CAIRN INDIA LIMITED
3rd & 4th Floor | Vipul Plaza | Sun City | Sector 54 | Gurgaon 122 002
T : +91 124 459 3000, 414 1360 | F : +91 124 288 9320, 414 5612/13
www.cairnindia.com

WE FUEL AMAZING

20th June, 2013

National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza, Plot C/1, G Block
Bandra Kurla Complex Bandra (E)
Mumbai 400 051.
T: +91 022-26598235/36
Fax: 022-26598237/38

Bombay Stock Exchange Ltd.
Dept. of Corporate Services
P. J. Towers
Dalal Street
Mumbai 400 001.
T: +91 022-22721233/34
Fax: 022-22722037/39/41/3719/3354

Sub: Annual Report 2012-13 and AGM Notice

Dear Sir,

Pursuant to clause 31 of the Listing Agreement, please find enclosed six copies each of the Annual Report of the Company along with Form A for the year ended 31st March, 2013 and Notice of the Annual General Meeting scheduled to be held on 24th July, 2013.

Further, we wish to inform that as per SEBI Circular No. CIR/CFD/DIL/8/2012 dated 13th August, 2012 and clause 55 of the Listing Agreement, Business Responsibility Report has been published by the Company and the same forms part of the Annual Report 2012-13.

We hope that you shall find the same in order.

Thanking you,

Yours faithfully,
For Cairn India Limited

Dhiraj Kapoor
Sr. Manager – Corporate Secretarial

Encl.: a/a

CAIRN INDIA LIMITED

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400025
Corporate Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon - 122002

Notice of Annual General Meeting

Notice is hereby given that the Seventh Annual General Meeting of Cairn India Limited will be held at 10:30 A.M. on Wednesday, the 24 July, 2013 at Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai-400050, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March, 2013 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To confirm declaration and payment of interim dividend for the year 2012-13 and to declare final dividend for the year ended 31 March, 2013.
3. To appoint a Director in place of Mr. Naresh Chandra, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Edward T. Story, who retires by rotation and is eligible for re-appointment.
5. To appoint S. R. Batliboi & Co. LLP (formerly M/s. S. R. Batliboi & Co.), Chartered Accountants, statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** Mr. P. Elango, who was appointed as an additional Director of the Company by the Board of Directors with effect from 21 January, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retirement by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and subject to such other approvals as may be necessary and in accordance with the approval of the Remuneration Committee and the Board of Directors at their meetings held on 21 January, 2013 and increment of salary (effective 1 July, 2013) approved by the Remuneration Committee at its meeting held on 22 April, 2013, consent of the Company, be and is hereby accorded for the appointment Mr. P. Elango as Whole Time Director of the Company with effect from 21 January, 2013 on the terms and conditions and remuneration as set out in the explanatory statement attached to this notice.

RESOLVED FURTHER THAT the tenure of Mr. P. Elango, as Whole Time Director shall be as determined by the Board or a Committee constituted by the Board and as mutually agreed with Mr. P. Elango but will not exceed the limit prescribed under the Companies Act, 1956.

RESOLVED FURTHER THAT no sitting fees will be paid to Mr. P. Elango for attending meetings of the Board of Directors or any Committee thereof.

RESOLVED FURTHER THAT the appointment of Mr. P. Elango shall be subject to retirement by rotation.

RESOLVED FURTHER THAT the aggregate of salary, perquisites, bonus, allowances and commission, if any, in any financial year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof be and is hereby authorized to increase, augment and/or vary the remuneration to be paid and provided from time to time to Mr. P. Elango in accordance with the provisions of the Companies Act, 1956, and/or any statutory modification or re-enactment, thereof and/or the guidelines for managerial remuneration issued by the Government of India or other appropriate authority in that behalf as in force and as amended from time to time.

RESOLVED FURTHER THAT pursuant to Section 309(3) read with Section 198(4) and other applicable provisions, if any, of the Companies Act, 1956, the remuneration as aforesaid be paid and provided as minimum remuneration to Mr. P. Elango as Whole Time Director, notwithstanding that in any financial year of the Company during his term of Office, the Company may have made no profits or its profits may be inadequate.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof be and is hereby authorized to take such steps or do all acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution."

By Order of the Board of Directors
For **Cairn India Limited**

Place: Gurgaon
Date: 22 April, 2013

Neerja Sharma
Director – Risk Assurance
& Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The relevant details of Directors seeking appointment / re-appointment under items 3, 4, & 6 as required by clause 49 of the Listing Agreement with the Stock Exchanges are also annexed.
3. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item 6 of the accompanying notice is annexed.
4. Copies of all documents referred to in the notice and explanatory statement annexed thereto are available for inspection at the registered office of the Company between 10.00 a.m. and 1.00 p.m. on all working days till the date of the meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 12 July, 2013 to Wednesday, 24 July, 2013 (both days inclusive).
6. The dividend as recommended by the Board of Directors, if approved by the Shareholders at the ensuing Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on 11 July, 2013. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on 11 July, 2013 as per the details furnished by the respective Depositories for this purpose.
7. Members seeking any information with regard to accounts are requested to write to the Company Secretary at least ten days in advance, to enable the Company to keep the information ready.
8. Members are requested to:
   (a) Bring their copy of the Annual Report for the meeting.
   (b) Send to the Registrars the ECS Bank Mandate Form, to ensure safe and prompt receipt of dividend, if any. This is to avoid fraudulent encashment of dividend warrants.
   (c) Note that all correspondence relating to Share Transfers should be addressed to Registrar and Transfer Agents of the Company, viz., Link Intime India Private Limited, at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
   (d) Quote their DP ID No. /Client ID No. or folio number in all their correspondence.
9. Pursuant to Ministry of Corporate Affairs (MCA) Circular no. 17/2011 and 18/2011 dated 21 April, 2011 and 29 April, 2011 respectively, the companies are allowed to send communication to shareholders electronically. The Company welcomes this Green initiative of MCA and intends to send all documents/communications to its shareholders through email. We request you to kindly update your email Id with your respective Depository Participant and make this effort of your company a grand success.
10. Securities and Exchange Board of India (SEBI) vide its circular dated 21 March, 2013, has mandated that for making cash payments to the investors, companies whose securities are listed on the stock exchanges shall use any RBI approved electronic mode of payment such as ECS, RECS, NECS, NEFT etc. The Companies and the Registrar and Share Transfer Agents are required to seek relevant bank details of shareholders from depositories for making cash payment dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide, update or amend (as the case may be) their bank details with the respective depository participant for the shares held in demat mode and with the Registrar and Share Transfer Agent for physical shares.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Pursuant to the provisions of Section 260 of the Companies Act, 1956, and Article 133 of the Articles of Association of the Company, the Board of Directors on 21 January, 2013, appointed Mr. P. Elango as Additional Director of the Company, to hold office up to the date of this Annual General Meeting. In terms of Section 257of the Companies Act, 1956, a notice proposing the candidature of Mr. Elango has been received by the Company.

Mr. P. Elango, 51, is a Cairn veteran, who has played a key role in the growth of Cairn India into a leading Oil & Gas company in India. Over a career spanning over 26 years in Upstream Oil & Gas Sector, Mr. Elango has held several leadership roles in different areas of the business and is currently a recognized leader in the industry in India.

Prior to becoming the interim CEO & Whole Time Director, Mr. Elango was the Director - Strategy and Business Services of Cairn responsible for spearheading the strategic planning for the company as well as leading and integrating the business service functions to support the core activities of Exploration, Development and Production.

Mr. Elango began his career with ONGC in 1985 and over a span of 10-years, performed diverse roles and joined Cairn in January 1996.

He holds an MBA from Annamalai University, Chennai. The appointment of Mr. P. Elango shall be subject to retirement by rotation.

Mr. Elango was appointed as Whole Time Director on 21 January, 2013 on his existing remuneration and the same was approved by the Remuneration Committee. No increment was provided to him at that time. However, as part of the annual increment and performance appraisal system of the Company, the Remuneration Committee at its meeting held on 22 April, 2013 has approved the increase in remuneration of Mr. Elango effective 1 July, 2013. The same is well within the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act for the time being in force.

The terms and conditions and the remuneration proposed to be paid to Mr. Elango is set out as under:

S. No.	Particulars	21 January, 2013 to 30 June, 2013	Effective 1 July, 2013
1	Basic salary	INR 644,000 per month	INR 870,000 per month
2.	Special Allowance	INR 389,000 per month	INR 565,000 per month
3.	House Rent Allowance	up to 40% of Basic salary	up to 40% of Basic salary
4.	Other benefits, perquisites and allowances	As per the Company's policy and as may be determined by the Remuneration Committee of the Board from time to time. However, the total of benefits, perquisites and allowances shall not exceed 100% of basic salary	As per the Company's policy and as may be determined by the Remuneration Committee of the Board from time to time. However, the total of other benefits, perquisites and allowances shall not exceed 100% of basic salary
5.	Annual performance incentive/ bonus	Up to a maximum of 100% of salary, perquisites and allowances	Performance incentive up to a maximum of 100% of salary, perquisites and allowances. Discretionary Bonus, if any to be decided by the Remuneration Committee of the Board from time to time
6.	Grant of stock options under Cairn India Performance Option Plan	Criteria and grant size to be decided by Remuneration Committee of the Board from time to time	Criteria and grant size to be decided by Remuneration Committee of the Board from time to time

The proposed remuneration of Mr. P. Elango, is in line with the remuneration being paid in the industry to the CEOs and Whole Time Directors. The proposed remuneration is also justified keeping in view his professional qualification, relevant industry experience, size of the Company and current salary structure in the industry for such senior positions in any private sector organization. Further, no sitting fees will be paid to him for attending meetings of the Board of Directors or any Committee thereof.

Mr. Elango holds 177,746 equity shares of INR 10 each in the Company.

Abstract under Section 302 of the Companies Act, 1956 was sent to the shareholders when Mr. Elango was appointed by the Board on 21 January, 2013. The revised terms and remuneration of Mr. Elango effective 1 July, 2013, as stated in this notice, may be treated as an abstract under Section 302 of the Companies Act, 1956. The copy of relevant resolution of the Remuneration Committee in respect of the increase in remuneration of Mr. P. Elango is available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on all working days.

The Board recommends the resolution set out above for approval of the members as an Ordinary Resolution.

Except Mr. P. Elango, no other Director of the company is in any way concerned or interested in the resolution.

By Order of the Board of Directors
For **Cairn India Limited**

Place: Gurgaon
Date: 22 April, 2013

Neerja Sharma
Director-Risk Assurance
& Company Secretary

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(In pursuance of clause 49 of the Listing Agreement)

Name of Director	**Mr. Naresh Chandra**	**Mr. Edward T. Story**	**Mr. P. Elango**
Date of Birth	1 August, 1934	7 November, 1943	18 July, 1961
Nationality	Indian	US National	Indian
Date of Appointment	21 September, 2006	18 March, 2009	21 January, 2013
Expertise in specific functional areas	Administrative Services and General Management	Oil & Gas Industry	Oil and Gas and General Management
Qualifications	M.Sc. in Mathematics from Allahabad University and retired IAS Officer	B.Sc. & MBA	MBA
Directorship held in other companies	• Hindustan Motors Ltd. • Electrosteel Castings Ltd. • Bajaj Auto Ltd. • Bajaj Finserv Ltd. • Bajaj Holdings and Investments Ltd. • Balrampur Chini Mills Ltd. • Gammon Infrastructure Project Ltd. • EROS International Media Ltd. • AVTEC Ltd. • G4S Corporate Services (India) Pvt. Ltd. • Emergent Ventures India Pvt. Ltd. • Vedanta Resources Plc. • EROS International Plc.	• SOCO International Plc. • Baanthong Properties • TMB- Mongolian Health Clinic	• Cairn India Holdings Ltd. • Cairn Energy Holdings Ltd. • Cairn Energy Hydrocarbons Ltd. • Cairn Exploration (No.7) Ltd. • Cairn Exploration (No.6) Ltd. • Cairn Exploration (No.4) Ltd. • Cairn Exploration (No.2) Ltd. • Cairn Energy Gujarat Block 1 Ltd. • Cairn Energy Discovery Ltd. • Cairn Petroleum India Ltd. • Cairn Energy India Pty Ltd. • CIG Mauritius Holding Private Ltd. • CIG Mauritius Private Ltd. • Cairn Lanka (Pvt) Ltd. • Cairn South Africa Proprietary Ltd.
Committee position in Cairn India Ltd.	• Audit Committee-Member • Remuneration Committee-Chairman	• Audit Committee- Member • Nomination Committee- Member • Shareholders'/ Investors' Grievance Committee- Member	None
Membership/Chairmanship of Committees* of other Indian public companies :			
Audit Committee	• Hindustan Motors Ltd. – Chairman • Electrosteel Castings Ltd.- Member • Bajaj Holdings and Investments Ltd.- Member • Gammon Infrastructure Project Ltd.- Member • Bajaj Finserv Ltd.- Member • EROS International Media Ltd.- Member	None	None
Shareholders'/ Investors' Grievance Committee	• Bajaj Auto Ltd.- Member	None	None
Shareholding in the Company	None	None	177,746 Equity Shares of INR 10 each

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

CAIRN INDIA LIMITED

WE FUEL AMAZING

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025
Corporate Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon - 122 002

PROXY FORM

DP Id- Client Id/Folio No. ....No. of Share(s) held..

I/We...

of .... being a Member/Members of

Cairn India Limited hereby appoint…...

of..or failing him/her...

of..or failing him/her...

of..as my/our proxy to attend and vote for me/us and on my/our behalf at the

Seventh Annual General Meeting of the Company to be held on Wednesday, 24 July, 2013 at 10:30 A.M. and at any adjournment there of

Signed this...day of..2013.

Signature | Affix 15 Paise Revenue Stamp | ....

Notes

i) The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.

ii) The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

iii) A Proxy need not be a Member.

CAIRN INDIA LIMITED

WE FUEL AMAZING

Registered Office:101, West View, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025
Corporate Office: Vipul Plaza, 3rd & 4th Floors, Sun City, Sector 54, Gurgaon - 122 002

ATTENDANCE SLIP

SEVENTH ANNUAL GENERAL MEETING
Wednesday, 24 July, 2013

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

DP Id- Client Id/Folio No. ....No. of Share(s) held..

Name and address of the Shareholder:

I/We hereby record my/our presence at the Seventh Annual General Meeting held at Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai 400 050.

Member's/Proxy's Signature

Notes

i) Members holding shares in physical form are requested to advise the change in their address, if any, to M/s Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(W), Mumbai 400 078, quoting their folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).

ii) Members are informed that no duplicate slips will be issued at the venue of the meeting and they are requested to bring this slip for the Meeting.

WE FUEL AMAZING

205,323
Average daily gross operated production (boepd)

US$ 3.2 billion
Record revenues in FY2013

US$ 3 billion
Net Capex through FY2016

US$ 2 billion
Cash flow generated in FY2013

26
Discoveries in Rajasthan to date

Re-commenced exploration in the Rajasthan block

Cairn India is amongst the world's fastest-growing independent oil and natural gas exploration and production companies, with 1.3 billion boe of gross proved and probable reserves and resources as of 31 March 2013 and 205,323 boepd of average operated production in FY2013. We combine a world-class asset portfolio with proven expertise across exploration, development and production. We deliver best-in-class production growth with one of the lowest operating costs to create significant value for all stakeholders.

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CHAIRMAN'S STATEMENT

In the past 12 months, Cairn India consolidated its position as one of the world's largest producing independent exploration companies with a rising production profile and an established exploration programme positioned to further increase India's oil and gas production for the long term.

This exploration programme, which will be fully funded from Cairn India's own cash resources and target a gross recoverable risked prospective resource of 530 mmboe will, when successful, help reduce India's dependence on oil imports, which currently stands at ~75% of the country's total oil usage. Cairn India is already a major producer domestically, operating 25% of the country's oil production.

This is set against the backdrop of a global energy landscape that continues to shift, in particular the increasing emergence of shale gas in the United States. This is leading the US to become less dependent on foreign imports for its own needs. Whilst in the future, US shale gas is likely to make its way into the Indian energy mix, it remains a highly energy and capital-intensive process, even in today's relatively high oil price environment. In this context, the stable, low cost domestic production that Cairn India offers is critical for the country's energy requirements. As one of the lowest cost producers in the world, we continue to play a key role in helping India meet its energy needs.

Cairn India is at a major inflection point in its corporate development. From our well established and highly cash generative production base, the Company is now embarking on a landmark exploration programme of its Indian asset base. This has the potential to transform Cairn India's already sizeable production profile and be a major economic driver for the country. The aggressive exploration and fast-track development is designed to bring new fields into production in a region where Cairn India has already discovered around 1.3 billion boe of gross proved and probable reserves and resources but has drilled only a part of its acreage.

For example, the Aishwariya field was successfully brought on-stream, and is now our fifth producing field on our world-class Rajasthan block. This played a part in the Company reporting another year of record production with daily output at over 205,000 barrels of oil equivalent. This achievement, delivered at one of the lowest costs per barrel in the industry, is a credit to the entire Cairn India team. The commencement of gas sales from Rajasthan was another key milestone.

