80 crore due to the same for the period up to 31 March 2014 had been disclosed as an exceptional item for year ended 31 March 2015.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 25. (LOSS)/EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

|   | 31 March 2016     | 31 March 2015    |
|---|-------------------|------------------|
| <b>(Loss)/Profit for the year as per Statement of Profit &amp; Loss</b><br>(used for calculation of both basic and diluted EPS) | <b>(9,431.88)</b> | <b>4,479.60</b>  |
| Exceptional item [net of tax credit of ₹ 97.09 crore ( 31 March 2015: ₹ 571.60 crore)]  | 11,576.71         | 2,061.40         |
| <b>Profit for the year before exceptional items</b>   | <b>2,144.83</b>   | <b>6,541.00</b>  |
|   |                   |                  |
|   | <b>No. crore</b>  | <b>No. crore</b> |
| Weighted average number of equity shares in calculating basic EPS   | 187.48            | 187.85           |
| Effect of dilution:   |                   |                  |
| Stock options granted under employee stock options  | 0.52              | 0.58             |
| Weighted average number of equity shares in calculating diluted EPS   | 188.00            | 188.43           |
| <b>EARNINGS PER EQUITY SHARE IN ₹ Computed on the basis of profit for the year before exceptional items</b>                     |                   |                  |
| Basic   | 11.44             | 34.82            |
| Diluted   | 11.41             | 34.71            |
| <b>(LOSS)/EARNINGS PER EQUITY SHARE IN ₹ Computed on the basis of (loss)/profit for the year</b>                                |                   |                  |
| Basic   | (50.31)           | 23.85            |
| Diluted*  | (50.31)           | 23.77            |

\* considered anti dilutive for the current year.

## 26. GRATUITY

Cairn India Group has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

### Statement of profit and loss

#### Net employee benefit expense recognized in the employee cost

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Current service cost                               | 9.26          | 8.11          |
| Interest cost on benefit obligation                | 3.79          | 4.05          |
| Expected return on plan assets                     | (2.43)        | (2.74)        |
| Net actuarial (gain) / loss recognized in the year | 1.58          | (0.64)        |
| <b>Net benefit expense</b>                         | <b>12.20</b>  | <b>8.78</b>   |
| Actual return on plan assets                       | 2.57          | 2.30          |

### Balance sheet

#### Benefit asset/ liability

|   | 31 March 2016  | 31 March 2015  |
|---|----------------|----------------|
| Present value of defined benefit obligation | 59.00          | 48.56          |
| Fair value of plan assets                   | 38.62          | 30.84          |
| <b>Plan asset / (liability)</b>             | <b>(20.38)</b> | <b>(17.72)</b> |

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

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Opening defined benefit obligation        | 48.56         | 45.03         |
| Current service cost                      | 9.26          | 8.11          |
| Interest cost                             | 3.79          | 4.05          |
| Benefits paid                             | (3.82)        | (7.55)        |
| Actuarial (gains) / losses on obligation  | 1.21          | (1.08)        |
| <b>Closing defined benefit obligation</b> | <b>59.00</b>  | <b>48.56</b>  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 26. GRATUITY CONTINUED...

Changes in the fair value of plan assets are as follows:

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Opening fair value of plan assets        | 30.84         | 29.58         |
| Expected return                          | 2.43          | 2.74          |
| Contributions by employer                | 9.54          | 6.51          |
| Benefits paid                            | (3.82)        | (7.55)        |
| Actuarial gains / (losses)               | (0.37)        | (0.44)        |
| <b>Closing fair value of plan assets</b> | <b>38.62</b>  | <b>30.84</b>  |

Cairn India Group's expected contribution to the fund in the next year is ₹ 10.27 crore (31 March 2015: ₹ 11.47 crore).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

|                          | 31 March 2016 | 31 March 2015 |
|--------------------------|---------------|---------------|
| Investments with insurer | 100%          | 100%          |

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

|  | 31 March 2016    | 31 March 2015    |
|--|------------------|------------------|
| Discount rate                            | 8.00%            | 7.80%            |
| Future salary increase - National/ Expat | 10.00%/ 2.00%    | 10.00%/ NA       |
| Expected rate of return on assets        | 8.00%            | 9.45%            |
| Employee turnover - National/ Expat      | 8.00%/13.00%     | 8.00%/ NA        |
| Mortality rate                           | IALM (2006 - 08) | IALM (2006 - 08) |

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 2016 | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 |
|--|---------------|---------------|---------------|---------------|---------------|
| Defined benefit obligation                 | 59.00         | 48.56         | 45.03         | 36.76         | 26.98         |
| Plan assets                                | 38.62         | 30.84         | 29.58         | 23.53         | 18.60         |
| Surplus / (deficit)                        | (20.38)       | (17.72)       | (15.45)       | (13.23)       | (8.38)        |
| Experience adjustments on plan assets      | (0.24)        | (0.44)        | 0.05          | 0.04          | 0.01          |
| Experience adjustments on plan liabilities | (2.22)        | (0.07)        | (3.96)        | (3.74)        | (3.08)        |

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 FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

(All amounts are in ₹ crore, 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 2016, 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 2016 | 1,61,67,131                | 3,01,12,439               | 48,31,955                | 7,58,370                 |
| 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 2016

| Date of Grant | CIPOP              | CIESOP             | CIPOP Phantom    | CIESOP Phantom  |
|---------------|--------------------|--------------------|------------------|-----------------|
| 24-Nov-06     | -                  | -                  | -                | -               |
| 01-Jan-07     | 17,08,195          | 34,67,702          | -                | -               |
| 20-Sep-07     | 32,35,194          | 55,15,053          | -                | -               |
| 29-Jul-08     | 7,89,567           | 37,73,856          | 8,22,867         | 3,24,548        |
| 10-Dec-08     | -                  | 36,040             | -                | 38,008          |
| 22-Jun-09     | -                  | -                  | 69,750           | -               |
| 29-Jul-09     | 9,94,768           | 54,05,144          | 1,230,416*       | 2,11,362        |
| 27-Jul-10     | 5,84,144           | 30,27,463          | 614,999*         | 93,572          |
| 23-Dec-10     | -                  | -                  | 23,645           | -               |
| 26-Jul-11     | 10,06,415          | 47,33,714          | 3,90,654         | 66,385          |
| 23-Jul-12     | 8,90,501           | 41,53,467          | 4,41,624         | 24,495          |
| 23-Jul-13     | 32,90,997          | -                  | 4,32,259         | -               |
| 22-Jul-14     | 36,67,350          | -                  | 7,44,272         | -               |
| 17-Nov-14     | -                  | -                  | 61,469           | -               |
|               | <b>1,61,67,131</b> | <b>3,01,12,439</b> | <b>48,31,955</b> | <b>7,58,370</b> |

\* 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.