Even as Cairn India is leading the way in opening up the country's oil & gas reserves, it makes a significant gross contribution to the exchequer - ~US$ 3.6 billion for the FY2013. Similarly, at a regional level, over the past fiscal year the Company has made a multitude of positive contributions in the regions in which we operate, strengthening the local economies and supporting the communities.

Exploration has been, and will continue to be, central to our growth plans. We appreciate Government of India's support and for granting us policy clarity to continue exploring in Rajasthan as we strive to realise the basin's full potential. Across Cairn India's portfolio, exploration potential abounds, both in our blocks in India as well as in our more recent international entries of Sri Lanka and South Africa.

In addition to the Government of India, I would also like to thank the state and private companies we work so closely with and with whom we enjoy mutually beneficial partnerships.

For the FY2013 we reported record financial results and are continuing with our dividend payout policy of around 20% of annual consolidated net profits.

We are fortunate to have been able to attract the talent we see today in the Company, across all disciplines and at all levels and I thank all Cairn India employees for their dedication in making Cairn India the company it is today.

We are committed to ensuring your Company is a safe place to work and are pleased to be amongst the top 10 global E&P companies in Health, Safety and Environment perspective.

Cairn India has an exciting future ahead. We have a well-balanced portfolio of exploration, development and producing assets and a clear plan, which will see us aggressively pursue exploration and development opportunities in the months and years ahead, funded by our strong production base and harnessed by the on-going application of innovative technologies.

This programme has the potential to not only radically change India's oil production profile but also the size of the Company and its presence in the global oil & gas space.

Navin Agarwal
Chairman

Date: 22 April, 2013

CEO'S STATEMENT

It is an honour for me to share with you the achievements of your Company in the course of fiscal year 2012-13 (FY2013). First and foremost, you will be pleased to know that we continue to conduct our operations safely. Today your Company ranks among the top 10 Global Oil & Gas companies in HSE performance based on the International Association of Oil & Gas Producers (OGP) benchmark. The key financial highlights for the year gone by are:

- Cairn India delivered a record revenue of INR 175,241 million (US$ 3,223 million), a 48% increase over the previous year.
- There was a 41% increase in the Company's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) — to INR 130,332 million (US$ 2,397 million) in FY2013.
- Profit after tax increased by 52% to INR 120,564 million (US$ 2,218 million) in FY2013.
- We generated cash flows of INR 110,556 million (US$ 2,034 million). This helped the balance sheet to be debt free with cash balance of INR 167,131 million (US$ 3,073 million) as on 31 March, 2013
- Your Company's Board of Directors recommended a final dividend of INR 6.50 per ordinary equity share — or a total dividend of INR 11.50 per share for FY2013. With the dividend distribution tax, this translates to a total payout of 21.2% of Cairn India's consolidated PAT for the year.

Other achievements on the operational side in the FY are equally impressive.

- Cairn India's gross operated production of 205,323 barrels of oil equivalent per day (boepd) was a 19% increase over FY2012. The Company is now firmly positioned to provide consistent growth.
- The Aishwariya field in the Rajasthan block commenced oil production. It is the fifth oil field in Rajasthan to come online.
- In a landmark development, Government of India clarified policy on exploration in Development blocks. We promptly recommenced exploration drilling in Rajasthan and made our 26th discovery in April 2013.
- We also commenced gas sales from Rajasthan.
- Cairn India has submitted a formal application to MoPNG for an extension of the licence term in the Rajasthan Production Sharing Contract (PSC).
- The infill drilling campaign in the Cambay Basin block (CB/OS-2) was successfully completed, and has led to the doubling of production potential.
- Our Ravva asset achieved an average daily production of 29,161 boe and is currently in its 18th year of production
- We expanded our international foot-print by farming in the PetroSA 'Block 1' in the Orange Basin, offshore South Africa, with 60% interest and operatorship.
- In Sri Lanka, we completed phase 2 exploration programme and are currently considering options for developing and monetising our existing discoveries.

Looking forward, we have planned for a net capital investment of US$ 3 billion in a three year period from FY2014 to FY2016. We are focused on realising the full potential of our world-class Rajasthan assets through a combination of aggressive exploration and fast-track development. We plan to drill more than 450 wells in Rajasthan block over a three year period, a significant increase from the current rate of 25 wells drilled in FY2013. This will include 100 Exploration and Appraisal (E&A) wells, while balance will be development wells to sustain and enhance production volumes. The E&A wells are aimed to target gross recoverable risked prospective resource of 530 mmboe.

The Rajasthan block's current production is at around 175,000 bopd. We expect to exit FY2014 with a production in the range of 200,000-215,000 bopd. The Mangala field is producing at plateau rates. We have infill wells planned for FY2014 to sustain and extend the plateau. Aishwariya commenced production in March 2013, and is expected to ramp up to approved rate over the next few months. Bhagyam, too, is expected to ramp up to the approved rate by the second half of FY2014. Moreover, the Mangala Enhanced Oil Recovery (EOR) Field Development Plan (FDP) approval is in progress. We should start full field implementation in FY2015, which will result in greater output and a further extension of the plateau in the producing field.

It gives me great pride to share with you that Cairn India was adjudged the fastest growing energy company in the world at the Platts Top 250 Energy Company Awards 2012. Our focus on adhering to industry safety standards was reflected in a number of awards that we won in the year. At the 26th Mines Safety week 2012, under the aegis of Directorate General of Mines Safety (DGMS), Cairn India won 16 awards. Our Ravva asset won the Platinum Award under the FICCI Safety Excellence Awards for Manufacturing 2012.

In a nutshell, your Company achieved best-in-class performance in terms of production growth and resources utilised in developing and producing each barrel of oil while maintaining the highest standards of safety. During FY2013, your Company's operations not only helped reduce India's dependence on oil imports by ~ INR 385,000 million (approximately US$ 7 billion) but also contributed nearly INR 200,000 million (US$ 3.6 billion) to the exchequer.

I would like to thank all of you for your support and for your faith in Cairn India. Our focus is to produce more and more oil and gas for our Nation and we will resolutely move in our journey and keep the faith bestowed upon us.

P. Elango
Interim Chief Executive Officer &
Whole Time Director

Date: 22 April, 2013

MANAGEMENT DISCUSSION & ANALYSIS

07

Aerial view of RG Platform, Ravva Offshore

HIGHLIGHTS

Produced record revenues and profit
Consolidated annual revenue of the Company was US$ 3.2 billion — an increase of ~ 30% over FY2012. Profit after tax (PAT) was US$ 2.2 billion, representing a growth of 34% over the previous year. Earnings per share (EPS) for FY2013 was INR 63.2, compared to INR 41.7 in FY2012.

Record Production
The average daily gross operated production in FY2013 from Rajasthan, Ravva and Cambay was 205,323 barrels of oil equivalent per day (boepd) — an increase of 19% over FY2012. The average price realisation was US$ 97.6 per boe. The Company expects to exit FY2014 at 225,000-240,000 boepd.

Started production from Aishwariya
The third largest discovery in the Rajasthan block started production in March 2013. It is the fifth oil field in Rajasthan to start production.

Commenced commercial gas sales from Rajasthan
This is the first step towards unlocking the natural gas potential of the block.
The Company's continuing exploration programme in Rajasthan will target other gas prospects that are expected to realise natural gas potential in the future.

Restarted exploration in Rajasthan
The Government of India (GoI) clarified policy on exploration in development blocks. This has enabled the Company to re-commence a substantial exploration drilling programme that should help harness the full potential of the Barmer Basin in Rajasthan. Renewed exploration efforts led to another oil discovery — Cairn India's 26th discovery on the block.

Concluded sales agreements for larger off-take
Given the planned increase in production from Rajasthan, crude oil sales agreements have been finalised for volumes in excess of 200,000 barrels of oil per day (bopd) for FY2014.

Realised higher production potential from Cambay Basin
Cairn India successfully completed an infill drilling campaign; doubling production potential of the Block.

Entered South Africa
In August 2012, Cairn India subsidiary and PetroSA signed a farm-in agreement for 'Block 1' in the Orange Basin off the west coast of South Africa. Cairn India subsidiary has a 60% stake and is the operator. A 3D survey is currently in progress. The Petroleum Agency of South Africa (PASA) also approved a Technical Cooperation Permit (TCP) for another block, for which an agreement was signed in February 2013.

Made first post-listing dividend payout
Cairn India declared a total dividend of INR 11.50 per share for FY2013 comprising interim dividend of INR 5 per share paid in November 2012 and a final dividend of INR 6.5 per share recommended by the Board. This represents a total payout of 21.2% of consolidated PAT, including the dividend distribution tax.

Further strengthened balance sheet
For FY2013, the Company generated cash flows of US$ 2 billion. The net cash balance is US$ 3.1 billion.

FINANCIALS AT A GLANCE

Earnings before interest, tax, depreciation and amortisation (EBITDA) in FY2013 was **INR 130,332 million** (INR 13,033 crore or US$ 2,397 million) — a **41% increase** over the previous year.

Profit after tax grew by **52%** — to **INR 120,564 million** (INR 12,056 crore or US$ 2,218 million) in FY2013.

Generated cash flows of **INR 110,556 million** (INR 11,056 crore or US$ 2,034 million).

Strong and debt free balance sheet — a cash balance of **INR 167,131** million (INR 16,713 crore or US$ 3,073 million).

Central Processing Terminal, Barmer

One of the low cost operators; placed in the lowest decile amongst global peers.

RAJASTHAN ASSETS

The Rajasthan assets are of national importance. Currently, five fields — Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati produce ~175,000 bopd. Output from these fields contributes significantly to India's total domestic crude oil production.

Cairn India's adherence to Operational and Health, Safety, Environment and Assurance standards has ensured efficient operations. The Rajasthan operation and projects, including the pipeline, had 28 million LTI free hours during FY2013. The facilities and well uptime stood at 97.7%. This places Rajasthan operations and projects in the top decile amongst its global peers.

Cairn India, together with its 30% joint venture (JV) partner, the Oil and Natural Gas Corporation Limited (ONGC), has invested significantly in these assets. As of 31 March, 2013, gross cumulative development capital expenditure stands at around US$ 3.8 billion.

MANGALA, BHAGYAM, AISHWARIYA AND OTHER FIELDS

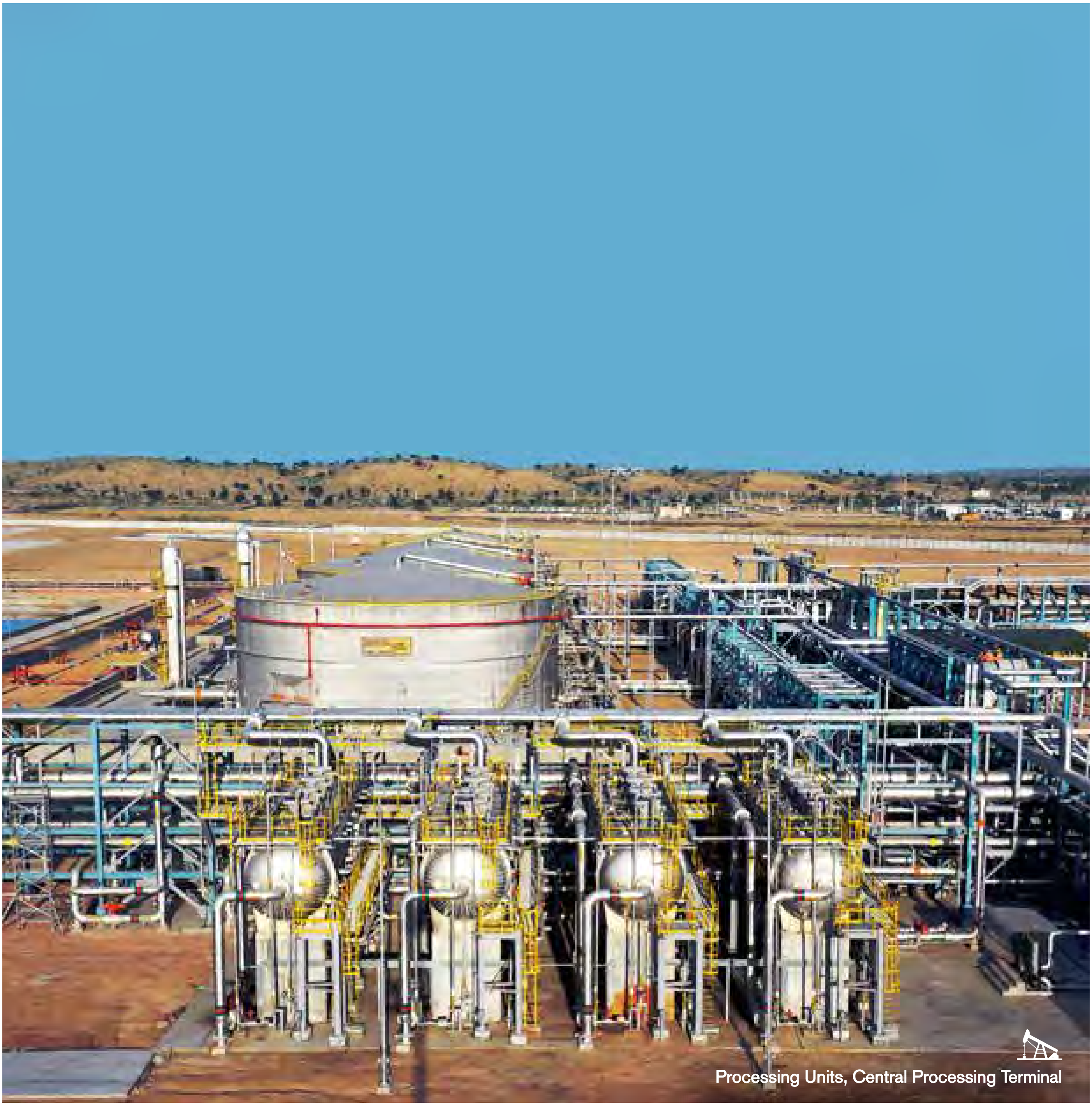
The Mangala, Bhagyam and Aishwariya (MBA), among others, constitute Cairn India's key fields in Rajasthan. They are the three largest finds in Rajasthan. The Mangala field — considered to be the largest onshore hydrocarbon find in India in more than two decades — was discovered in January 2004. This was followed by discoveries of the Aishwariya and Bhagyam fields. 26 discoveries have been made in the Rajasthan block. Studies indicate that the block has further potential for growth.

As on 31 March 2013, the gross proved & probable Hydrocarbons Initially In Place (HIIP) for the block stands at 4.2 bnboe. The MBA fields have gross ultimate oil recovery of over 1 bnbbls from primary, secondary and Enhanced Oil Recovery (EOR) methods.

RAJASTHAN BLOCK KEY FACTS

- The Rajasthan block, RJ-ON-90/1, is spread over 3,111 km^2 in the Barmer district.
- Cairn India is the operator with 70% participating interest. Its joint venture (JV) partner, ONGC, has the remaining 30% participating interest.
- The block consists of three contiguous development areas: (i) Development Area (DA) 1, comprising the Mangala, Aishwariya, Raageshwari and Saraswati (MARS) fields; (ii) DA 2, consisting of the Bhagyam and Shakti fields; and (iii) DA 3, comprising the Kaameshwari West fields.
- At present, five oil fields – Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati produce ~175,000 bopd.
- In March 2013 Cairn India commenced commercial sale of gas — the first step towards unlocking the natural gas potential of the block.

The GoI clarified policy on exploration in development blocks. As a result of renewed exploration, the Company made its 26th discovery.



Processing Units, Central Processing Terminal

Drilling in progress, Bhagyam field

Over the last two fiscal years, four oil fields commenced production from our Rajasthan block. FY2013 also saw the first commercial gas sales – a first step towards unlocking further potential.

Mangala

The Mangala field is a world-class asset and has continued to outperform expectations in terms of resource growth and production performance. It has continued to produce at designated peak rates for more than two and a half years.

To maintain this plateau production rate over a longer period and to increase the ultimate oil recovery, Cairn India plans to drill 48 infill wells. A full field EOR polymer phase will be implemented in FY2015 to maintain plateau production. These wells shall be later utilised during this phase.

Bhagyam

Bhagyam is the second largest field in Rajasthan, with an approved production plateau of 40,000 bopd. The field is expected to ramp up to its approved field development plan (FDP) rate in the second half of FY2014.

The field's oil in place volumes have proved better than initial prognosis but deliverability of individual wells has been below expectations. Thus, drilling more wells than the FDP approved number is required to ramp up production. Approval for additional infill drilling later in FY2014 is being sought to enable the FDP approved rate. These additional wells will also be utilised as part of the planned Bhagyam EOR project.