Details of activities under employees stock option plans

| CIPOP Plan                                | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 61,99,640         | 10.00                                | 44,39,313         | 10.00                                |
| Granted during the year                   | Nil               | 10.00                                | 36,67,350         | 10.00                                |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | 9,729             | 10.00                                | 11,270            | 10.00                                |
| Forfeited / cancelled during the year     | 11,28,265         | 10.00                                | 18,95,753         | 10.00                                |
| <b>Outstanding at the end of the year</b> | <b>50,61,646</b>  | <b>10.00</b>                         | <b>61,99,640</b>  | <b>10.00</b>                         |
| Exercisable at the end of the year        | 18,270            | 10.00                                | Nil               | NA                                   |

Weighted average fair value of options granted on the date of grant is NA (31 March 2015: ₹ 300.67)

Weighted average share price at the date of exercise of stock options is ₹ 144.82 (31 March 2015: ₹ 297.18 )

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 27. EMPLOYEE STOCK OPTION PLANS CONTINUED...

| CIESOP Plan                               | 31 March 2016     |                                      | 31 March 2015      |                                      |
|---|-------------------|--------------------------------------|--------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options  | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 1,03,88,430       | 303.43                               | 1,25,23,078        | 300.76                               |
| Granted during the year                   | Nil               | NA                                   | Nil                | NA                                   |
| Expired during the year                   | Nil               | NA                                   | Nil                | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | 6,44,901           | 227.68                               |
| Forfeited / cancelled during the year     | 7,86,229          | 314.00                               | 14,89,747          | 313.80                               |
| <b>Outstanding at the end of the year</b> | <b>96,02,201</b>  | <b>302.56</b>                        | <b>1,03,88,430</b> | <b>303.43</b>                        |
| Exercisable at the end of the year        | 96,02,201         | 302.56                               | 74,25,117          | 294.08                               |

Weighted average fair value of options granted on the date of grant is NA (31 March 2015: NA)

Weighted average share price at the date of exercise of stock options is NA (31 March 2015: ₹ 320.24)

| CIPOP Plan – Phantom options              | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 10,46,501         | 10.00                                | 5,98,774          | 10.00                                |
| Granted during the year                   | Nil               | NA                                   | 8,05,741          | 10.00                                |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | Nil               | NA                                   |
| Forfeited / cancelled during the year     | 2,21,317          | 10.00                                | 3,58,014          | 10.00                                |
| <b>Outstanding at the end of the year</b> | <b>8,25,184</b>   | <b>10.00</b>                         | <b>10,46,501</b>  | <b>10.00</b>                         |
| 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 2015: ₹ 180.27)

Weighted average share price at the date of exercise of stock options is NA (31 March 2015: NA)

| CIESOP Plan – Phantom options             | 31 March 2016     |                                      | 31 March 2015     |                                      |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
|   | Number of options | Weighted average exercise price in ₹ | Number of options | Weighted average exercise price in ₹ |
| Outstanding at the beginning of the year  | 14,174            | 326.85                               | 34,316            | 327.11                               |
| Granted during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Expired during the year                   | Nil               | NA                                   | Nil               | NA                                   |
| Exercised during the year                 | Nil               | NA                                   | Nil               | NA                                   |
| Forfeited / cancelled during the year     | 14,174            | 326.85                               | 20,142            | 327.29                               |
| <b>Outstanding at the end of the year</b> | <b>Nil</b>        | <b>NA</b>                            | <b>14,174</b>     | <b>326.85</b>                        |
| Exercisable at the end of the year        | NA                | NA                                   | Nil               | NA                                   |

| Scheme   | Range of exercise price in ₹ | No. of options outstanding | Weighted average remaining contractual life of options (in years) | Weighted average exercise price in ₹ |
|--|------------------------------|----------------------------|---|--------------------------------------|
| The details of exercise price for stock options outstanding as at 31 March 2016 are: |                              |                            |   |                                      |
| CIPOP Plan   | 10.00                        | 50,61,646                  | 0.86  | 10.00                                |
| CIESOP Plan  | 160-331.25                   | 96,02,201                  | NA  | 302.56                               |
| CIPOP Plan – Phantom options   | 10.00                        | 8,25,184                   | 1.06  | 10.00                                |
| CIESOP Plan – Phantom options  | NA                           | Nil                        | NA  | NA                                   |
| The details of exercise price for stock options outstanding as at 31 March 2015 are: |                              |                            |   |                                      |
| CIPOP Plan   | 10.00                        | 61,99,640                  | 2.58  | 10.00                                |
| CIESOP Plan  | 160-331.25                   | 1,03,88,430                | 0.31  | 303.43                               |
| CIPOP Plan – Phantom options   | 10.00                        | 10,46,501                  | 1.91  | 10.00                                |
| CIESOP Plan – Phantom options  | 326.85                       | 14,174                     | 0.31  | 326.85                               |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 27. EMPLOYEE STOCK OPTION PLANS CONTINUED...