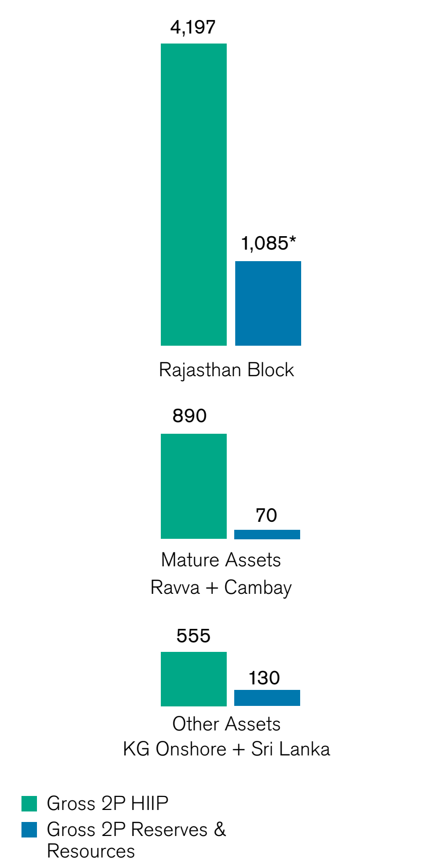
Aishwariya

Aishwariya, the third largest discovery in Rajasthan, commenced production in March 2013. It is the fifth oil producing field from the block. To date, reservoir performance has been in line with prognosis. Cairn India anticipates the field to gradually ramp up to the FDP approved rate of 10,000 bopd in the coming months, as additional FDP approved wells are drilled and completed. A total of seven development wells have been drilled.

Raageshwari Deep Gas Field

In March 2013, Cairn India commenced the commercial sale of gas from the Raageshwari deep gas field. This is the first step towards unlocking the natural gas potential of the Rajasthan assets. An on-going exploration programme

CAIRN INDIA GROUP RESERVES AND RESOURCES (mmboe)



*Includes Rajasthan MBA EOR potential
As on 31 March, 2013

will target other gas prospects that are expected to add to natural gas production over the coming years.

Raageshwari and Saraswati oil fields

The Raageshwari oil field commenced production in March 2012, while the Saraswati field commenced production in May 2011. Both fields continue to cumulatively contribute over 500 bopd towards the total production from the block. Availability of the integrated processing and evacuation facility has reduced operating costs — and has therefore made these marginal fields economically viable.

Monetising other fields

In addition to sustaining and increasing production from the five oil producing fields, the Company is working towards monetising 20 other discoveries, including Barmer Hill.

Barmer Hill is a low permeability resource. Cairn India intends to utilise state-of-the-art fracture stimulation and horizontal well completion technology in order to monetise it. As part of this process, Cairn India has prepared and submitted to the JV, a development plan. Subject to approval, production from the Barmer Hill is expected to commence in FY2014. Development plans have also been submitted for two other satellite discoveries on the block — called the NI and NE fields.

CENTRAL PROCESSING TERMINAL

The Central Processing Terminal (CPT) is spread over an area of 1.6 km^2 and is a core asset. The CPT processes crude oil produced from the Rajasthan assets. Following processing, the crude oil is transported to refineries through a 24" diameter continuously heated and insulated pipeline.

The CPT's integrated production facilities support the FDP approved production, which is in line with the Company's unified Rajasthan block off-take capability. In FY2013, the CPT facilities played a key role in sustaining production of ~150,000 bopd from the Mangala field.

The CPT saw installation of additional pumps and conversion of one power fluid pump to an injection water pump. A new pipeline was laid from the Thumbli saline aquifer to the CPT to further enhance the water injection capabilities. The Company is working to install additional injection pumps, injection filters, steam and utility systems, which will support the increased processing demand resulting from higher production.

Facilities at the CPT are being continually upgraded in order to support production ramp up. Going forward, the Company expects the CPT to play a key role in the development of the Rajasthan assets, given that FY2014 will see production ramp up and increased EOR activities.

MANGALA DEVELOPMENT PIPELINE (MDP)

The MDP is designed to evacuate the crude oil produced from the Rajasthan assets and provide access to markets. Starting at the CPT, it passes through eight districts across two states, i.e. Rajasthan and Gujarat. The pipeline ends at the coastal location of Bhogat near Jamnagar on the western coast of India. It is the world's longest, continuously heated and insulated pipeline.

The construction from CPT to Salaya was completed in a record time of 18 months. The CPT to Salaya section (~590 km) of the pipeline continues to safely deliver crude oil to Indian refiners and is operating in line with the current production profile. The balance section between Salaya to Bhogat (~80 km) is expected to be mechanically completed in first half of FY2014.

The MDP is not a conventional pipeline. Its technological ingenuity was necessitated on account of the waxy nature of crude oil. The challenge was to ensure that the crude oil remains above the Wax Appearance Temperature (WAT) of 65°C through its entire length. This required Cairn India to build a continuously heated and insulated pipeline to maintain mobility and flow through its journey over the entire length of the pipeline.

The pipeline also incorporates a Pipeline Intrusion Detection System.

In addition to sustaining and increasing production from five oil producing fields, the Company is working towards monetising 20 other discoveries.

Pipeline laying, Bhogat

RAJASTHAN ASSETS: FY2014 - 2016
EXPLORING FOR TOMORROW

~US$ 2.4 bn
capital expenditure

100
exploration & appraisal wells

>350
development wells

NUMBER OF WELLS

NUMBER OF RIGS

*Planned

RJ Exploration

3.1 billion barrels of oil equivalent in place prospective resource, located within 20 different identified play types on the block. Of the 20 play types, 11 are proven and 9 remain to be proved up. 100 prospects have been identified, to be drilled over the next 3 years; targeting 530 mmboe of gross recoverable risked prospective resource – half to be tested in FY2014. A 3D seismic programme is also planned covering more than 50% of the RJ Block area over the 3 years.

RJ Additional Production

20 existing discoveries are yet to be monetised. Barmer Hill is expected to come into production this year and development plans have been submitted for two satellite discoveries in the NI and NE fields. Barmer Hill discovery holds significant potential across much of the RJ Block but is not adequately explored to date. Whilst not uniform, the discovery at Barmer Hill is in a tight rock formation and the Company will require state-of-the-art fracture stimulation and horizontal well completion technology to monetise.

RJ Production Sustenance

The application of EOR technique is aimed at recovering bypassed oil from producing reservoirs. Tests show that such technique can considerably increase the recovery factor. Post a successful polymer pilot in the Mangala field, the Company expects to start a full field implementation in FY2015.

Rajasthan Facts

Over **3,000 km²**
~2,100 Gulf of Mexico OCS Blocks

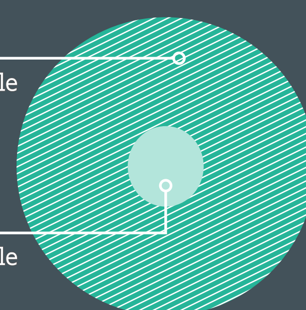
US$ 2.4 per bbl direct field operating cost

32% year-on-year production increase

97.7% uptime – top decile amongst global peers

4.2 bn boe
Gross Proved & Probable Hydrocarbons Initially In Place

1.1 bn boe
Gross Proved & Probable Reserves & Resources



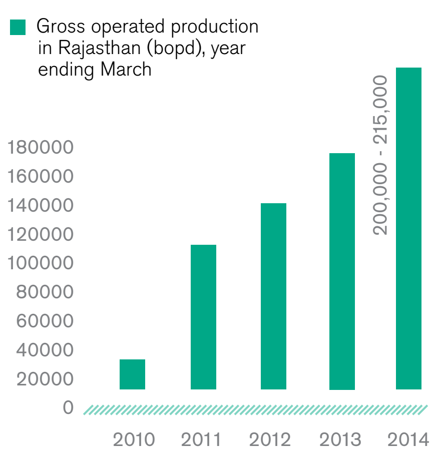
Technology

In the near future, application of two key technologies, EOR and hydraulic fracturing, will enable Cairn India to enhance and maintain production rates.

EOR is a tertiary recovery method of accessing oil, which is not recovered during the application of primary and/or secondary water-flood recovery methods. The Company plans to apply two forms of EOR: Polymer Flood and Alkali-Surfactant Polymer Flood.

Hydraulic fracturing (or fraccing) is the process of providing a conducive path for hydrocarbons to flow from the reservoir to the wellbore, in low permeability reservoirs.

Rajasthan block production is expected to exit the current fiscal year at a rate of 200,000 - 215,000 bopd.



This provides security cum surveillance along the entire length of the pipeline, utilising a fibre optic system that generates an alarm. This is linked to a central control unit via a Distributed Control System (DCS). The pipeline is monitored at the CPT, Viramgam and Bhogat terminals for flow, temperature, pressure, and other operational parameters.

Cairn India had embarked on a project to de-bottleneck the CPT to Salaya section so that it could handle additional production. This involved:

- Adopting a proven approach, that utilises polymer additives in the pipeline which play the role of Drag Reducing Agents (DRAs) to increase the flow of waxy crude. DRAs are used in crude oil pipelines to increase flow efficiency and reduce turbulence, allowing the oil to flow under a reduced frictional drag environment.
- DRAs increase the pipeline export capacity without the need to add any booster pumping infrastructure. Capacity enhancement can be achieved within short time and no major equipment is needed under this process. Moreover, it allows for greater operational flexibility. .

This project was successfully completed in FY2013. It has been tested and proven to deliver higher volumes in line with Cairn India's planned production ramp up.

Bhogat Terminal Facilities

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

- Two 24" sub-sea export pipelines from the Bhogat landfall point to the Single Point Mooring (SPM) system to enable crude transfer.
- SPM system and sub-sea pipeline end manifold in deep sea to enable tanker berthing and loading.

RAJASTHAN SALES

The JV received GoI approval on natural gas sales in March 2013. Gas sales commenced with initial targeted volumes of about 5 mmscfd. This leverages the existing gas processing infrastructure that currently supports oil production. The 8" gas pipeline running along the oil pipeline is being used to supply gas to the buyer. This is a step towards the diligent usage of resources in an environment friendly way.

With the commencement of crude oil production from the Aishwariya field, coupled with production ramp up from other producing fields during the year, Cairn India expects Rajasthan to support a higher level of production vis-à-vis FY2013. Accordingly, for

The renewed exploration programme will target a gross recoverable risked prospective resource of 530 mmboe.

FY2014, crude oil sales agreements have been finalised for volumes in excess of 200,000 bopd with the public sector and private refiners.

Crude oil pricing

As per the Rajasthan PSC, crude oil price is benchmarked to Bonny Light, West African low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. The implied crude price realisation for FY2013 — which is an average of twelve months up to March 2013 — is within the then stated guidance of 10% to 15% per cent discount to Brent.

In the first half of FY2014, the Company expects to mechanically complete the Salaya to Bhogat section of the pipeline and the Bhogat terminal. Once these are operational, subject to GoI approval, Rajasthan crude oil is expected to serve a wider market. Cairn India aims to exit FY2014 with production levels in the range of 200,000 — 215,000 bopd from Rajasthan.

EXPLORATION IN DEVELOPMENT BLOCKS: A GAME CHANGING POLICY INITIATIVE

In February 2013, the GoI provided policy clarity on exploration in development blocks. Subsequently, an exploration work programme was endorsed and in less than two weeks, exploration drilling recommenced in Rajasthan. An exploration well was drilled in the prolific Barmer Basin, which resulted in Cairn India's 26th discovery on the block. The Company believes that renewed exploration will help the JV realise an estimated 530 mmboe of gross recoverable risked prospective resource. This is a key step towards realising the long term basin production potential of 300,000 bopd.

TECHNOLOGY

Historically, Cairn India has been a pioneer in the application of innovative technologies. Examples include building the world's longest, continuously heated and insulated crude oil pipeline, application of EOR techniques in early stages of field life, multi-well pad design and custom-made rapid rig design.

In the near future, application of two key technologies, EOR and hydraulic fracturing, will enable Cairn India to enhance and maintain production rates.

Enhanced Oil Recovery (EOR)

EOR is a tertiary recovery method of accessing oil, which is not recovered during the application of primary and/or secondary water-flood recovery methods. EOR methods include, for example: thermal recovery, gas injection, chemical flooding, microbial, etc.

Advanced techniques are being utilised to maximise oil recovery. Simultaneously, processing and off-take facilities are being continually upgraded to support production ramp up.

EOR in Rajasthan Assets

Cairn India has been actively pursuing chemical flooding; specifically polymer and Alkali Surfactant Polymer (ASP) flooding.

Uniquely, the Company identified the opportunity to implement EOR at very early stage of field life in order to sustain the plateau production rates.

The efficiency of the secondary recovery method of water-flooding in the MBA fields is relatively low due to higher viscosity of the oil compared to that of water. The addition of more viscous polymers to the water enables a better displacement of the oil.

In addition, use of Alkali and Surfactants, along with polymers, further increase the recovery factor. The Alkali and Surfactants help in mobilising more oil.

Studies conducted by two independent laboratories show favourable results. Based on these results an incremental recovery of 15% is expected from the application of chemical flooding in the MBA fields and thereby the expected ultimate recovery from the MBA fields is estimated to be ~50%.

EOR Pilot in Mangala

Cairn India has been conducting a field pilot to demonstrate the applicability of chemical flooding in the Mangala field.

The polymer pilot was successful in demonstrating incremental oil recovery over water-flooding.

Following the successful polymer flood pilot, an FDP for a full field application of polymer flood in Mangala has been submitted.

The Mangala polymer EOR full field development plan includes:

- Drilling of additional wells from existing well pads.
- Use of existing wells for a closely spaced pattern of polymer injection.
- Staggered polymer injection in all units of Fatehgarh formation.

Cairn India is working towards full field implementation in FY2015. This will be one of the largest polymer flood projects in the world, and will illustrate the application of this technology by Cairn India.

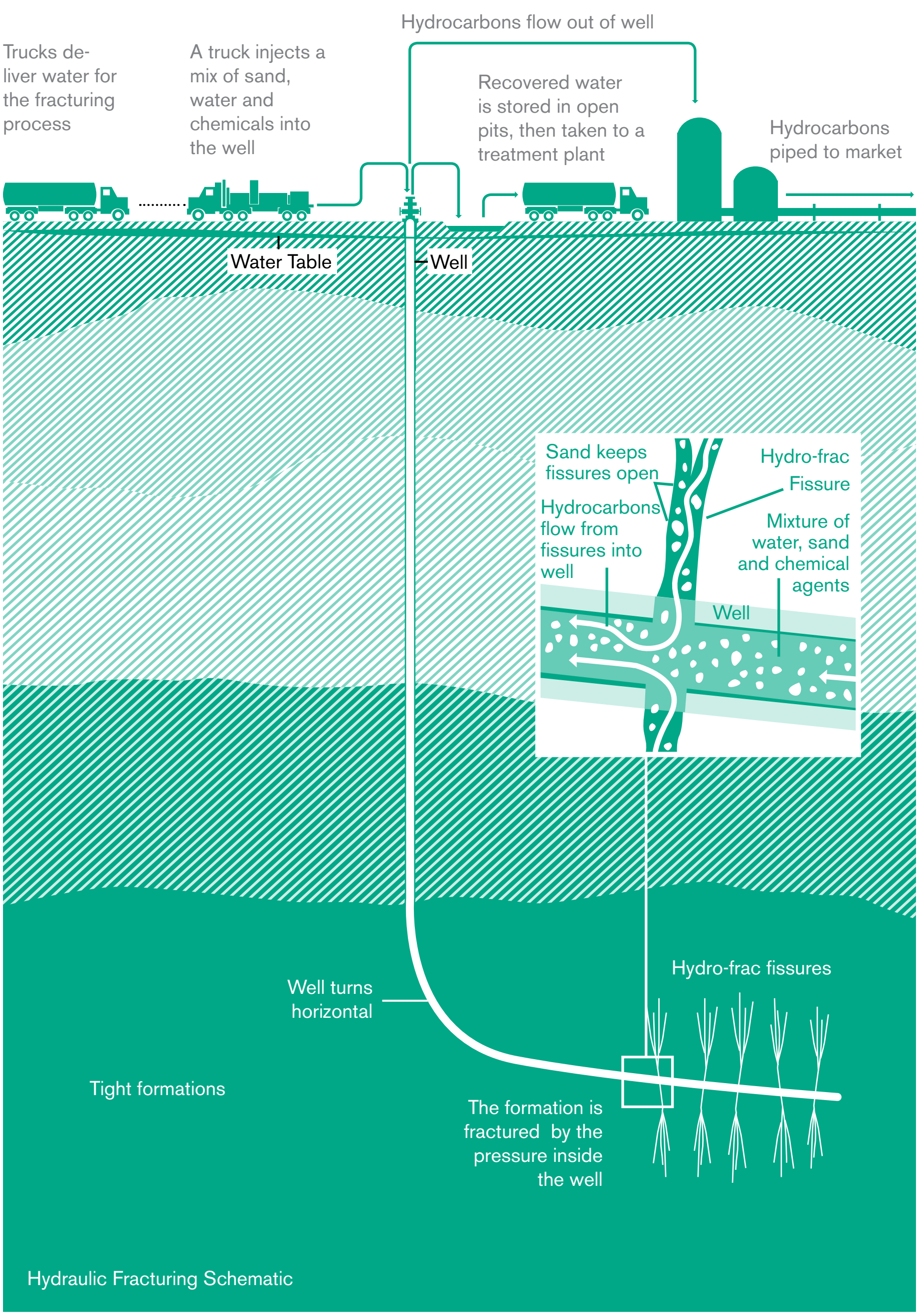
In addition, preparation for commencing an Alkali Surfactant Polymer (ASP) phase is underway.