### 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 2016 | 31 March 2015 |
|---|---------------|---------------|
| Total Employee Compensation Cost pertaining to share-based payment plans                        | 34.97         | 28.86         |
| Compensation Cost pertaining to equity-settled employee share-based payment plan included above | 33.65         | 29.27         |
| Compensation Cost pertaining to cash-settled employee share-based payment plan included above   | 1.32          | (0.41)        |
| Equity settled employee stock options outstanding as at year end                                | 247.86        | 229.13        |
| Liability for cash settled employee stock options outstanding as at year end                    | 7.12          | 7.17          |

### 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  |                          |
|--|--------------------------|
| Grant date   | 22-Jul-14                |
| Stock Price/fair value of the equity shares on the date of grant (₹) | 345.35                   |
| Vesting date   | 22-Jul-17                |
| Vesting %  | Refer vesting conditions |
| Volatility   | 27.95%                   |
| Risk free rate   | 8.36%                    |
| Time to maturity (years)   | 3.13                     |
| Exercise price (₹)   | 10.00                    |
| Fair Value of the options (₹)  | 300.67                   |

| VARIABLES – CIPOP PHANTOM   |                          |                          |
|---|--------------------------|--------------------------|
| Grant date  | 17-Nov-14                | 22-Jul-14                |
| Stock Price/fair value of the equity shares on the reporting date (₹) | 213.85                   | 213.85                   |
| Vesting date  | 17-Nov-17                | 22-Jul-17                |
| Vesting %   | Refer vesting conditions | Refer vesting conditions |
| Volatility  | 40.31%                   | 42.37%                   |
| Risk free rate  | 7.10%                    | 7.01%                    |
| Time to maturity (years)  | 1.63                     | 1.31                     |
| Exercise price (₹)  | 10.00                    | 10.00                    |
| Fair Value of the options (₹)   | 138.55                   | 139.58                   |

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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 28. LEASES

### Operating Lease: as lessee

Cairn India Group has entered into operating leases for office premises with a non-cancellable lease period of 3 years. 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 2016 | 31 March 2015 |
|--|---------------|---------------|
| Lease payments made during the year              | 25.27         | 24.34         |
| Within one year of the balance sheet date        | 25.90         | 25.27         |
| Due in a period between one year and three years | 2.42          | 21.06         |

## 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                       |
|                                       | Vedanta Limited (formerly Sesa Sterlite Limited) |
| Enterprises controlled by the Company | Cairn Enterprise Centre                          |

#### Related parties with whom transactions have taken place

|                     |  |
|---------------------|--|
| Fellow subsidiaries | Twin Star Mauritius Holdings Limited * |
|                     | Sesa Resources Limited                 |
|                     | THL Zinc Limited                       |

\* also has significant influence over the Company.

|                          |  |
|--------------------------|--|
| Key management personnel | Mayank Ashar, Managing Director and Chief Executive Officer (from 17 November 2014)        |
|                          | Sudhir Mathur, Chief Financial Officer (Interim head, from 2 May 2014 to 16 November 2014) |
|                          | P. Elango, Wholetime Director and Interim Chief Executive officer (upto 2 May 2014)        |

#### 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 2016 | 31 March 2015   |
|---|--------------------------------------|---------------|-----------------|
| Unsecured loan given (see note b)                     | THL Zinc Limited                     | -             | 7,830.00        |
|   |                                      |               | <b>7,830.00</b> |
| Reimbursement of expenses                             | Vedanta Limited                      | 3.08          | 4.64            |
|   | Vedanta Resources Plc.               | 13.40         | 0.00            |
|   |                                      | <b>16.48</b>  | <b>4.64</b>     |
| Recovery of expenses                                  | Vedanta Limited                      | 8.32          | -               |
|   |                                      | <b>8.32</b>   | -               |
| Corporate social responsibility expenditure           | Cairn Enterprise Centre              | 22.97         | 3.21            |
|   |                                      | <b>22.97</b>  | <b>3.21</b>     |
| Interest income on unsecured loan (see note b)        | THL Zinc Limited                     | 282.11        | 196.55          |
| Interest income on bonds                              | Vedanta Resources Plc.               | 43.82         | 31.18           |
|   |                                      | <b>325.93</b> | <b>227.73</b>   |
| Guarantee received (see note b)                       | Vedanta Resources Plc.               | -             | 7,830.00        |
|   |                                      |               | <b>7,830.00</b> |
| Dividend Paid   | Vedanta Limited                      | 177.81        | 403.81          |
|   | Twin Star Mauritius Holdings Limited | 258.19        | 849.70          |
|   | Sesa Resources Limited               | 13.08         | 37.61           |
|   |                                      | <b>449.08</b> | <b>1,291.12</b> |
| Remuneration to key management personnel (see note a) | Mayank Ashar                         | 16.65         | 6.07            |
|   | Sudhir Mathur                        | -             | 2.61            |
|   | P. Elango                            | -             | 1.27            |
|   |                                      | <b>16.65</b>  | <b>9.95</b>     |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 29. RELATED PARTY DISCLOSURES CONTINUED...

Balances outstanding as at the end of the year:

| Nature of the Balance                                | Related Party           | 31 March 2016 | 31 March 2015 |
|--|-------------------------|---------------|---------------|
| Unsecured loan and interest thereon                  | THL Zinc Limited        | 8,312.87      | 7,849.88      |
| Investment in bonds (at carrying value) (see note c) | Vedanta Resources Plc.  | 389.40        | 513.54        |
| Interest accrued on bonds                            | Vedanta Resources Plc.  | 13.00         | 12.42         |
| Guarantee Received                                   | Vedanta Resources Plc.  | 8,293.13      | 7,830.00      |
| Current assets including trade receivables           | Vedanta Limited         | 5.75          | -             |
| Other current liabilities including trade payables   | Vedanta Limited         | 0.22          | 0.82          |
|  | Cairn Enterprise Centre | 16.93         | 0.40          |

Notes:

- 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.
- The loan of USD 1,250 million equivalent to ₹ 8,293.13 crore (31 March 2015: ₹ 7,830.00 crore) to THL Zinc Limited carries an floating rate of interest rate of 3% + LIBOR and is repayable after two years from the date of disbursement and is backed by a corporate guarantee from Vedanta Resources Plc.
- The carrying value of bonds is after adjusting marked to market losses of ₹ 185.39 crore (31 March 2015 ₹ 60.40 crore).

## 30. CAPITAL AND OTHER COMMITMENTS

### Capital commitments (net of advances)

Cairn India Group's share of Joint Ventures' Exploration activities and Development activities : Nil (31 March 2015: ₹ 442.60 crore) and ₹ 160.62 crore (31 March 2015: ₹ 1,822.08 crore) respectively.

### Other commitments

Cairn India Group's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts : ₹ 114.48 crore (31 March 2015: ₹ 2,123.49 crore).

## 31. CONTINGENT LIABILITIES

### a. Ravva Joint Venture Arbitration proceedings : Base Development Cost

Ravva joint venture had received the notice from Ministry of Petroleum & Natural Gas, Government of India (GOI) for the period from 2000-2005 for USD 129 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Group's share will be USD 29 million (approximately ₹ 192.34 crore) [31 March 2015: USD 29 million (approximately ₹ 181.65 crore)] 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 against the High Court's order before the Court of Appeal and the same has dismissed GOI's appeal on 27 June 2014. GOI still preferred to challenge the same before the Federal Court, Kuala Lumpur and their Leave to Appeal is currently due for hearing before Federal Court on 17 May 2016. GOI has also issued Show Cause Notice on this matter which the Company has replied to and also filed an application for enforcement of Award before Delhi High Court as an abundant caution. Next hearing is due on 29 April 2016. Furthermore, GOI is yet to agree on quantum of arbitration costs & expenses (legal fees and expenses) for reimbursing to the companies as per the Award. Therefore, the Companies have approached the Tribunal to quantify the costs. The GOI has obtained a stay order from Hon'ble High Court of Delhi, on 14 August 2015, against the Tribunal proceedings on quantum of arbitration costs on the grounds of Tribunal being functus officio. Cairn has filed an appeal before the Hon'ble High Court of Delhi against the aforesaid 'stay order' granted by the Hon'ble High Court of Delhi against the Tribunal 'proceedings on determination of costs'. The matters are due for hearing on 3 October 2016 and 26 April 2016 respectively.

### b. Ravva Joint Venture Arbitration proceedings: ONGC Carry

The Company is involved in a dispute with GOI relating to the calculation of payments that it was required to make in connection with the Ravva field. The Ravva PSC obliges the Company to pay proportional share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva PSC (the "ONGC Carry"). The question as to how the ONGC Carry is to be calculated, along with other issues, was submitted to an international arbitration panel in August 2002 which rendered a decision on the ONGC Carry in the Company's favour and four other issues in favour of GOI in October 2004 ("Partial Award"). The GOI filed a challenge to the ONGC Carry decision in the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia which adjudicated the matter on 11 October 2011, upheld the Partial Award. Company persuaded with Ministry of Petroleum and Natural Gas (MoPNG) to implement the Partial Award while reconciling the statement of accounts as outlined in Partial Award ever since the Federal Court adjudication in place. However, MoPNG has issued a Show Cause Notice on 10 July 2014 alleging that profit petroleum has been short-paid. The Company had requested for Tribunal's reconstitution to publish the Final Award since it has retained the jurisdiction if parties are unable to agree on quantification sums due and payable to each other pursuant to the Partial Award. Accordingly, Tribunal was reconstituted and the next hearing is scheduled in June 2016. While the Company does not believe the GOI will be successful in its challenge,

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 31. CONTINGENT LIABILITIES CONTINUED...

if the arbitral award is reversed and such reversal is binding, the Company could be liable for up to approximately USD 63.90 million (approximately ₹ 423.94 crore) [31 March 2015: USD 63.90 million (approximately ₹ 400.26 crore)] plus interest.

### c. Service tax

"Cairn India Group has received ten show cause notices (SCN's) relating to the period 1 April 2006 to 31 March 2015, citing non-payment of service tax on various services. Out of ten SCN 's, nine SCN's have been adjudicated by the department relating to the period 1 April 2006 to 31 March 2014 for which the Group has filed an appeal. Further, with respect to the last SCN, relating to the period 1 April 2014 to 31 March 2015, Group is in the process of filing the reply.

Should future adjudication go against the Group, it will be liable to pay service tax of approximately ₹ 49.53 crore (31 March 2015: ₹ 119.41 crore) plus potential interest of approximately ₹ 68.55 crore (31 March 2015: ₹ 132.70 crore), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Group is operator.

### d. 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. However in an another similar case, the Gujarat High Court has held that tax holiday benefit would extend to production of gas.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately ₹ 320.07 crore (31 March 2015: ₹ 282.01 crore).

### e. Withholding tax on payments made on acquiring a subsidiary

In March 2014 the Company received a notice from the Indian Tax Authorities ("Tax Authorities") alleging failure by the Company to withhold tax on the consideration paid to Cairn UK Holdings Limited ("CUHL") in the year 2006-07, the then holding company. The said transaction relates to the acquisition of the shares of Cairn India Holdings Limited ("CIHL"), a 100% subsidiary of the Company, from CUHL during the financial year 2006-2007 as a part of group reorganization by the then ultimate parent company Cairn Energy Plc. Based upon the retrospective amendment(s) made in the year 2012 by inserting explanation 5 of section 9(1)(i) of the Income Tax Act, 1961, the Tax Authorities vide its order dated 11 March 2015, have raised a demand of approx. ₹ 20,494.73 crore (comprising tax of approx. ₹ 10,247.36 crore and interest of an equivalent amount) for not withholding tax on the consideration paid to CUHL, for acquiring shares of CIHL. Tax Authorities have stated in the said order that a short term capital gain of ₹ 24,503.50 crore 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 understands that a tax demand has also been raised by the Tax Authorities on CUHL with respect to taxability of alleged capital gain earned by CUHL.

In this regard, Vedanta Resources Plc. filed a Notice of Claim against the Government Of India under the UK-India Bilateral Investment Treaty (the "BIT") in order to protect its legal position and shareholder interests. Management has been advised that Vedanta Resources Plc. has a good case to defend as per provisions of BIT, the benefit of which would ultimately accrue to the Company.