Cairn India intends to apply chemical flooding in Bhagyam and Aishwariya. On successful completion of the ASP pilot, an FDP would be submitted for a full field implementation.

Hydraulic Fracturing

Hydraulic fracturing (or fraccing or hydro-frac) is the process of providing

Two key technologies for the Company will be — EOR and hydraulic fracturing. Both will enable increased recovery factor and enhance production in numerous assets.



Hydraulic Fracturing Schematic

a conducive path for hydrocarbons to flow from the reservoir to the wellbore, in low permeability reservoirs. It has been an important technology in opening up new opportunities for commercial development of what had been considered uneconomical fields.

Fraccing is used to stimulate wells in geologic formations that may contain large quantities of oil or gas, but have low permeability (a poor flow rate). This is applied in tight oil and gas bearing sands, shale and coal bed methane formations.

Each oil and gas zone is different and requires a hydraulic fracturing design tailored to the particular properties of the formation. The design would change depending upon local subsurface conditions.

Although hydraulic fracturing operations are of short duration, this highly developed and regulated process involves an array of activities, the use of advanced technology and a variety of equipment — from data monitoring to hydraulic fracturing blenders and pumps.

Hydraulic Fracturing at Cairn India

Cairn India has been successfully utilising hydraulic fracturing in Barmer Hill and other tight reservoirs in Rajasthan. More recently it has also been using the technology in tight reservoirs in the Krishna-Godavari basin on the east coast of India.

Seismic truck, Rajasthan

Cairn India was the first Company in India to apply micro-seismic hydro-frac monitoring technology, in the Raageshwari Deep Gas Field.

During hydraulic fracture operations in the wellbore, the progress of the fractures in the subsurface may be monitored by use of a technology known as micro-seismic hydro-frac monitoring.

Cairn India was the first Company in India to apply this technology, in the Raageshwari Deep Gas field. Geophones (listening devices) placed in an adjacent wellbore can 'hear' the rock fracturing and so the locations of the subsurface fracs can be mapped. This is key to optimising the hydro-frac operations and development of the field, and it is utilised extensively in unconventional developments in North America. This technology will continue to be applied in the development of Barmer Hill.

In Rajasthan, the Barmer Hill reservoir is present throughout the basin and directly overlies the Fatehgarh formation. It largely consists of high porosity but low-to-very-low permeability rocks. Virtually all the wells in the basin penetrating the Barmer Hill reservoir have hydrocarbon indications.

Currently, an integrated effort for subsurface characterisation, optimal well placement and multi-stage hydraulic fracturing and monitoring is being planned across the Barmer Hill reservoir.

The reservoirs of Raageshwari Deep Gas field are tight; they contain lean gas condensate. Hydraulic fracturing is one of the key mechanisms to commercially exploit this low permeability reservoir - previous applications have seen the well flow rate increasing by five times.

Cairn India also conducted hydraulic fracturing operations in high temperature and pressure conditions in a low porosity-low permeability successful discovery in the Krishna-Godavari basin.

At Ravva, we would target a high value – high risk deep exploration prospect. In addition, a three well infill drilling campaign would tap the by-passed oil.

RAVVA AND CAMBAY ASSETS

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

For FY2013, the average gross production from the Ravva field was 29,161 boepd — comprising an average daily oil production of 21,849 bbls and an average daily gas production of 44 mmscfd. Ravva recorded 1.61 million LTI free hours during the fiscal year, demonstrating Cairn India's commitment to safety.

The plant uptime of 99.7% demonstrates the Company's emphasis on operational efficiencies. The direct operating costs are one of the lowest among Cairn India's peers. This is largely a result of Cairn's focus on life-cycle planning, continuous monitoring, control of operational costs and application of innovative technologies.

In order to optimally harness the existing potential of the Ravva field, Cairn India continues to evaluate and utilise numerous technology driven approaches aimed at increasing the ultimate recovery of oil and gas. One such approach was a 4D seismic surveys which shall enable an infill drilling campaign.

Cairn India also has a strategy in place aimed at increasing the potential of the field and enhancing the remaining value of the asset. The approach includes drilling a deep exploration prospect, evaluating deeper prospects, developing contingent resources, an infill drilling campaign and evaluating EOR techniques.

Later in FY2014, the Company will mobilise a drilling rig to target hydrocarbons from the high value, high risk deep exploration prospect. As highlighted above, we will initiate an infill drilling campaign based on the 4D seismic data acquired. For the infill drilling campaign, we plan to mobilise a mat supported jack up drilling rig. The infill drilling campaign, expected to commence in second half of FY2014, will comprise three wells, which will tap by-passed oil.

Currently, there are eight unmanned offshore platforms and a 225 acre onshore processing facility at

RAVVA KEY FACTS

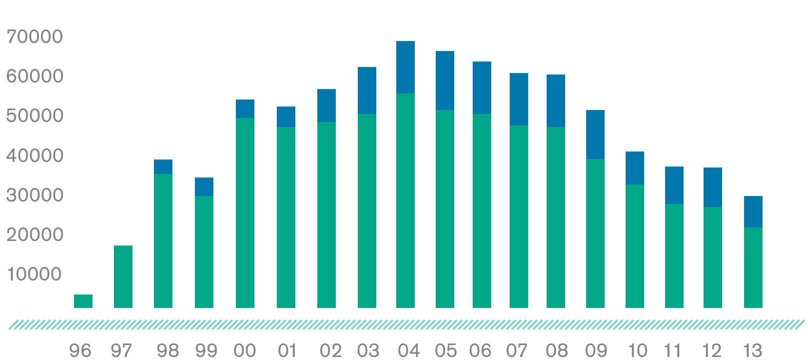
- Cairn India's production operations in the Krishna-Godavari Basin are centred on the Ravva oil and gas field, lying off the coast of Andhra Pradesh in Eastern India, in water depths of up to 80 metres.
- Developed in partnership with ONGC, Videocon and Ravva Oil Singapore, Cairn became the operator in 1996. The PSC is valid until 2019.
- The block has produced more than 253 mmbbls of crude and sold 317 billion cubic feet of gas
- Proving Cairn India's ability to apply technology, this is approximately three times greater than initial estimates.

A successful infill drilling campaign during the year has resulted in doubling the CB/OS-2 block's production potential.

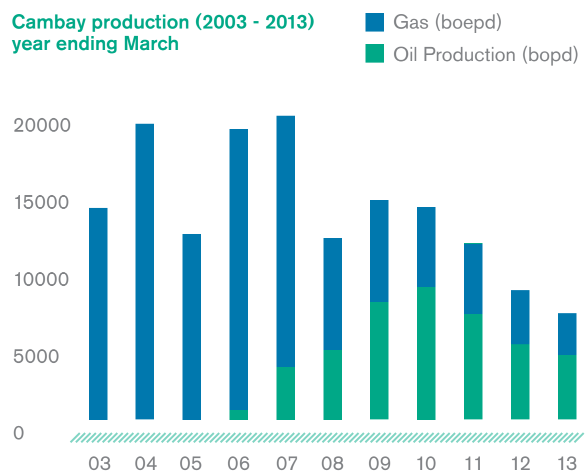
Offshore Platform, Suvali

Aerial view of the Ravva Onshore Processing Terminal

Ravva production (1996 - 2013)
year ending March



Cambay production (2003 - 2013)
year ending March



CAMBAY, CB/OS-2 KEY FACTS

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

Surasaniyanam for processing the natural gas and crude oil produced from the offshore field.

The Ravva onshore terminal operates as per internationally recognised environmental standard (ISO 14001), and has the capacity to handle 70,000 bopd, 95 million standard cubic feet per day (mmscfd) of natural gas and 110,000 bbls of water injection per day. The terminal also has the capacity to store 1 mmbbls of crude oil.

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

For FY2013, the average gross production from the block was 6,772 boepd — comprising an average daily crude oil production of 4,541 bbls and an average daily gas production of 13 mmscfd.

The CB/OS-2 Block has completed 10 years of production and crossed a cumulative production of over 50 mmboe hydrocarbons. The CB/OS-2 facilities had exemplary efficiencies - an uptime of 99.9% for FY2013.

Much like the Company's strategy for the Ravva field, the focus is on maximising the potential of the existing assets while evaluating further development opportunities to unlock additional value. During the year Cairn India successfully completed an infill drilling campaign comprising two new wells and one work-over well, which resulted in the doubling of the production potential. This is a significant achievement given that the asset commenced production in 2002.

As a result of an infill drilling campaign and improved understanding of the subsurface, the gross estimated ultimate recovery of the block has increased by ~10 mmboe.

As part of the Company's optimal asset utilisation strategy, the facilities have also enabled early gas production from ONGC's North Tapti and Olpad fields, which are outside the CB/OS-2 acreage.

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

The Company will initiate a two well appraisal programme in KG-ONN-2003/1 block to assess the potential.

ASSET PORTFOLIO

Krishna-Godavari Basin: KG-ONN-2003/1
(Operator: Cairn India, 49% participating interest)

Nagayalanka-1Z was the first discovery in the block. Following this discovery, the JV for the block (Cairn India and ONGC) opted to enter Phase-II of the Exploration License. The second exploration well, Nagayalanka-SE-1, was drilled in Phase-II which also resulted in a light oil discovery and is, to date, the largest oil discovery in the onshore part of the KG basin. The Gross Proved & Probable Hydrocarbons Initially in Place is estimated at 481 mmboe.

As a next step, Cairn India plans to initiate a two well appraisal programme. The tendering for rig and services is completed and drilling is expected to commence shortly. The appraisal drilling programme is designed to help evaluate the size and commerciality of the discoveries.

Krishna-Godavari Basin: KG-OSN-2009/3
(Operator: Cairn India, 100% participating interest)

A bathymetry survey covering the license area was completed in May 2011. The environmental clearance for a 3D survey was obtained. However, the planned 3D seismic survey has been deferred due to denial of Ministry of Defence clearances. Cairn India has received conditional approval to initiate petroleum operations in 60% of the block area with certain conditions.

Krishna-Godavari Basin: KG-DWN-98/2
(Operator: ONGC. Cairn India, 10% participating interest)

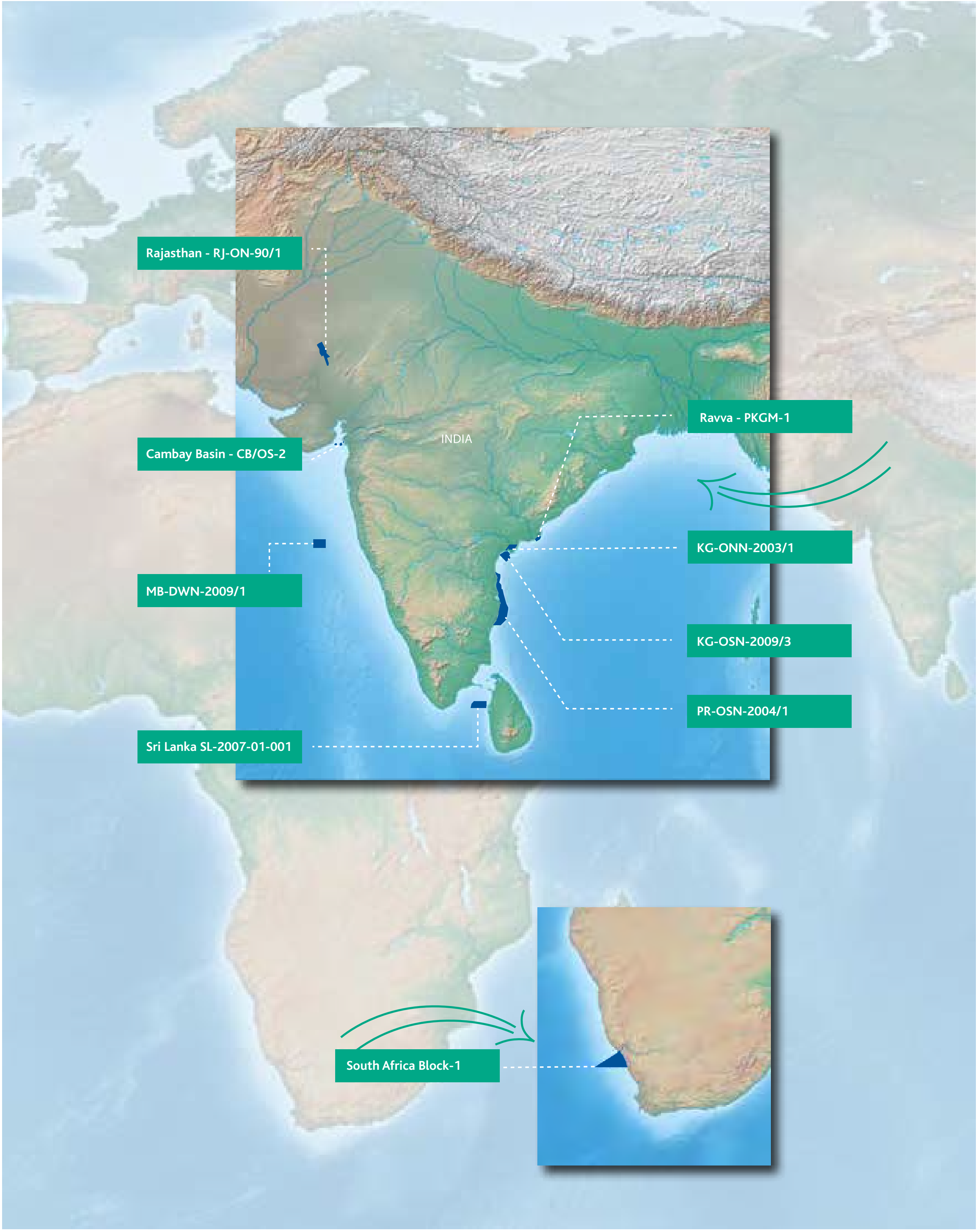
Cairn India divested its 10% working interest to its JV partner, ONGC, during FY2013 and no longer holds any interest in the block. This divestment of non-material equity is part of the Company's continuous efforts of portfolio optimisation.

Mumbai Offshore Basin: MB-DWN-2009/1
(Operator: Cairn India, 100% participating interest)

This block was awarded under the NELP VIII licensing round and is located in the Mumbai Offshore Basin. Environmental clearance was obtained for the acquisition of a 2D survey in early 2012. The planned acquisition has been deferred due to denial of clearances from the Ministry of Defence. Cairn India has received conditional approval to initiate exploration activities.

Palar-Pennar Basin: PR-OSN-2004/1
(Operator: Cairn India, 35% participating interest)

This block is located between discoveries in the Krishna-Godavari and


Rajasthan - RJ-ON-90/1
Cambay Basin - CB/OS-2
INDIA
Ravva - PKGM-1
KG-ONN-2003/1
MB-DWN-2009/1
KG-OSN-2009/3
PR-OSN-2004/1
Sri Lanka SL-2007-01-001
South Africa Block-1

Drilling Activity, Sri Lanka

In Sri Lanka, the Company is considering options to appraise, develop and monetise two discoveries.

Cauvery basins. After interpretation of 2D and 3D seismic data, three prospects were identified for drilling. The Department of Space denied drilling permission due to which the area is being classified as a restricted area.

Significant progress has been made towards resumption of exploration activities.

Mannar Basin, Sri Lanka: SL 2007-01-001
(Operator: Cairn India subsidiary, 100% participating interest)

Cairn Lanka (Private) Limited, a wholly owned subsidiary of CIG Mauritius Private Limited under Cairn India, has played a leading role in establishing the hydrocarbon resources of Sri Lanka. Following the success of Phase-I exploration resulting in two gas discoveries — CLPL-Dorado-91H/1z and CLPL-Barracuda-1G/1 — Cairn completed drilling of a fourth exploration well as part of the Phase-II exploration programme. The well encountered high quality reservoir sands, which were water bearing. Consequently the well was plugged and abandoned, and the rig demobilised. Cairn is considering options to appraise, develop and monetise the two discoveries.

Orange Basin, South Africa: 'Block 1'
(Operator: Cairn India subsidiary, 60% participating interest)

Following the Company's strategy of building potentially significant international positions, Cairn India subsidiary completed a farm-in agreement with PetroSA in 'Block 1' in the Orange Basin, offshore South Africa. In March 2013, the Company commenced 3D seismic survey, 80% of which has been completed.

The Company has also received an approval from The Petroleum Agency of South Africa for a Technical Cooperation Permit (TCP) for another block. The Company will have an option to convert this TCP to an exploration permit after a one year study period, subject to government approvals.

In line with the Company's strategy to build potentially significant international positions, Cairn India entered South Africa.

The Company's strong revenues and profits provide flexibility to develop asset base and support accelerated growth.

FINANCIAL OVERVIEW

During FY2013, the Company declared a total dividend of INR 11.5 per equity share, amounting to 21.2% of profit after tax for the year (including dividend distribution tax). This is in line with the Company's stated dividend policy. The total dividend comprises a final dividend of INR 6.5 per equity share and an interim dividend of INR 5 per equity share, paid to the shareholders in November 2012. The final dividend is subject to shareholders' approval at the Annual General Meeting (AGM) of the Company (24 July, 2013).