Further, the Group has been advised that there could be no liability on the Company on account of not withholding the taxes in the year 2006-07 based on provisions of law prevailing at the time of transaction as the aforesaid retrospective amendment has cast an impossible obligation on the Company to deduct tax by having to predict and anticipate that the retrospective amendment will be made by legislature on a future date. The Company has approached the Hon'ble Delhi High Court against the said order and also filed an appeal before the Commissioner of Income Tax (Appeals) to defend its said position.

### f. South Africa Carry cost

As part of the farm-in agreement for Block 1, the Group is required to carry PetroSA up to a gross expenditure of USD 100 million (approximately ₹ 663.45 crore) for a work program including 3D and 2D seismic and at least one exploration well. At balance sheet date, USD 37 million (approximately ₹ 245.47 crore) has been spent in exploration expenditure and a USD 63 million carry (approximately ₹ 417.97 crore) (including drilling one well) remains. The Mineral and Petroleum Resources Development Bill has proposed several changes to the fiscal terms of contracts for companies currently operating in South Africa and for new exploration contracts which are currently under revision. In light of the given uncertainty, the management believes, which is also supported by legal advice, that it is possible but not probable that the liability of USD 63 million (approximately ₹ 417.97 crore) [31 March 2015: Nil] could devolve on the Group and accordingly no provision has been recognized in respect of the same in these financial statements.

### g. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 49.32 crore (31 March 2015: ₹ 11.85 crore) plus penalty and interest which Cairn India Group has contested before appellate authorities. Cairn India Group believes that this levy is not constitutionally valid and its Special Leave Petition in this regard is pending before the Honorable Supreme Court.

ii) Other claims raised by contractors and vendors of the Group ₹ 24.56 crore (31 March 2015: ₹ 32.51 crore)

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (g) above are not probable and accordingly no provision has been considered necessary there against.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 32. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Trade receivables   | 257.08        | 1,124.97      |
| Investments   | 2,966.30      | 2,930.48      |
| Cash and bank balances  | 3,171.21      | 1,270.37      |
| Loans and advances and other assets                               | 8,516.37      | 8,412.65      |
| Other current liabilities including trade payables and provisions | 2,361.88      | 3,408.38      |

## 33. DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

|  | 31 March 2016  | 31 March 2015 |
|--|----------------|---------------|
| (a) Gross amount required to be spent by the Company during the year | 107.21         | 129.70        |
| (b) Amount spent on  |                |               |
| i) Construction/acquisition of any asset                             |                |               |
| Paid in cash/cash equivalents  | -              | -             |
| Yet to be paid   | -              | -             |
| -  | -              | -             |
| ii) On purposes other than (i) above (for CSR Projects)              |                |               |
| Paid in cash/cash equivalents  | 21.80          | 55.07         |
| Yet to be paid   | 27.65          | 13.39         |
|  | <b>49.45 *</b> | <b>68.46*</b> |

\*Includes ₹ 22.97 crore (31 March 2015: ₹ 3.21 crore) paid to related party (refer note 29)

## 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, based on the current terms of the PSCs, are 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 2016   | 31 March 2015 | 31 March 2016                                    | 31 March 2015 | 31 March 2016   | 31 March 2015 |
| Rajasthan MBA Fields         | 2,208   | 2,208         | 496  | 545           | 347   | 382           |
| Rajasthan MBA EOR            | -   | -             | 225  | 226           | 158   | 158           |
| Rajasthan Block Other Fields | 4,189   | 3,833         | 471  | 505           | 330   | 353           |
| Ravva Fields                 | 706   | 684           | 39   | 47            | 9   | 11            |
| CBOS/2 Fields                | 215   | 220           | 23   | 24            | 9   | 9             |
| Other fields                 | 481   | 481           | 74   | 74            | 36  | 36            |
|                              | <b>7,799</b>  | <b>7,426</b>  | <b>1,328</b>                                     | <b>1,421</b>  | <b>889</b>  | <b>949</b>    |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 34. OIL & GAS RESERVES AND RESOURCES CONTINUED...

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<br>(mmstb)               | Gas<br>(bscf) | Oil<br>(mmstb)                           | Gas<br>(bscf) |
| <b>Reserves as of 1 April 2014*</b>    | <b>261.98</b>                | <b>71.26</b>  | <b>168.22</b>                            | <b>18.27</b>  |
| Additions / revision during the year   | 5.63                         | 20.79         | 25.66                                    | 11.38         |
| Production during the year             | 47.67                        | 5.72          | 47.67                                    | 5.72          |
| <b>Reserves as of 31 March 2015**</b>  | <b>219.94</b>                | <b>86.33</b>  | <b>146.21</b>                            | <b>23.93</b>  |
| Additions / revision during the year   | (13.83)                      | (24.96)       | 44.42                                    | 10.85         |
| Production during the year             | 45.91                        | 6.32          | 45.91                                    | 6.32          |
| <b>Reserves as of 31 March 2016***</b> | <b>160.20</b>                | <b>55.05</b>  | <b>144.73</b>                            | <b>28.46</b>  |

\* 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)

\*\* Includes probable oil reserves of 67.81 mmstb (of which 23.43 mmstb is developed) and probable gas reserves of 62.71 bscf (of which 7.03 bscf is developed)

\*\*\* Includes probable oil reserves of 40.05 mmstb (of which 27.31 mmstb is developed) and probable gas reserves of 29.80 bscf (of which 5.81 bscf is developed)

mmboe = million barrels of oil equivalent

mmstb = million stock tank barrels

bscf = billion standard cubic feet

1 million metric tonnes = 7.4 mmstb

1 standard cubic meter = 35.315 standard cubic feet

MBA = Mangala, Bhagyam & Aishwariya

EOR = Enhanced Oil Recovery



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)...

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

## 36. DISCOUNTING OF RECEIVABLES

During the year, Company has discounted certain receivables with bank on non-recourse basis. Accordingly, closing balance of trade receivables and advances receivable in cash or kind have been reduced by ₹ 524.52 crore (31 March 2015: Nil) and ₹ 485.00 crore (31 March 2015: Nil) respectively.