Following approvals from the GoI, the Company completed its reorganization exercise during the year. This saw the Indian businesses of certain overseas subsidiaries being transferred to Cairn India, from the appointed date of 1 January, 2010. Operations of the subsidiaries, from the appointed date, have been accounted for as the Company's own operations and reflected accordingly in the financial statements for Cairn India, following relevant adjustments, if any. Post completion of the reorganization, the Company transferred approximately US$ 1.5 billion of deposits into INR deposits, directly resulting in increased interest receipts on these investments. As a result of the reorganization, approximately 50% of the Company's revenues are invoiced in US$ and received in INR.

During the year, the Company's gross operated production of 205,323 boepd had a direct impact on reducing the nation's crude oil import bill by approximately US$ 7 billion and contributed approximately US$ 3.6 billion to the GoI (excluding direct taxes).

As on 31 March, 2013, the Cairn India group had gross cash and cash equivalents of INR 167,131 million (US$ 3.1 billion). The Company fully redeemed the non-convertible debentures (NCD) during the year.

Capital Expenditure through FY2016

Capital Expenditure	Estimated expenditure (US$ billion)	% of total capex
RJ Exploration	0.8	~25
RJ Production Sustenance (MBA+EOR+Infill)	1.1	~40
RJ Additional Production (BH+Satellite fields)	0.5	~15
Other Assets	0.6	~20
Total Capex	**3.0**	**100**

Note: Total capex excludes any expenditure on New ventures and development of new exploration discoveries in Rajasthan.

The Company has a strong balance sheet backed by robust cash flows. The total dividend of INR 11.5 per equity share amounted to 21.2% of profit after tax.

The currency markets have been highly volatile during the year, as evidenced by INR fluctuations of over 13%. INR depreciated by approximately 8% in FY2013 due to various economic factors including reduced investor confidence, a slowing pace of economic reforms and a widening current account deficit. Cairn India continually monitors the currency markets and undertakes currency hedging, in accordance with the Board approved policy. During FY2013, the Company hedged its exposure to the currency markets predominantly through options.

As on 31 March, 2013, Cairn India held its financial assets in the form of deposits, Bank CD, tax free bonds and investment in liquid money market (debt) mutual funds.

The Company has a strong balance sheet backed by robust cash flows from the operating assets in Rajasthan, Ravva and Cambay. This provides sufficient liquidity to meet expected capital expenditure requirements and also provides significant headroom for future growth.

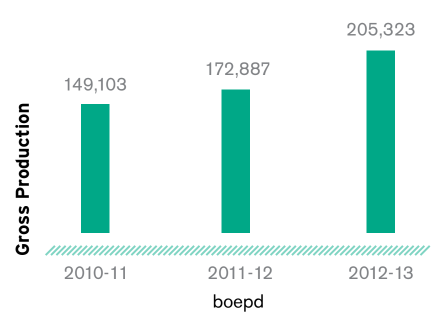
In order to further explore and develop various blocks, including the main Rajasthan assets, the Company plans to spend around US$ 3 billion over the next 3 years (through FY2016).

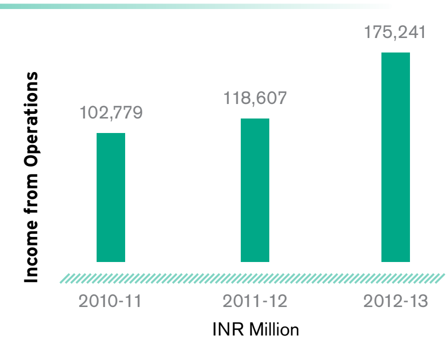
KEY HIGHLIGHTS

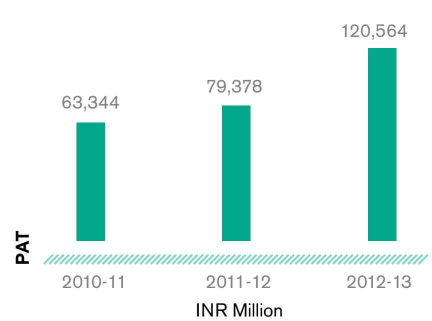
US$ 2.2 billion
Profit after tax

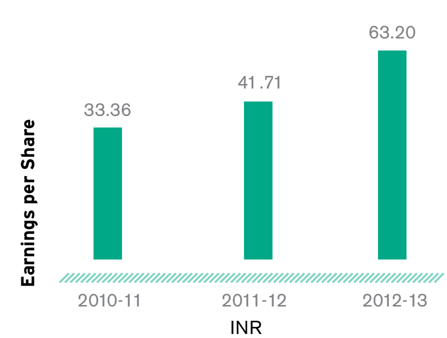
US$ 3.1 billion
Net Cash

INR 63.20
Earnings per share









Cairn India's success is also a result of the diverse and inclusive culture. The Company fosters a culture of entrepreneurship and meritocracy coupled with accountability and care.

OUR TALENT

Cairn India's success has much to do with the contributions from its employees and the "Can-Do" spirit that each of them epitomise and adopt. Much of the Company's growth has been achieved through consistent focus on attracting best-in-class talent, developing and nurturing its people to deliver and to be equal partners in the growth journey.

FY2013 was a flagship year for the human resources (HR) function at Cairn India, with the team winning three prestigious ET Now awards. FY2013 also witnessed the launch and re-design of some major HR initiatives, which should facilitate the Company's future growth and enhance the talent landscape.

Cairn India fosters a culture of entrepreneurship and meritocracy coupled with accountability and care. Our success is also a result of the diverse and inclusive culture. We have talent from more than 10 nationalities contributing to our success. We have been able to blend the best of all cultures and yet retain our uniqueness where people feel a sense of belonging and accomplishment built on the foundations of respect and collaboration.

Developing Capabilities

To further enhance the capabilities and effectiveness of our people, the Company launched MPower. The initiative is aimed at democratising development by making all learning resources available to the employees and their managers. MPower is aimed at revolutionising the approach towards learning and development by making it self-pace, result oriented, curriculum driven with shorter modules. It has development guide, world class e-learning & blended learning solutions from the most reputed institutions.

To enhance people managers' capabilities in managing our most valuable asset – people – we conducted the much acclaimed Great Manager Programme.

Leadership Development

Key to our future success will be effective and expanded leadership. To further leverage the power of coaching for leadership effectiveness, the Company launched a pioneering initiative – Power Hour coaching. Under this, a coach is available on demand. They are drawn from a pool of global coaches trained rigorously. It uses instant coaching over a 60-minute conversation to arrive at an actionable solution to any situation leaders may have in hand.

The Company's success would not be possible without the exceptional pool of talent and the "Can-Do" spirit of our employees.

Young talent at Cairn India

Cairn India is amongst the global top 10 Exploration & Production companies in HSE performance.

HEALTH, SAFETY & ENVIRONMENT

Cairn India's HSE vision is to be a safe operator, leading the industry in safety standards. It is committed to maintaining the highest HSE standards.

Greening India: Project Shrishti

Under 'Project Shrishti', Cairn India has created social forests and parks in Banaskantha district and at the Nal Sarovar area in the Ahmedabad district of Gujarat. Approximately 35,000 trees have been planted and 38 hectares of barren and underdeveloped land converted into a lush green area. It is also working on a mangrove plantation development in the Olpad Taluka of the Surat district in Gujarat. This plantation will cover an area of about 50 hectares.

Similarly, the Company is actively involved in developing social forests in the Barmer and Jalore districts of Rajasthan over approximately 52 hectares of land, where it is in the process of planting around 50,000 trees.

The Company also launched a unique programme based on the belief that everybody has aspiration to plant a tree. In order to realise this dream, Cairn India, with the help of NGO, has developed "e-Plantation Portal". This platform allows everyone from anywhere to log-on to an internet portal and pick a project site of individual choice and plant a tree. The Company's total footprint under 'Project Shrishti' is ~140 hectares. It plans to continue initiatives as part of the project across its operational areas.

Zero Tolerance and Life Savers

Keeping people safe is a top priority for Cairn India. During FY2013, the Company launched the 'Zero Tolerance & Life Savers' initiative to enforce its HSE commitment with greater vigour and to inculcate safe behaviour as a personal value. This initiative covers four key areas: (i) personal safety, (ii) driving, (iii) site safety, and (iv) control of work.

Compliance is mandatory for all Cairn India employees and contractors while on business at the Company's sites. The rules focus on modifying worker and supervisor behaviour by raising awareness of unsafe practices and conditions, which are most likely to result in serious injury or fatalities.

Defensive Driving: Road Safety

Cairn India is committed to the prevention of road accidents and it is implementing training in 'Defensive Driving', which is conducted by a specialist organisation across all its assets.

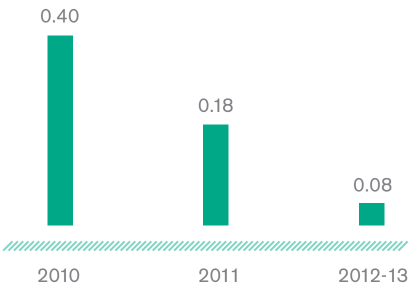
More than 5,000 community members, apart from employees and all contractors, have been trained under this campaign at Barmer, including 170 school children. These initiatives have resulted in reducing the frequency rate of motor vehicle accidents by 30%.

Reducing Gas Flaring

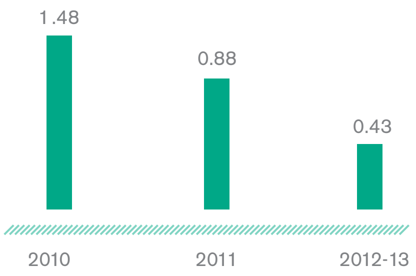
The Company has been reporting its Greenhouse Gas (GHG) Emission Intensity since 2002 and has been participating in the Carbon Disclosure Project since 2009.

Cairn India currently utilises associated gas at the CPT to generate power for its operations. The endeavour is to reduce gas flaring. This is done through improved well control management, utilising the available gas sales infrastructure to sell the excess gas and, where such an option is not available, to actively participate with the government to secure approvals for gas sale.

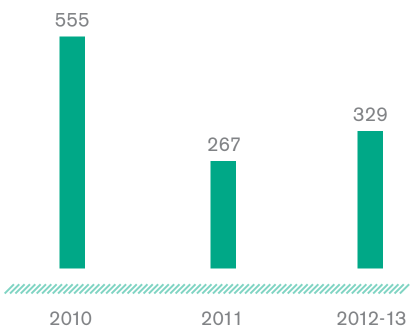
These practices are reflected in the Company's GHG emission intensity. Though production has increased by about 67% over the last three years, the GHG emission intensity has increased by only 4%. In addition, during FY2013, Cairn India reduced its gas flaring intensity by 42%. At present, the overall average flaring intensity



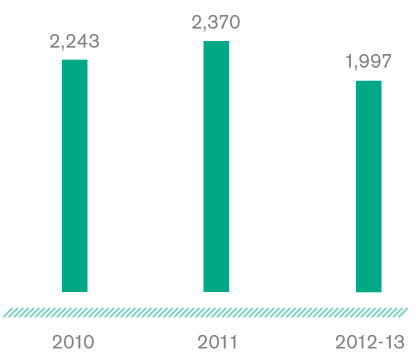
Lost Time Injury Frequency Rate
Per million man hours



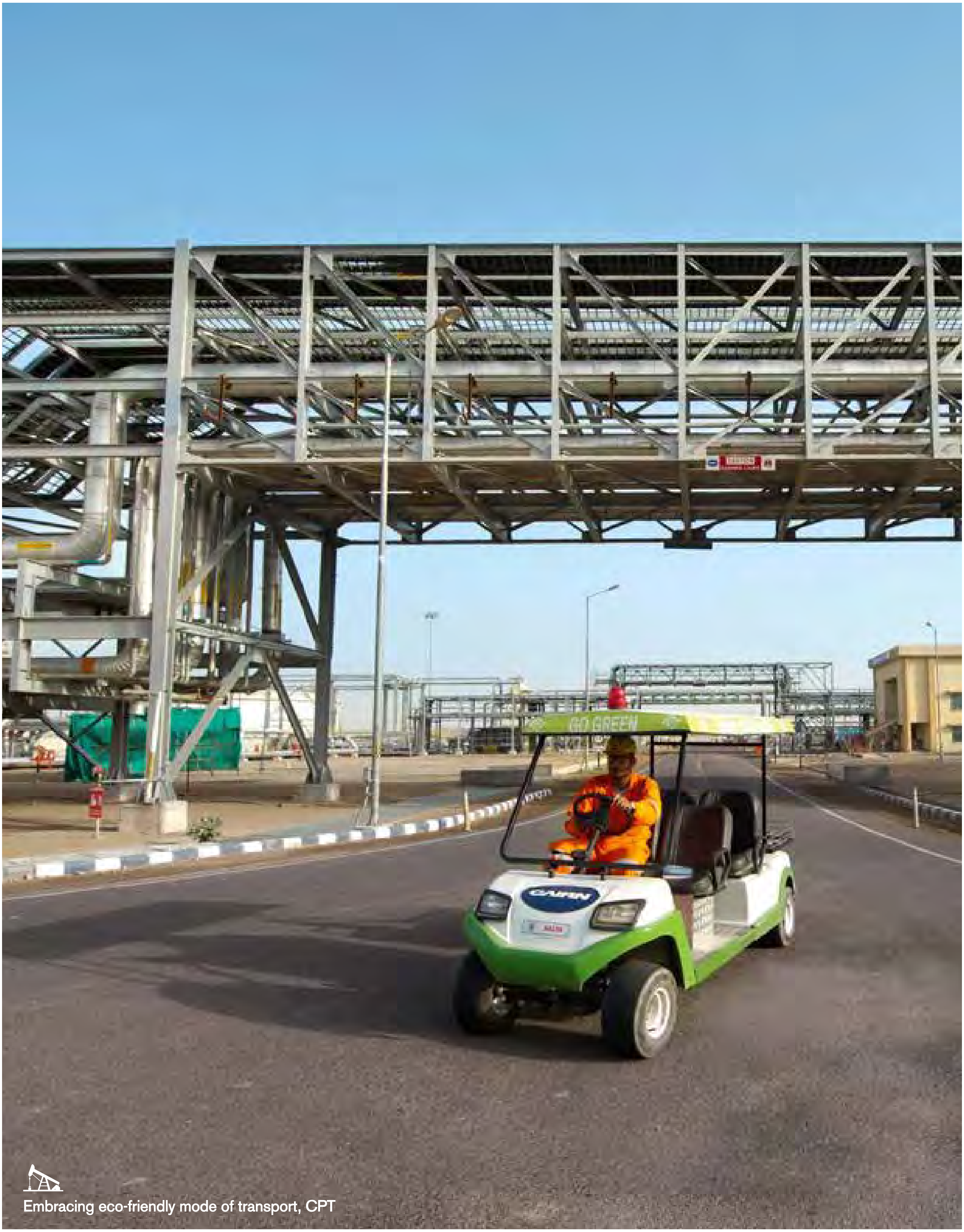
Total Recordable Incident Frequency Rate
Per million man hours



Volatile Organic Compounds in Tonnes



NOx Emissions in Tonnes



Embracing eco-friendly mode of transport, CPT

By promoting safe and ethical work practices, adhering to environmental and social responsibilities, Cairn India endeavours to maximise stakeholder value.

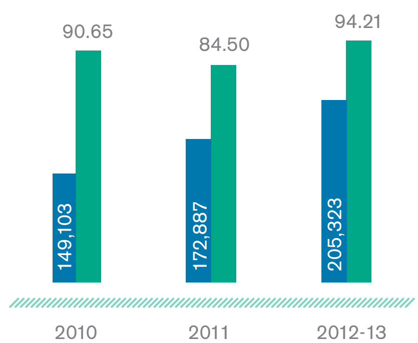
is 4.5 metric tonnes of natural gas flared per thousand metric tonne of hydrocarbon produced.

Cairn India's average energy consumption for production operations during the reporting period was 1.12 GJ per metric tonne of crude equivalent produced against a global average of 1.6 GJ per metric tonne (OGP 2012 Report).

The associated gas from the well fluid processing is separated and used for captive power generation. Cairn India's flaring intensity during FY2013 was about 4.5 metric tonnes of natural gas per thousand metric tonnes of hydrocarbon produced versus the global average of 15.7 metric tonnes for exploration and production upstream operations (OGP 2012 Report).

Cairn India's current GHG emission intensity is approximately 94 metric tonnes of CO_2 emission per thousand metric tonnes of hydrocarbon produced, versus a global average of 159 metric tonnes (OGP 2012 Report).

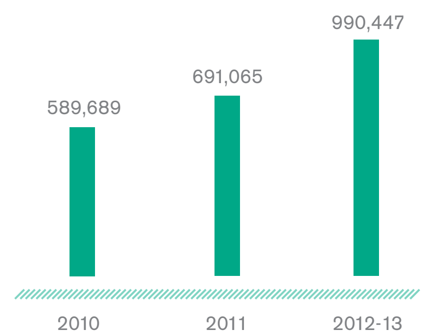
The Company is working to further reduce gas flaring to a minimum operational level.