## 37. SEGMENTAL REPORTING

### Business segments

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

### Geographical segments

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 impairment charge of ₹ 3.63 crore (31 March 2015 : Nil) and exploration costs written off of ₹ 10.47 crore (31 March 2015: ₹ 32.19 crore) incurred in South Africa.

## 38. SCHEME OF ARRANGEMENT WITH PARENT COMPANY

The Board of Directors at their meeting held on 14 June 2015, have approved a Scheme of Arrangement (the "Scheme") between the Company and its parent company Vedanta Limited and their respective shareholders and creditors. As per the Scheme, the implementation of which is subject to the receipt of necessary approvals from the non-promoter group shareholders and relevant regulatory authorities, the Company is proposed to be amalgamated into Vedanta Limited, with effect from 1 April 2015 or such date as may be approved by the High Court.

## 39. 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 and on behalf of the Board of Directors

### For S. R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No.:301003E

### per Naman Agarwal

Partner  
Membership No. 502405

Place: Gurgaon  
Date: 22 April 2016

### Navin Agarwal

Chairman  
DIN 00006303

### Sudhir Mathur

Chief Financial Officer

### Mayank Ashar

Managing Director &  
Chief Executive officer  
DIN 07001153

### Neerja Sharma

Director- Assurance & Communication  
and Company Secretary  
ICSI Membership No. A9630

### Aman Mehta

Director  
DIN 00009364

AUDITED FINANCIAL STATEMENTS

# STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES

(All amounts are in ₹ crores, unless otherwise indicated)

**Form AOC-I Part "A" : Subsidiaries (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014**

| Sl. No. | Name of the Subsidiary Company         | Reporting period    | Reporting currency | Share capital | Reserves & surplus |
|---------|--|---------------------|--------------------|---------------|--------------------|
| 1       | Cairn India Holdings Limited           | April to March      | USD                | 3,555.54      | 17,743.12          |
| 2       | Cairn Energy Hydrocarbons Limited      | April to March      | USD                | 2,139.95      | 6,219.44           |
| 3       | Cairn Lanka (Pvt) Limited              | April to March      | USD                | 829.74        | (1,239.51)         |
| 4       | Cairn South Africa Proprietary Limited | April to March      | USD                | 203.35        | (216.37)           |
| 5       | CIG Mauritius Holding Private Limited  | April to March      | USD                | 1,214.00      | (1,213.94)         |
| 6       | CIG Mauritius Private Limited          | April to March      | USD                | 1,212.33      | (1,211.79)         |
| 7       | Cairn Energy Australia Pty Limited     | January to December | USD                | 3,696.08      | (3,695.49)         |
| 8       | Cairn Energy Holdings Limited          | April to March      | USD                | 1,902.68      | (1,902.68)         |
| 9       | Cairn Energy Discovery Limited         | April to March      | USD                | 0.20          | (1.67)             |
| 10      | Cairn Exploration (No. 2) Limited      | April to March      | USD                | 3.64          | (3.61)             |
| 11      | Cairn Exploration (No. 6) Limited*     | April to March      | USD                | 0.07          | (0.07)             |
| 12      | Cairn Energy Gujarat Block 1 Limited   | April to March      | USD                | 1.43          | 0.24               |
| 13      | Cairn Exploration (No. 7) Limited**    | April to March      | USD                | 1.83          | (1.83)             |
| 14      | Cairn Energy India Pty Limited         | January to December | USD                | -             | -                  |

\*Liquidated during the year

\*\* Liquidated subsequent to the year end

# Investments excludes investments in subsidiaries

Exchange rate as on 31 March 2016, 1 USD = ₹ 66.345

## For and on behalf of the Board of Directors

**Navin Agarwal**

Chairman  
DIN 00006303

**Mayank Ashar**

Managing Director &  
Chief Executive officer  
DIN 07001153

**Aman Mehta**

Director  
DIN 00009364

**Sudhir Mathur**

Chief Financial Officer

**Neerja Sharma**

Director- Assurance &  
Communication and Company Secretary  
ICSI Membership No. A9630

|  | Total Assets | Total Liabilities | Investments # | Turnover | Profit / (Loss) before taxation | Provision for taxation | Profit / (Loss) after taxation | Proposed dividend | % of shareholding |
|--|--------------|-------------------|---------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|-------------------|
|  | 21,299.91    | 21,299.91         | 2,963.84      | -        | 2,419.58                        | -                      | 2,419.58                       | Nil               | 100%              |
|  | 16,383.29    | 16,383.29         | 1.76          | 3,973.90 | (16.24)                         | (42.53)                | 26.29                          | Nil               | 100%              |
|  | 8.14         | 8.14              | -             | -        | (14.16)                         | -                      | (14.16)                        | Nil               | 100%              |
|  | (1.71)       | (1.71)            | -             | -        | (21.44)                         | -                      | (21.44)                        | Nil               | 100%              |
|  | 0.08         | 0.08              | -             | -        | (264.42)                        | -                      | (264.42)                       | Nil               | 100%              |
|  | 0.63         | 0.63              | -             | -        | (264.39)                        | -                      | (264.39)                       | Nil               | 100%              |
|  | 0.70         | 0.70              | 0.70          | -        | (0.31)                          | -                      | (0.31)                         | Nil               | 100%              |
|  | 0.00         | 0.00              | -             | -        | 0.62                            | -                      | 0.62                           | Nil               | 100%              |
|  | (1.46)       | (1.46)            | -             | -        | (0.10)                          | -                      | (0.10)                         | Nil               | 100%              |
|  | 2.02         | 2.02              | -             | -        | 0.18                            | -                      | 0.18                           | Nil               | 100%              |
|  | 0.04         | 0.04              | -             | -        | 0.02                            | -                      | 0.02                           | Nil               | 100%              |
|  | 1.69         | 1.69              | -             | -        | 0.11                            | -                      | 0.11                           | Nil               | 100%              |
|  | 0.00         | 0.00              | -             | -        | (0.05)                          | -                      | (0.05)                         | Nil               | 100%              |
|  | -            | -                 | -             | -        | -                               | -                      | -                              | Nil               | 100%              |

# GLOSSARY

|                   |  |                  |  |
|-------------------|--|------------------|--|
| <b>1P</b>         | Proved   | <b>DA</b>        | Development Area                                 |
| <b>2D, 3D, 4D</b> | Two Dimensional, Three Dimensional, Four Dimensional | <b>DCS</b>       | Distributed Control Systems                      |
| <b>2P</b>         | Proved plus Probable                                 | <b>DGH</b>       | Directorate General of Hydrocarbons              |
| <b>3P</b>         | Proved plus Probable and Possible                    | <b>DGMS</b>      | Directorate General of Mines Safety              |
| <b>ADR</b>        | American Depository Receipt                          | <b>DIN</b>       | Director Identification Number                   |
| <b>AGM</b>        | Annual General Meeting                               | <b>DSS</b>       | Duplex Stainless Steel                           |
| <b>ASP</b>        | Alkali Surfactant Polymer                            | <b>EIA</b>       | Environmental Impact Assessment                  |
| <b>ATW</b>        | Any time water                                       | <b>EOB</b>       | Enhanced Oil Recovery                            |
| <b>bbls</b>       | Barrels  | <b>EPC</b>       | Engineering, Procurement and Construction        |
| <b>bcf</b>        | Billion standard cubic feet                          | <b>E &amp; P</b> | Exploration and Production                       |
| <b>blpd</b>       | Barrels of liquids per day                           | <b>ESOP</b>      | Employee Stock Option Plan                       |
| <b>bnbbls</b>     | Billion barrels                                      | <b>EUR</b>       | Expected Ultimate Recovery                       |
| <b>Bn</b>         | Billion  | <b>FBE</b>       | Fusion Bonded Epoxy                              |
| <b>bnboe</b>      | Billion barrels of oil equivalent                    | <b>FBT</b>       | Fringe Benefit Tax                               |
| <b>Board</b>      | Board of Directors of Cairn India Limited            | <b>FDP</b>       | Field Development Plan                           |
| <b>boe</b>        | Barrels of oil equivalent                            | <b>FEED</b>      | Front End Engineering Design                     |
| <b>boepd</b>      | Barrels of oil equivalent per day                    | <b>FII</b>       | Foreign Institutional Investor                   |
| <b>bopd</b>       | Barrels of oil per day                               | <b>FY2014</b>    | Financial Year ending 31 March, 2014             |
| <b>BSE</b>        | Bombay Stock Exchange Ltd                            | <b>FY2015</b>    | Financial Year ending 31 March, 2015             |
| <b>bwpd</b>       | Barrels of water per day                             | <b>FY2016</b>    | Financial Year ending 31 March, 2016             |
| <b>CAGR</b>       | Compounded Annual Growth Rate                        | <b>GDR</b>       | Global Depository Receipt                        |
| <b>CCoE</b>       | Cairn Centre of Excellence                           | <b>GHG</b>       | Green House Gas                                  |
| <b>CDSL</b>       | Central Depository Services (India) Limited          | <b>GIGL</b>      | GSPL India Lasnet Limited                        |
| <b>CEC</b>        | Cairn Enterprise Centre                              | <b>GIIP</b>      | Gross Initial In Place                           |
| <b>CEO</b>        | Chief Executive Officer                              | <b>GJ</b>        | Giga Joules                                      |
| <b>CFO</b>        | Chief Financial Officer                              | <b>GoI</b>       | Government of India                              |
| <b>CIESOP</b>     | Cairn India Employee Stock Option Plan               | <b>H1</b>        | First Half                                       |
| <b>CIG</b>        | Cairn India Group                                    | <b>HIIP</b>      | Hydrocarbons Initially In Place                  |
| <b>CIL or</b>     | 'Cairn India', 'Cairn India subsidiary',             | <b>HSE</b>       | Health, Safety and Environment                   |
| <b>CIMS</b>       | Cairn Incident Management System                     | <b>ICAI</b>      | Institute of Chartered Accounts of India         |
| <b>CIN</b>        | Corporate Identification Number                      | <b>INR/₹</b>     | Indian Rupees                                    |
| <b>CIPOP</b>      | Cairn India Performance Option Plan                  | <b>IOGP</b>      | International Association of Oil & Gas Producers |
| <b>CO2</b>        | Carbon Dioxide                                       | <b>IPO</b>       | Initial Public Offering                          |
| <b>CR</b>         | Corporate Responsibility                             | <b>ISO</b>       | International Organisation for Standardisation   |
| <b>CSR</b>        | Corporate Social Responsibility                      | <b>JV</b>        | Joint Venture                                    |
| <b>CY</b>         | Calendar Year  |                  |  |