Direct GHG Intensity Tonnes CO_2e/1000 tonnes of HC produced

GHG

Daily Gross operated production (April-March: 2010-11, 2011-12 and 2012-13)



Direct GHG Emissions Tonnes CO_2e

Sustainability Development

Cairn India's approach to sustainability is enshrined in its 3R ideology — Respect, Responsibility and Relationships. The concept of sustainability for Cairn India means integrating environmental, social and economic considerations into our corporate strategy and delivering value to all stakeholders.

Cairn India's operations contribute to India's vision of 'energy sufficiency and independence'. The organisation strives to achieve this through the application of the best technologies and safe and ethical work practices.

During FY2013, the Company constituted an empowered Sustainability Development (SD) Steering Committee with a senior executive committee member as the Chairman. The objective of the SD Steering Committee is to provide a structured and holistic approach and strengthen the SD initiatives within the organisation.

Cairn India proposes to publish its first Sustainability Report based on Global Reporting Initiative guidelines in the last quarter of 2013.

Based on an independent assessment the Company is judged to be substantially responsive. The National Voluntary Guidelines report, as per the SEBI guidelines, forms a part of this Annual Report.

Cairn India is committed to the highest standards of Corporate Social Responsibility (CSR). The Company believes that business growth should propel community growth and create value for all stakeholders. Cairn India's social development initiatives have benefited ~100,000 households across operational areas.

CORPORATE SOCIAL RESPONSIBILITY

The Company leverages its resources to advocate the broad vision and aspirations of the Twelfth Five Year Plan – 'Faster, Sustainable, and More Inclusive Growth'.

The Company focuses on inclusive growth by fostering social capital through health and education initiatives and creating access to opportunities and resources through economic development and infrastructure support initiatives envisaged by the 'Millennium Development Goals'.

Supporting Inclusive Growth

Cairn India established the Cairn Enterprise Centre (CEC) in 2007 in Barmer. The Centre is designed to promote and support employability and local economic development through vocational training, development of soft skills and local vendor development.

Since inception, the CEC has trained over 8,000 youth; of which 60 per cent have already been employed or have created their own micro-enterprises.

During the fiscal year, Cairn India entered into an agreement with IL&FS Skills to provide training to the youth in Barmer district; thereby making them more employable and 'market ready'. The same has been replicated at Ravva in partnership with NASSCOM, where the youth have been provided employment opportunities with leading retail outlets and IT companies in Andhra Pradesh and Tamil Nadu.

Cairn India has been able to benefit more than 150 local vendors in Barmer through 'Vendor Engagement Cell' and e-tendering processes.

On the other hand, Cairn India continues to augment livelihood opportunities across its operational areas targeted through the dairy development initiative in Rajasthan, generating revenue in excess of US$ 1 million for local communities to date. While in Gujarat, the Agri-Kiosk services benefitted over 10,000 farmers across 193 villages.

As part of Cairn's initiatives to develop and nurture skill, and provide economic capabilities and opportunities, the Company has decided to establish the Cairn Centre of Excellence (CCoE) at Jodhpur. This is a vocational skill development institute that will provide globally certified courses. The courses will be strongly linked to the dynamic demands of the employment market. This initiative is in line with the Government of Rajasthan's vision to develop Jodhpur as an educational hub, with a number of world class institutions in the neighbourhood. The proposed CCoE is expected to be a flagship project for the Company.

Cairn India's initiatives focus on improving employability of rural youth and the region's overall Human Development Index.

Under the PPP model, Cairn has launched an ambitious project 'Jeevan Amrit' to provide quality potable water to local communities across villages in Rajasthan. The project is a joint initiative between Cairn, Tata Projects and Government Public Health Engineering Department.

Further, as part of its inclusive growth strategy, Cairn India is undertaking several initiatives focussed on improving healthcare access to the community. Through these initiatives Cairn India has been able to cater to over 200,000 community members across 200 villages and 8 districts of Rajasthan and Gujarat and 25,000 community members in Andhra Pradesh's Krishna district.

In order to enhance education initiatives for rural students, the company continues to implement several innovative projects, like the Mobile Science Van, Theatre in Education, Rural School Library, Science Express, Environment and Energy conservation to improve the learning and teaching practices. Through its education initiatives Cairn has been able to reach out to over 100,000 students in 140 schools of Rajasthan and Gujarat to date.

Cairn India focused on renewable energy by implementing the Solar Electrification project in 26 villages; 24 villages along the Salaya-Bhogat section of the pipeline in Jamnagar and two villages in Banaskantha, Gujarat. More than 3,000 solar street lights were installed benefiting approximately 10,000 households.

Jeevan Amrit Project, Rajasthan

Through its inclusive growth approach Cairn India has been able to benefit approximately 500,000 community members through various community development initiatives. The Company also strives to achieve inclusive growth by creating shared value in its operational areas.

Cairn India strives to supplement government efforts to improve infrastructure needs of the community, whilst leveraging government schemes to provide better facilities.

BUSINESS RISKS

Oil and gas exploration and production activities are subject to significant risks and hazards. Effective management of all uncertainties is imperative and of prime importance to Cairn India. The senior employees and the Board of Directors are aware of the risks to our business and its operations. Management is prepared to take measures, when needed, to mitigate and alleviate such risks to the best possible extent.

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

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well understood that these cannot be measured in an exact manner. Through enhanced understanding of the reservoirs, achieved by undertaking additional work, these risks are gradually mitigated. Reserves estimations involve a high degree of judgement and it is a function of the quality of the available data and the engineering and geological interpretation. Results of drilling, testing, and production may substantially change the reserve estimates for a given reservoir over a period of time.

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

Risk: Due to a delay or denial in approvals, Cairn India might not be able to achieve the target production level from the Rajasthan.

Cairn India cannot increase production beyond the approved production rate — as it requires the prior consent of the JV partner, the appropriate regulatory authorities and the Government of India to do so. Such approval might be delayed and/or denied by the JV partner or the regulatory authority. In such instances, production could be impacted.

Risk: Availability of oilfield services will have a significant influence on future performance

To fully capitalise on the potential from the Rajasthan block, Cairn India plans to drill over 450 wells in the Rajasthan block during a three year period. To successfully execute this programme, the Company will have to rely on services providers — geo-scientific surveyors, rigs and others. This may expose Cairn India to uncertainties in the oilfield services market with a resultant negative impact on operations. Getting the appropriate service providers, and securing rigs at right time and appropriate price could pose a potential challenge. All of these could have a material adverse effect on operational and financial performance.

Risk: Cairn India might not be able to pay dividends.

The payment of future dividends is subject to the recommendation of Board of Directors and approval of shareholders. Among other factors, the payment of future dividends will be driven by the Company's operating results, financial conditions, outlook for earnings growth, credit risk considerations; and future capital requirements. Key considerations are also given to the general business and market conditions. Due to macroeconomic conditions and business imperatives, the Company may not have sufficient cash to pay dividends.

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

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

Risk: Business outlook

On the positive side, Cairn India should see higher production from the Rajasthan block and is poised to realise increased revenues and profits in FY2014. On the negative side, hydrocarbon players tend to attract hefty taxes whenever Government wants to raise additional financial resources. If increased taxes were to be imposed, it would constrain and potentially reduce the Company's post-tax profits. On balance, Cairn India remains cautiously optimistic about FY2014.

Cautionary Statement

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

INTERNAL CONTROLS & THEIR ADEQUACY

Cairn India continued to strengthen its internal controls processes by making investments to simplify processes and extend IT enablement across the entire procurement-to-pay process. This included, for example, the project on 'Driving Implementation for Simplicity, Harmonisation and Agility', which has started to yield positive results.

During the year, the Company rolled out a web-based sourcing solution which is a step towards automation of the procurement process to ensure standardisation and real time monitoring of sourcing activities. A supplier portal 'Smart Connect' was launched by the Company, which will result in an increased online collaboration with suppliers.

Business Risk Management Process

Cairn India has in place a Risk Management Policy. A Risk Management Committee (RMC) comprising senior executives of the Company, chaired by the CEO, is responsible for the review of risk management processes and overseeing the implementation of the policy.

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

The RMC is, in turn, assisted by function-specific Risk Management Sub-Committees, which are responsible for overseeing various activities including proactively identifying any emerging risks that may impact the Company.

Operating Policies and Procedures

Operating policies are disseminated to appropriate departments and functions to increase awareness and compliance. Cairn India's operational policies, procedures and activities have all been subjected to internal audits and compared to its peer group. Implementation of recommendations arising from the audit reports is regularly monitored by the senior management. During FY2013, the Company moved to an electronic management system to enhance the governance process for any modifications to the production facilities. This provides a uniform and consistent process workflow across the organisation and facilitates better compliance to safety guidelines.

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

Legal and Commercial Procedures

Legal and commercial procedures have been actively disseminated throughout the Company. A legal compliance management system has been developed to track regulatory compliance requirements. It has been successful in identifying areas which require immediate legal attention and has reduced instances of non-compliance.

Code of Business Ethics

All of the Company's employees have affirmed that they have understood and accepted the provisions of the 'Code of Business Ethics' for the FY2013.

Financial and Management Reporting

Financial policies, standards and delegations of authority have been disseminated to senior management to allocate within their departments. Procedures to ensure conformance with the policies, standards and delegations of authority have been put in place covering all activities.
The Company conducts periodic assessment of the accuracy and reliability of the budget model compared to actual results achieved. An analysis of the variance between budget and actual is carried out to ensure full understanding of the variance and adopt any requisite course correction.

Audit Review of Operating and Financial Activities

Cairn India's processes and financial activities are subjected to independent audits by internal as well as statutory auditors. Implementation of recommendations from various audit reports is regularly monitored by the senior management. 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. A system is in place to monitor and report the progress of these KPIs to the Executive Committee and the Board of Directors on regular basis.

Business Continuity

Emergency response and management plans are in place for all operations. A business continuity plan covering the key risks for the corporate office at Gurgaon exists and has been implemented. Development of a comprehensive business continuity plan for all the remaining Cairn India sites is currently underway and are expected to be completed during CY2013.

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

BOARD OF DIRECTORS

MR. NAVIN AGARWAL
Chairman and Non-Executive Director

Mr. Navin Agarwal, 52, is the Deputy Executive Chairman of Vedanta Resources Plc. He plays a key role in strategic planning and drives the organic and inorganic growth of the group. He also oversees large capital raising initiatives, global investor relations and development of leadership talent at the management level. Mr. Agarwal has been part of the group for the last 30 years since its inception. He chairs Vedanta's group Executive Committee where he provides strategic direction and guides the sharing and implementation of best management practices across the group.

MR. NARESH CHANDRA
Non-Executive and Independent Director

Mr. Naresh Chandra, 78, is a post graduate (MSc. in Mathematics) from Allahabad University and a retired IAS officer. Previously, Mr. Chandra was Chairman of the Indian Government Committee on Corporate Governance, India's Ambassador to the USA, Senior Advisor to the Prime Minister, Governor of Rajasthan, Cabinet Secretary to the Government of India, and Chief Secretary to the Government of Rajasthan. A reputed administrator and diplomat, Mr. Chandra serves as an Independent Director on the boards of a number of companies.

MR. EDWARD T. STORY
Non-Executive and Independent Director

Mr. Edward T. Story, 69, 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 the Chairman of the North America Mongolia Business Council. Mr. Story has more than 41 years of experience in the international oil and gas industry and is the founder, President and Chief Executive Officer of the London Stock Exchange listed SOCO International Plc.

MR. AMAN MEHTA
Non-Executive and Independent Director

Mr. Aman Mehta, 66, is an economics graduate from Delhi University. He has over 36 years of 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, 56, holds a Master of Economics Degree from the Delhi School of Economics. He is a D. Phil in Economics from Oxford University. He has taught in several academic institutions in India and abroad, edited one of India's best known business magazines, was the Chief Economist for the Confederation of Indian Industry, and is the Executive Chairman of CERG Advisory Private Limited, a consulting and advisory firm. Dr. Goswami serves as an Independent Director on the board of a number of companies and is 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.

MS. PRIYA AGARWAL
Non-Executive Director

Ms. Priya Agarwal, 23, B.Sc. Psychology with Business Management from the University of Warwick in the UK.

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

MR. TARUN JAIN
Non-Executive Director

Mr. Tarun Jain, 53, is a graduate from the Institute of Cost and Works Accountants of India and a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

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

MR. P. ELANGO
Interim CEO & Whole Time Director

Mr. P. Elango, 51, holds a Masters degree in Business Administration from Annamalai University, Chennai. He has played a key role in helping develop Cairn India into a leading Oil & Gas company. With a career spanning over 26 years in Upstream Oil & Gas, Mr. Elango has held several leadership roles in different areas of the business and is currently a recognized leader in the industry in India.

Prior to becoming the Interim CEO & Whole Time Director, Mr. Elango was the Strategy and Business Services Director for Cairn, responsible for spearheading the strategic planning for the company as well as leading and integrating the business service functions to support the core activities of Exploration, Development and Production.

Mr. Elango began his career with ONGC in 1985 and over a span of 10-years, performed a range of diverse roles. He joined Cairn in January 1996.

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

From left to right, standing: Mr P. Elango, Mr. Tarun Jain, Ms. Priya Agarwal, Mr. Edward T. Story, Dr. Omkar Goswami

CORPORATE GOVERNANCE

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

REPORT ON CORPORATE GOVERNANCE

BOARD OF DIRECTORS

COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD

As on 31 March, 2013, the Board comprised 8 Directors, including seven non-executive Directors, four of whom are also independent.

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

The composition of the Board as on 31 March, 2013 is given in Table 1. None of the Directors is a member of more than 10 Board-level committees of Indian public limited companies; nor are they chairmen of more than five committees in which they are members. Further, none of the Directors is related to the other, or to any other employee of the Company except Mr. Navin Agarwal and Ms. Priya Agarwal. Ms. Agarwal is the daughter ofF Mr. Navin Agarwal's elder brother, Mr. Anil Agarwal. During the period under review, the following changes were made in the composition of the Board:

- Mr. Rahul Dhir resigned as Managing Director and Chief Executive Officer effective 31 August, 2012.
- Mr. P. Elango was appointed as interim CEO of the Company effective 1 September, 2012 and was appointed as additional and Whole Time Director by the Board of Directors on 21 January, 2013.

1 Composition of the Board
As on 31 March, 2013

S. No.	Name	Executive/Non-Executive	No. of other Directorships		Memberships/Chairmanships of Board-level Committees**	
			Indian	Others*	Member	Chairman
1	Mr. Navin Agarwal	Chairman, Non-Executive Director	6	5	2	-
2	Mr. Tarun Jain	Non-Executive Director	3	4	4	-
3	Ms. Priya Agarwal	Non-Executive Director	-	-	-	-
4	Mr. Aman Mehta	Non-Executive Independent Director	5	2	3	3
5	Mr. Naresh Chandra	Non-Executive Independent Director	11	4	8	1
6	Dr. Omkar Goswami	Non-Executive Independent Director	10	2	6	4
7	Mr. Edward T. Story	Non-Executive Independent Director	-	3	2	-
8	Mr. P. Elango[1]	Interim CEO and Whole Time Director	-	15	-	-

* Directorships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.
** Only the Audit Committee and the Shareholders' / Investors' Grievance Committee of Indian public limited companies have been considered.
1. Appointed as Whole Time Director on 21 January, 2013

2 Directors' Attendance Record
For year ended 31 March, 2013

Name	No. of meetings held during the period the Director was on Board	No. of meetings attended*	Presence at the last AGM
Mr. Navin Agarwal	5	5	Yes
Mr. Tarun Jain	5	5	Yes
Ms. Priya Agarwal	5	3	Yes
Mr. Aman Mehta	5	5	Yes
Mr. Naresh Chandra	5	5	Yes
Dr. Omkar Goswami	5	4	Yes
Mr. Edward T. Story	5	3	No
Mr. P. Elango[1]	-	-	NA
Mr. Rahul Dhir[2]	2	2	Yes

* Video/ tele conferencing facilities are provided to Directors to participate in the meetings, whenever required.
1. Appointed as Whole Time Director on 21 January, 2013.
2. Resigned from the Board effective 31 August, 2012.

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

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

BOARD SUPPORT

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 Meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises/ assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings. Further, the process for the Board/ Committee meetings provides an effective post meeting follow up, review and reporting process for the action taken on decisions/ instructions/ directions of the Board and its Committees. As per Board's decision, the Company Secretary intimates the action points arising out of the deliberations during the meeting to the concerned functional heads who in turn provide updates to the Board at the next meeting.

The process for the Board/ Committee meetings provides an effective post meeting follow up, review and reporting process for the action taken on decisions/ instructions/ directions of the Board and its Committees.