|                       |   |                    |  |
|-----------------------|---|--------------------|--|
| <b>Km</b>             | Kilometre   | <b>OGP</b>         | International Association of Oil & Gas Producers             |
| <b>Km<sup>2</sup></b> | Square Kilometre  | <b>OHSAS</b>       | Occupational Health & Safety Advisory Services               |
| <b>KMP</b>            | Key Managerial Personnel                                | <b>OISD</b>        | Oil Industry Safety Directorate                              |
| <b>KPI</b>            | Key Performance Indicator                               | <b>ONGC</b>        | Oil and Natural Gas Corporation Limited                      |
| <b>LED</b>            | Light Emitting Diode                                    | <b>PAT</b>         | Profit After Tax   |
| <b>LET</b>            | Limited Entry Technique                                 | <b>PNGRB</b>       | Petroleum Natural Gas Regulatory Board                       |
| <b>LIBOR</b>          | London Inter Bank Offered Rate                          | <b>PPM</b>         | Parts Per Million  |
| <b>LTIF</b>           | Loss Time Injury Frequency                              | <b>PSC</b>         | Production Sharing Contract                                  |
| <b>LTIFR</b>          | Lost Time Injury Frequency Rate                         | <b>PSU</b>         | Public Sector Undertaking                                    |
| <b>MARS</b>           | Mangala, Aishwariya, Raageshwari and Saraswati          | <b>PTRR</b>        | Post Tax Rate of Return                                      |
| <b>MAT</b>            | Minimum Alternate Tax                                   | <b>Q</b>           | Quarter  |
| <b>MBA</b>            | Mangala, Bhagyam and Aishwariya                         | <b>RDG</b>         | Raageshwari Deep Gas   |
| <b>MBARS</b>          | Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati | <b>R&amp;D</b>     | Research and Development                                     |
| <b>MC</b>             | Management Committee (PSC)                              | <b>RGT</b>         | Raageshwari Gas Terminal                                     |
| <b>MDP</b>            | Mangala Development Pipeline                            | <b>RJ</b>          | Rajasthan block  |
| <b>MHV</b>            | Mobile Health Vans                                      | <b>RO</b>          | Reverse Osmosis  |
| <b>mmbbls</b>         | Million barrels   | <b>SBPL</b>        | Salaya Bhogat Pipeline                                       |
| <b>mmboe</b>          | Million barrels of oil equivalent                       | <b>SEBI</b>        | Securities and Exchange Board of India                       |
| <b>mmscfd</b>         | Million standard cubic feet of gas per day              | <b>STOIP</b>       | Stock Tank Oil Initially in Place                            |
| <b>MMT</b>            | Million metric tons                                     | <b>STP</b>         | Sewage Treatment Plant                                       |
| <b>Mn</b>             | Million   | <b>the Company</b> | 'the Company' refers to Cairn India and its subsidiary(ies). |
| <b>MoEF</b>           | Ministry of Environment and Forest                      | <b>TRIR</b>        | Total reportable injury rate                                 |
| <b>MoPNG</b>          | Ministry of Petroleum and Natural Gas                   | <b>US\$ / USD</b>  | United States Dollar   |
| <b>MPRDA</b>          | Mineral and Petroleum Resources Development Act         | <b>YoY</b>         | Year on year   |
| <b>MPT</b>            | Mangala Processing Terminal                             |                    |  |
| <b>MRPL</b>           | Mangalore Refinery and Petochemicals Limited            |                    |  |
| <b>MWh</b>            | Mega Watt hour  |                    |  |
| <b>MW</b>             | Mega Watt   |                    |  |
| <b>NGO</b>            | Non-Governmental Organisation                           |                    |  |
| <b>NRI</b>            | Non Resident Indian                                     |                    |  |
| <b>NRT</b>            | Non- Radioactive Traceable                              |                    |  |
| <b>NSDL</b>           | National Securities Depository Limited                  |                    |  |
| <b>NSE</b>            | National Stock Exchange of India Limited                |                    |  |

## CAIRN INDIA LIMITED

Corporate Identification Number: L11101MH2006PLC163934

Website: www.cairnindia.com

# COMPANY INFORMATION

### BOARD OF DIRECTORS

Navin Agarwal (Chairman)  
Tarun Jain  
Priya Agarwal  
Naresh Chandra  
Dr. Omkar Goswami  
Aman Mehta  
Edward T. Story  
Mayank Ashar

### 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  
Aman Mehta

#### Risk Management Committee

Mayank Ashar (Chairman)  
Sudhir Mathur  
Tarun Jain

#### Stakeholders' Relationship Committee

Dr. Omkar Goswami (Chairman)  
Edward T. Story  
Tarun Jain

### MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mayank Ashar

### CHIEF FINANCIAL OFFICER

Sudhir Mathur

### DIRECTOR - ASSURANCE & COMMUNICATION AND 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  
HDFC Bank  
ICICI Bank  
Standard Chartered Bank  
Axis Bank

### REGISTERED OFFICE

101, First Floor, 'C' Wing, Business Square,  
Andheri Kurla Road,  
Andheri (E), Mumbai 400 059, India  
Tel +91 22 409 02613  
Fax +91 22 409 02633

### CORPORATE OFFICE

DLF Atria, Phase 2, Jacaranda Marg, DLF  
City, Gurgaon - 122 002,  
Haryana, India  
Tel +91 124 459 3000  
Fax +91 124 414 5612

### REGISTRAR & 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 22 259 46970  
Fax +91 22 259 46969

### STOCK EXCHANGES LISTED ON

#### BSE Limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400 001  
Tel +91 22 227 21233/4  
Fax +91 22 227 21919

#### National Stock Exchange of India Limited

Exchange Plaza,  
Plot No. C/1, G Block,  
Bandra- Kurla Complex,  
Bandra (E),  
Mumbai- 400 051  
Tel +91 22 265 98100/14  
Fax +91 22 265 98120



**FY2016**



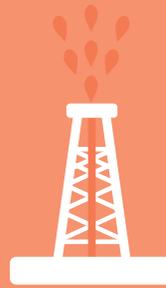
## **AWARDS & RECOGNITIONS**

- CII-ITC Sustainability Awards 2015 for 'Excellence in CSR'
- Golden Peacock Award for 'Risk Management 2015' under Oil Production category
- Mangala field won the first prize in the 5<sup>th</sup> FICCI 'Safety Systems Excellence Awards for Manufacturing' in the large scale category; Bhagyam, Aishwariya, Raageshwari, Saraswati and Pipeline Operations awarded certificate of appreciation for good practices
- Six 'Mines Safety' awards from Directorate General of Mines Safety under categories including operation & maintenance and overall performance for Rajasthan asset
- Cambay won award for the customer with 'Highest Export Volumes' out of the Adani Hazira Port
- Ravva terminal was the winner in the 'Gas Processing Plants' category of Oil Industry Safety Directorate (OISD) Safety Awards



[www.cairnindia.com](http://www.cairnindia.com)

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## CAIRN INDIA LIMITED

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DLF City | Gurgaon 122 002 | Haryana | India  
Telephone: + 91 124 459 3000  
Facsimile: + 91 124 414 5612

CIN: L11101MH2006PLC163934

Regd. Office Address: 101, First Floor,  
'C' Wing, Business Square, Andheri Kurla Road,  
Andheri (E), Mumbai – 400 059  
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