3 Directors' Remuneration
For the year ended 31 March, 2013 (in INR Lacs)

Name	Salary	Perquisites	Bonus & Performance incentives	Retirement Benefits	Commission	Sitting Fee	Total
Mr. Navin Agarwal	-	-	-	-	-	1.40	1.40
Mr. Tarun Jain	-	-	-	-	-	2.40	2.40
Ms. Priya Agarwal	-	-	-	-	-	0.40	0.40
Mr. Aman Mehta	-	-	-	-	36.00	2.60	38.60
Mr. Naresh Chandra	-	-	-	-	36.00	2.60	38.60
Dr. Omkar Goswami	-	-	-	-	36.00	2.80	38.80
Mr. Edward T. Story	-	-	-	-	36.00	1.20	37.20
Mr. P Elango	30.87	2.72	-	4.09	-	-	37.68
Mr. Rahul Dhir	438.47	607.71	640.94	20.10	-	-	1,707.22

Notes:
1. Mr. P Elango and Mr. Rahul Dhir's remunerations details are for the period during the time they were on the Board.
2. Mr Rahul Dhir's salary as stated above includes salary of INR 1,697.22 lacs from Cairn Energy India Pty Limited.
3. Mr. Aman Mehta, Dr. Omkar Goswami and Mr. Naresh Chandra were paid a remuneration of INR 34.50 lacs each from Cairn Energy Holdings Limited, Cairn Energy Hydrocarbons Limited and Cairn Energy Asia Pty Limited, respectively, in their capacity as Directors of the subsidiary companies till 30 September, 2012.

4 Attendance Record of Audit Committee
For the year ended 31 March, 2013

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

* Video/ tele conferencing facilities are provided to Directors to participate in the meetings, whenever required.

NUMBER OF BOARD MEETINGS AND THE ATTENDANCE OF DIRECTORS

During the year ended 31 March, 2013, the Board of Directors met five times on: 20 April, 2012, 23 July, 2012, 22 October, 2012, 31 October, 2012 and 21 January, 2013. The maximum gap between any two meetings was less than four months.

Table 2 gives the Directors' attendance at board meetings and the Annual General Meeting (AGM) during the year ended 31 March, 2013.

DIRECTORS' REMUNERATION

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

During the year under review, 35,455 stock options were granted to Mr. P. Elango, interim CEO & Whole Time Director. He also exercised 27,081 stock options during the year.

SHAREHOLDING OF NON-EXECUTIVE OR INDEPENDENT DIRECTORS

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

Behaving honestly, fairly and with integrity is at the core of CIG's business principles and is considered to be central to all of Cairn's interactions with stakeholders

CODE OF CONDUCT

During the year under review, the Company made changes to its Code of Business Ethics (Code) to bring it in line with the current best practices, make it more robust and to strengthen it in line with Cairn India business principles. The revised Code was approved by the Board. The Code is applicable to everyone in the Company and its subsidiaries including employees, contractors and Directors. Details of the Code are available at *www.cairnindia.com*. All Directors and employees including senior management have affirmed compliance with the Code for the year ended 31 March, 2013.

COMMITTEES OF THE BOARD

Audit committee

The Company has an adequately qualified Audit Committee. As on 31 March, 2013, the Committee comprised five non-executive Directors: Mr. Aman Mehta (Chairman), Mr. Naresh Chandra, Mr. Tarun Jain, Dr. Omkar Goswami and Mr. Edward T. Story. Four of the five members are independent. All members have the financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. The current charter of the Audit Committee is in line with international best practices as well as the regulatory requirements mandated by SEBI and Clause 49 of the Listing Agreement. Mr. Sudhir Mathur, CFO, Mr. Raj Agarwal, Partner, S. R. Batliboi & Co. LLP, and Mr. Arup Chakraborty, Chief Internal Auditor of the Company are invitees to the meetings of the Audit Committee. Ms. Neerja Sharma, Director - Risk Assurance & Company Secretary is the Secretary to the Committee. During the year ended 31 March, 2013, the Audit Committee met four times: on 20 April, 2012, 23 July, 2012, 22 October, 2012 and 21 January, 2013. The attendance record of the Audit Committee is given in Table 4. Mr. Aman Mehta, Chairman of the Audit Committee, was present at the Company's last AGM held on 22 August, 2012.

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.

5 Attendance Record of Shareholders'/ Investors' Grievance Committee

For the year ended 31 March, 2013

Name	Position	Status	No. of meetings held during the period the Director was a member of the Committee	No. of meetings attended*
Dr. Omkar Goswami	Independent Director	Chairman	2	2
Mr. Edward T Story	Independent Director	Member	2	-
Mr. Tarun Jain	Non- Executive Director	Member	2	2
Mr. Rahul Dhir[1]	Managing Director & CEO	Member	1	-

* Video/ tele conferencing facilities are provided to Directors to participate in the meetings, whenever required.

1. Resigned from the Board with effect from 31 August, 2012.

6 Queries and Complaints Received and Attended

During the year ended 31 March, 2013

Nature of Query/Complaint	No. of Queries/Complaints		
	Received	Attended	Pending
Non-Receipt of refund orders / Dividend revalidation	318	318	Nil
Referred by SEBI	8	7	1
Referred by Stock Exchanges	4	4	Nil
Received from Investors	115	115	Nil
Referred by RBI/Ministry of Company Affairs	1	1	Nil
Non-receipt of Demat Credit	7	7	Nil
Non-receipt of the Annual Report	5	5	Nil
Total	**458**	**457**	**1***

*Complaint received on 31 March, 2013, resolved by the Company on 1 April, 2013 and closed by SEBI on 4 April, 2013.

- Reviewing, with management, the annual financial information before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement in the Board's Report pursuant to subsection (2AA) of Section 217 of the Companies Act, 1956;
  - changes, if any, in accounting policies and practices and reasons for such changes;
  - major accounting entries involving estimates based on the exercise of judgement by the Company's management;
  - any significant adjustments made in the financial information arising out of audit findings;
  - compliance with listing and other legal or regulatory requirements relating to financial information;
  - disclosure of any related party transactions;
  - any qualifications in the draft Audit Report.
- Reviewing, with management, the quarterly financial information before submission to the Board for approval.
- Reviewing, with management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with management, the performance of statutory and internal auditors, and the adequacy of the internal control systems of the Company.
- Approving the appointment, removal and terms of remuneration of the chief internal auditor.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussing with internal auditors any significant findings and

7 Attendance Record of Remuneration Committee
For the year ended 31 March, 2013

Name	Position	Status	No. of meetings held during the period the Director was a member of the Committee	No. of meetings attended*
Mr. Naresh Chandra	Independent Director	Chairman	4	4
Dr. Omkar Goswami	Independent Director	Member	4	4
Mr. Aman Mehta	Independent Director	Member	4	4
Mr. Tarun Jain	Non-Executive Director	Member	4	4
Mr. Navin Agarwal	Non-Executive Director	Member	4	4

* Video/ tele conferencing facilities are provided to Directors to participate in the meetings, whenever required.

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 Whole Time 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.
- Carrying out any other function as the Board may from time to time refer to the Audit Committee.

The Audit Committee also reviews the following information:

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

Shareholders' / Investors' Grievance Committee

As on 31 March, 2013, the Committee comprised three Directors: Dr. Omkar Goswami (Chairman), Mr. Edward T. Story and Mr. Tarun Jain. The Chairman of the Committee is an independent Director. Ms. Neerja Sharma, Director - Risk Assurance & Company Secretary, is the Compliance Officer of the Company and the Secretary of the Committee.

During the year ended 31 March, 2013, the Committee met twice: on 23 July, 2012 and 21 January, 2013. The attendance record of the Shareholders'/ Investors' Grievance Committee is given in Table 5. The Committee approves by way of circulation every fortnight, matters pertaining to allotment/ rematerialization of shares etc.

The Company has appointed Link Intime India Private Limited as the Registrar and Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily. The status of queries and complaints received during the 12-month period ended 31 March, 2013 by the Registrar and Share Transfer Agent is given in Table 6.

Terms of Reference

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

i. issue of duplicate share certificates and issue of share certificates after split/consolidation/ rematerialization of shareholding.
ii. printing of Share Certificates.

iii. affixation of Common Seal of the Company on Share Certificates of the Company.
iv. Directors/ Managers/ Officers / Signatories for signing/endorsing Share Certificate.
v. necessary applications /corporate actions to Stock Exchanges and Depositories arising out of and incidental to the exercise of options by the employee.

Remuneration Committee

The Board has a Remuneration Committee to make recommendations to the Board as to the Company's framework or broad policy for the remuneration of the executive Directors and senior executives one level below the Board. As on 31 March, 2013, the Remuneration Committee comprised five non-executive Directors: Mr. Naresh Chandra (Chairman), Mr. Navin Agarwal, Mr. Tarun Jain, Mr. Aman Mehta and Dr. Omkar Goswami. Three of these members are independent Directors.

The objective of the Company's remuneration policy is to ensure that Cairn India's executive Directors and senior executives are sufficiently incentivised for enhanced performance. In determining this policy, the Committee takes into account factors it deems relevant and gives due regard to the interests of shareholders and to the financial and commercial health of the Company. It ensures that levels of remuneration are sufficient to attract and retain senior executives of the quality required to run the Company successfully.

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

The Committee is also responsible for overseeing the Company's share option schemes and long term incentive plans, which includes determination of the eligibility for benefits and approval of total annual payments.

During the year ended 31 March, 2013, four meetings of the Remuneration Committee were held on 20 April, 2012, 23 July, 2012, 22 October, 2012 and 21 January, 2013. The attendance record of the Remuneration Committee is given in Table 7. Mr. Naresh Chandra, Chairman of the Remuneration Committee, was present at the Company's last AGM held on 22 August, 2012.

Nomination Committee

As on 31 March, 2013, the Nomination Committee comprised three Directors: Mr. Navin Agarwal (Chairman), Mr. Tarun Jain and Mr. Edward T. Story.

The functions of the Nomination Committee are:

- Reviewing the structure, size and composition of the Board, and make recommendations to the Board with regard to changes, if any.
- Evaluating the balance of skills, knowledge and experience of the Board and, in light of this evaluation, preparing a description of the role and capabilities required for particular appointments.
- Identifying and nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise.
- Reviewing time required from each non-executive Director, and assessing whether s(he) has given sufficient commitment to the role.
- Considering succession planning taking into account the challenges and opportunities 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.

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURES

The Company follows the accounting standards and guidelines laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements. Further, the Company has also followed the Cost Accounting Records (Petroleum Industry) Rules, 2011. No material financial and commercial transactions were reported by the management to

8 Details of Directorship and Committee Positions held in other Companies as on 31 March, 2013

Name	Mr. Naresh Chandra	Mr. Edward T. Story	Mr. P. Elango
Directorship held in other companies	• Hindustan Motors Ltd. • Electrosteel Castings Ltd. • Bajaj Auto Ltd. • Bajaj Finserv Ltd. • Bajaj Holdings and Investments Ltd. • Balrampur Chini Mills Ltd. • Gammon Infrastructure Project Ltd. • EROS International Media Ltd. • AVTEC Ltd. • G4S Corporate Services (India) Pvt. Ltd. • Emergent Ventures India Pvt. Ltd. • Vedanta Resources Plc. • EROS International Plc. • ACC Ltd. • Ambuja Cements Ltd.	• SOCO International Plc. • Baanthong Properties • TMB- Mongolian Health Clinic	• Cairn India Holdings Ltd. • Cairn Energy Holdings Ltd. • Cairn Energy Hydrocarbons Ltd. • Cairn Exploration (No.7) Ltd. • Cairn Exploration (No.6) Ltd. • Cairn Exploration (No.4) Ltd. • Cairn Exploration (No.2) Ltd. • Cairn Energy Gujarat Block 1 Ltd. • Cairn Energy Discovery Ltd. • Cairn Petroleum India Ltd. • Cairn Energy India Pty Ltd. • CIG Mauritius Holding Private Ltd. • CIG Mauritius Private Ltd. • Cairn Lanka (Pvt) Ltd. • Cairn South Africa Proprietary Ltd.
Committee position in Cairn India Ltd.	• Audit Committee-Member • Remuneration Committee-Chairman	• Audit Committee- Member • Nomination Committee- Member • Shareholders'/ Investors' Grievance Committee- Member	None
Membership/Chairmanship of Committees* of other Indian public companies :			
Audit Committee	• Hindustan Motors Ltd. – Chairman • Electrosteel Castings Ltd.- Member • Bajaj Holdings and Investments Ltd.- Member • Gammon Infrastructure Project Ltd.- Member • Bajaj Finserv Ltd.- Member • EROS International Media Ltd.- Member • ACC Ltd. - Member	None	None
Shareholders'/Investors' Grievance Committee	• Bajaj Auto Ltd.- Member	None	None

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

the Board, in which the management had any personal interest that either had or could have had a conflict with the interest of the Company at large. There were no transactions with the Directors or Management, their associates or their relatives etc. that either had or could have had a conflict with the interest of the Company at large.

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

CODE FOR PREVENTION OF INSIDER TRADING

In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a code of conduct for its Directors, management and staff. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that the Directors and Designated employees of the Company can trade in the shares of the Company only during the period when 'Trading Window' is open. The trading window is closed during the time of declaration of results or 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 at the year end.

RELATED PARTY TRANSACTIONS

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

RISK MANAGEMENT

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

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

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, 2013 is enclosed at the end of this report.

SUBSIDIARY COMPANIES

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

Further, in terms of the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, minutes of Board meetings of subsidiary Companies along with summary of key decisions are regularly placed before the Board.

SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

Mr. Naresh Chandra, Independent Non-Executive Director

Mr. Naresh Chandra, 78, holds masters degree in Mathematics from Allahabad University and is a retired IAS officer. He was earlier the Chairman of the Indian Government Committee on Corporate Governance, India's Ambassador to the USA, Senior Advisor to the Prime Minister, Governor of Rajasthan, Cabinet Secretary to the Government of India, and Chief Secretary to the Government of Rajasthan. Mr. Chandra is a reputed administrator and a diplomat and is currently an independent non-executive Director on the Board of several public companies.

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

Mr. Edward T. Story, 69, holds a Bachelor of Science degree from Trinity University, San Antonio, Texas and holds a Masters Degree in Business Administration from the University of Texas with an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia. He is a chairman of the North America Mongolia Business Council. Mr. Story has more than 40 years of experience in the international oil and gas industry and is the founder, President and Chief Executive Officer of the London Stock Exchange listed SOCO International Plc.

Mr. P. Elango, Interim Chief Executive Officer and Whole Time Director

Mr. P Elango, 51, is a Cairn veteran, who has played a key role in the growth of Cairn India into a leading Oil &

Gas company in India. Over a career spanning over 26 years in Upstream Oil & Gas Sector, Mr. Elango has held several leadership roles in different areas of the business and is currently a recognized leader in the industry in India.

Prior to becoming the interim CEO & Whole Time Director, Mr. Elango was the Director - Strategy and Business Services of Cairn responsible for spearheading the strategic planning for the company as well as leading and integrating the business service functions to support the core activities of Exploration, Development and Production.

Mr. Elango began his career with ONGC in 1985 and over a span of 10-years, performed diverse roles and joined Cairn in January 1996.

He holds an MBA from Annamalai University, Chennai.

The Directorships and committee positions by these Directors as on 31 March, 2013 are given in Table 8.

MEANS OF COMMUNICATION

Financial/ Quarterly Results

The Company intimates un-audited/ audited financial results to the Stock Exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. The financial results are also displayed on the Company's website: *www.cairnindia.com* and posted on the corporate filing and dissemination system at *www.corpfiling.co.in* The shareholding pattern, announcements, board meeting, corporate action and Corporate Governance Report are also filed electronically on NSE Electronic Application Processing System (NEAPS) and BSE Listing Portal. Further, as a good Corporate Governance Practice, the Company sends its quarterly financial results to shareholders through email immediately after they are approved by the Board and disseminated to the Stock Exchanges.

News Releases, Analyst Presentation, etc.

The Quarterly and Annual Results are generally published in the The Financial Express and Nav Shakti. Official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website: *www.cairnindia.com*

Website

The Company's website: *www.cairnindia.com* contains a separate dedicated section 'Investor Relations' where shareholders' information is available. The full Annual Report, shareholding pattern, press release, Quarterly Reports and Corporate Governance Report is also available on the website. Further, various forms like Nomination Form, Affidavit and Indemnity are also available on the website.

GENERAL BODY MEETINGS

Since its incorporation, the Company has had six AGMs and four Extraordinary General Meetings (EGMs). The forthcoming AGM is scheduled to take place on 24 July, 2013. The details in respect of last three annual general meetings and special resolution passed in AGM are given in Table 9.

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 10.

Special Resolutions passed through postal ballot last year:

No special resolution was passed through Postal Ballot during the financial year 2012-13.

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

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

Procedure of Postal Ballot

The notice containing the proposed resolution and explanatory statement thereto are sent to the registered addresses of all the shareholders of the Company along with a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the Board for carrying out the ballot process. The Scrutinizer submits his reports to the Chairman/ Director authorized by the Board, who on basis of the report announces the results. However, due to the amendments in Listing Agreement, the Postal Ballot, if any, would now be carried through e-voting mechanism. The shareholders who have registered their e-mail Ids with the Company would be provided login details to vote for the proposed resolutions and other shareholders would be required to send their assent or dissent in writing on a postal ballot form pursuant to the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and amendments made thereto.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

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

Non-Mandatory Requirements

The Board

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

Remuneration Committee

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

9 Location and Time of Annual General Meetings

Financial Year	Location of the meeting	Date	Time	Special Resolution passed at the AGM
2009-10	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	15 September, 2010	11.00 A.M	No Special Resolution was passed.
2010-11	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	18 August, 2011	11.00 A.M	Payment of Commission to Non-Executive Directors.
2011-12	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	22 August, 2012	11.00 A.M	• Appointment of Mr. Rahul Dhir as Managing Director and Chief Executive Officer. • Issuance of stock options to the employees and Directors of the subsidiary Companies of Cairn India Limited. • Amendments/substitutions to the Articles of Association of the Company.

10	Resolutions passed through Postal Ballot		
S.No.	Subject matter of the Resolution	Date of passing Resolution	Type of Resolution
1	Shifting of registered office from the state of Maharashtra to the state of Rajasthan	17 July, 2009	Special
2	Utilisation of the share premium account not exceeding INR 15,000 crores, of the company to adjust the goodwill arising pursuant to the scheme of arrangement	2 March, 2010	Special
3	Issue equity share of the Company upon exercise of options granted or vested under Cairn India Employee Stock Option Scheme (CIESOP) and Cairn India Performance Option Plan (CIPOP)	3 November, 2010	Ordinary
4	To consider the conditions imposed by the Government of India vide letter dated 26th July, 2011 for the proposed sale of shares of the Company by Cairn UK Holdings Limited along with its holding company, Cairn Energy Plc to Vedanta Resources Plc and its subsidiaries.	14 September, 2011	Ordinary

The Company benefits from diverse professional expertise and experience of Non-executive Directors.

Shareholder Rights

The quarterly results are published on our website: *www.cairnindia.com* and in widely circulated newspapers. The Company sends quarterly results by email to those shareholders who have provided their e-mail Ids.

Audit Qualifications

During the current financial year, there are no audit qualifications in the financial statements. Emphasis of Matter given in the Auditors' Report has been referred in the Directors' Report. The Company continues to adopt best practices in order to ensure unqualified financial statements.

Training of Board Members

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

Mechanism for Evaluating Non-Executive Board Members

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

Whistleblower Policy

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

ADDITIONAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Date: 24 July, 2013
Time: 10:30 AM
Venue: Rangsharda Auditorium, K C Marg, Bandra Reclamation, Bandra (West), Mumbai-400050

FINANCIAL CALENDAR

For the year ended 31 March, 2013, results were announced on

- 23 July, 2012: First quarter
- 22 October, 2012: Second quarter
- 21 January, 2013 : Third quarter
- 22 April, 2013: Fourth (last) quarter and the financial year's results

For the year ending 31 March, 2014, results will be announced by

- Last week of July 2013: First quarter
- Last week of October 2013: Half yearly
- Last week of January 2014: Third quarter
- Last week of April, 2014: Fourth quarter and full financial year's results.

INTERIM DIVIDEND

The Board of Directors of the Company declared an Interim Dividend of INR 5 per equity share on a face value of INR 10 per share on 31 October, 2012. The record date for the purpose of payment of Interim Dividend was 6 November, 2012 and the Interim Dividend was paid to the shareholders on 10 November, 2012.

UNCLAIMED INTERIM DIVIDEND

During the period under review the Interim Dividend 2012-13 remaining unpaid was transferred to the unpaid Dividend Account. In respect of the unpaid / unclaimed Interim Dividend for the year 2012-13, the shareholders are requested to write to the Registrar and Share Transfer Agent of the Company. Further, Section 205 of the Companies Act, 1956, mandates companies to transfer Dividend that remains unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF). Therefore, balance if any remaining unclaimed/ unpaid against the Interim Dividend 2012-13, will be transferred to IEPF on 7 December, 2019.

FINAL DIVIDEND

The Board of Directors of the Company has recommended a Final Dividend of INR 6.50 per equity share. The Dividend recommended by the Directors for the year ended 31 March, 2013, if declared at the annual general meeting, will be paid by 12 August, 2013 to those members, whose names appear in the Register of Members of the Company on 11 July, 2013. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on 11 July, 2013 as per the details furnished by the respective depositories for this purpose.

BOOK CLOSURE

The dates of book closure are from Friday, 12 July, 2013 to Wednesday, 24 July, 2013, inclusive of both days.

NATIONAL ECS FACILITY

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transaction. NECS mandate will help to avoid the loss of warrant in transit or non-receipt of Dividend Warrant. In this regard, shareholders holding shares in electronic form are requested to furnish the 10-digit Bank Account Number allotted to them by their bank (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP) or send these details to the Company/Registrars, if the shares are held in physical form to avail NECS facility for receiving Dividend. If your bank particulars have changed for any reason, please arrange to register the NECS with the revised bank particulars.

LISTING

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2013- 14 has been paid to BSE and NSE. The Company has also paid annual custody/issuer fee for the year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The stock codes are given in Table 1 below.

To maintain ‘zero non-compliance’ status and to adopt best governance practices, a voluntary Secretarial Audit was carried out for FY 2012-13.

SECRETARIAL AUDIT

As a measure of good governance, the Company engaged M/s. Nesar & Associates, practicing company secretaries, to conduct Secretarial Audit for the financial year 2012-13. The Secretarial Audit report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock exchanges, and all the Regulations and Guidelines of the Securities and Exchange Board of India as applicable to the Company.

RECONCILIATION OF SHARE CAPITAL AUDIT

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

MARKET PRICE DATA

Table 2 and Chart A give the details.

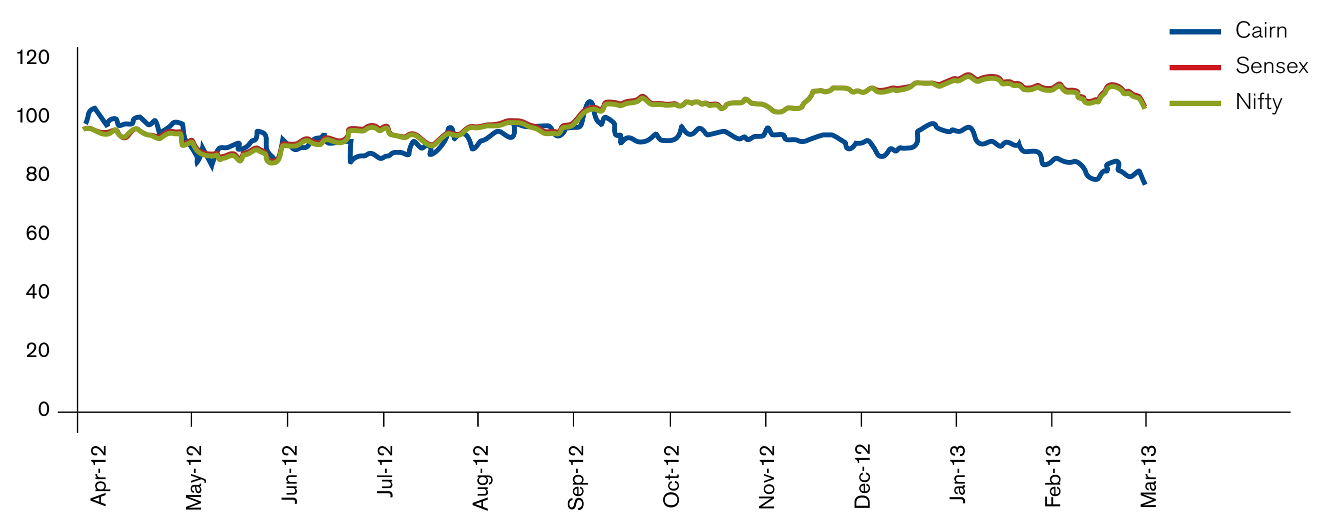
DISTRIBUTION OF SHAREHOLDING

Tables 3 and 4 list the distribution of the shareholding and shareholding pattern of the Company by size and

1 Stock Exchange Codes

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

Chart A: Share Performance vs Nifty and Sensex



Note: Share prices, Nifty and Sensex indexed to 100 as on the first working day of the financial year 2012-13 i.e. 1 April, 2012.

2 High and Low Price and Volume of Company's Shares Traded
During the year ended 31 March, 2013 at the BSE and NSE

Months	BSE			NSE		
	High Price (INR)	Low Price (INR)	No. of Shares traded	High Price (INR)	Low Price (INR)	No. of Shares traded
Apr-12	362.85	330.00	4,240,840	363.00	329.50	37,499,391
May12	350.45	301.15	4,844,182	350.80	301.00	75,218,480
Jun-12	336.10	296.10	66,420,428	336.20	296.10	104,306,746
Jul-12	335.90	308.00	7,316,826	336.00	307.90	70,049,745
Aug-12	348.50	313.60	4,569,485	350.00	313.45	62,079,645
Sep-12	365.90	323.00	9,168,796	367.00	323.00	234,309,503
Oct-12	343.70	323.80	5,232,448	344.20	306.20	70,963,137
Nov-12	339.00	320.00	14,091,696	339.00	325.15	62,777,005
Dec-12	335.80	309.30	7,625,426	335.80	309.45	66,128,242
Jan-13	349.90	319.00	6,840,021	349.00	318.10	71,453,811
Feb-13	328.95	292.60	5,206,663	328.25	292.50	56,611,340
Mar-13	309.75	267.90	5,581,000	309.45	267.70	50,292,136

3 Distribution of Shareholding
As on 31 March, 2013

Number of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shares
Up to 500	250,629	92.28	27,478,313	1.44
501-1000	14,208	5.23	9,286,772	0.49
1001-2000	3,291	1.21	4,816,019	0.25
2001-3000	972	0.36	2,498,358	0.13
3001-4000	444	0.16	1,589,636	0.08
4001-5000	326	0.12	1,538,194	0.08
5001-10000	618	0.23	4,452,090	0.23
10001 and above	1,108	0.41	1,858,578,772	97.30
Total	**271,596**	**100**	**1,910,238,154**	**100**

4 Shareholding Pattern as on 31 March, 2013

		No. of Equity Shares face Value INR 10/- Each	Shares held (%)
A	PROMOTER HOLDING		
1	Indian Promoters	383,840,413	20.09
2	Foreign Promoters	738,873,586	38.68
3	Persons acting in concert	-	-
B	NON-PROMOTER HOLDING		
a)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	152,765,191	8.00
b)	Foreign Institutional Investors	278,117,140	14.56
c)	Public	52,034,408	2.72
d)	Qualified Foreign Investors	75,050	0.00
e)	Mutual Funds	59,751,067	3.13
f)	NRI (Repatriable)	1,588,589	0.08
g)	NRI (Non-Repatriable)	661,433	0.03
h)	Bodies Corporate	43,850,079	2.30
i)	Foreign Bodies Corporate	196,174,600	10.27
j)	Clearing Member	1,828,000	0.10
k)	Directors/relatives	177,746	0.01
l)	Trusts	500,852	0.03
	Grand Total	**1,910,238,154**	**100.00**

5	Top Twenty Shareholders as on 31 March, 2013		
S.No.	Name	No. of Equity Shares	Shares Held (%)
1	Twin Star Mauritius Holdings Ltd	738,873,586	38.68
2	Sesa Goa Limited	351,140,413	18.38
3	Cairn UK Holdings Limited	196,174,600	10.27
4	Life Insurance Corporation of India	150,952,015	7.90
5	Sesa Resources Limited	32,700,000	1.71
6	ICICI Prudential Dynamic Plan	27,430,829	1.44
7	Europacific Growth Fund	16,000,000	0.84
8	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Fund	9,391,699	0.49
9	Indus Capital Advisors (UK) LLP A/c Indus India Fund (Mauritius) Limited	9,220,753	0.48
10	Reliance Life Insurance Company Limited	8,879,707	0.46
11	Robeco Capital Growth Funds	8,200,000	0.43
12	Swiss Finance Corporation (Mauritius) Limited	7,239,857	0.38
13	HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	7,031,379	0.37
14	Stichting Pensioenfonds ABP	6,722,431	0.35
15	Abu Dhabi Investment Authority - Gulab	6,212,098	0.33
16	New World Fund Inc	5,900,384	0.31
17	Dimensional Emerging Markets Value Fund	5,227,691	0.27
18	SBI Life Insurance Co. Ltd	5,191,667	0.27
19	ICICI Prudential Life Insurance Company Ltd	4,994,735	0.26
20	Blackrock Fund Advisors A/c Ishares Emerging Markets Index Mauritius Co	4,877,916	0.26

6	Outstanding ESOPs		
ESOP Scheme	No. of outstanding options	Last date for exercise	Exercise Price (INR)
CIESOP	150,546	31 December,2016	160
	323,112	19 September,2017	166
	1,059,921	28 July,2018	227
	NIL	9 December,2018	143
	2,608,700	28 July,2019	240
	2,190,912	26 July,2020	331.25
	3,832,443	25 July, 2021	327.75
	3,806,182	22 July, 2022	326.85
CIPOP	726,685	25 October, 2014	10
	778,678	22 October, 2015	10
Total	**15,477,179**		

If all the outstanding stock options granted get vested and exercised, the number of equity shares will increase by 15,477,179.

ownership class as on 31 March, 2013. Further details of top twenty shareholders are given in Table 5.

DEMATERIALIZATION OF SHARES

Cairn India's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories of India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31 March, 2013, over 99.99% shares of the Company were held in dematerialised form. The shares of the Company are permitted to be traded only in dematerialised form under ISIN INE910H01017.

OUTSTANDING GDRs / ADRs / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATES AND LIKELY IMPACT ON EQUITY

There are no outstanding GDRs / ADRs / warrants or any convertible instruments issued by the Company. However, the Company has outstanding employee stock options, the details of which as on 31 March, 2013 are given in Table 6.

SHARE SUSPENSE ACCOUNT

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

UNCLAIMED IPO REFUND

As on 31 March, 2013, ~ INR 16.57 lacs is lying with the company against unclaimed IPO refund. The Company has sent several reminders to the investors to claim their refund amount. Refunds are released as and when investors contact us with the correct details. The IPO refund amount if remain unclaimed till 30 December, 2013, will be transferred to Investor Education and Protection Fund.

DEBT SECURITIES

As on 31 March, 2013, there is no Debt Security of the Company. Series A Non Convertible Debentures under ISIN INE910H08012 and Series B Non Convertible Debentures under ISIN INE910H08020 were redeemed on 12 July, 2012 and 12 October, 2012 respectively.

7	Status of Equity shares lying in Suspense Account		
S. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 1 April, 2012	55	9,660
2	No. of shareholders who approached for transfer of shares from suspense account during the 12 months year ended 31 March, 2013	7*	1,365
3	No. of Shareholders to whom shares were transferred from suspense account during the 12 months year ended 31 March, 2013	6	1,260
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March, 2013	49	8,400

*The Company is yet to receive the complete documents from one of the shareholders to transfer the shares from suspense account.

SHARE TRANSFER SYSTEM

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

ADDRESS FOR INVESTOR CORRESPONDENCE

Either

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

Or

Director – Risk Assurance & Company Secretary
Cairn India Limited
4th Floor, Vipul Plaza,
Sun City, Sector 54
Gurgaon 122 002, India.
E-Mail: *investor.complaints@cairnindia.com*
Tel +91 124 4593000
Fax +91 124 2889320

Investors can e-mail their queries/ complaints to *investor.complaints@cairnindia.com*. The weblink to this email ID is also available on Company's website: *www.cairnindia.com* under the 'Investor Relations' section.

Shareholders can write to Director-Risk Assurance & Company Secretary for physical copy of the Annual Report.

INVESTOR RELATIONS

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

OPERATIONAL LOCATIONS

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

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

REGISTERED OFFICE ADDRESS

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

CERTIFICATE OF THE INTERIM CHIEF EXECUTIVE OFFICER & WHOLE TIME DIRECTOR AND CHIEF FINANCIAL OFFICER

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

Dear Sirs,

We, P. Elango, Interim Chief Executive Officer & Whole Time Director, and Sudhir Mathur, Chief Financial Officer of Cairn India Limited hereby certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended 31 March, 2013 and that to the best of our knowledge and belief:
   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
b. There are, to the best of our knowledge and belief, no transactions entered into by Cairn India Limited during the year which are fraudulent, illegal or violative of the Company's Code of Business Ethics.
c. We are responsible for establishing and maintaining internal controls for financial reporting in Cairn India Limited, and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
d. We have indicated to the auditors and the Audit Committee
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
e. We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).

We further declare that all Board members and senior management have affirmed compliance with the Company's Code of Business Ethics for the financial year ended 31 March, 2013.

P. Elango
Interim CEO & Whole Time Director

Sudhir Mathur
Chief Financial Officer

Date: 22 April, 2013
Place: Gurgaon

AUDITORS' CERTIFICATE

To
The Members of Cairn India Limited

We have examined the compliance of conditions of corporate governance by Cairn India Limited ('the Company'), for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

per Raj Agrawal
Partner
Membership No.: 82028

Place: Gurgaon
Date: 22 April, 2013

SECRETARIAL AUDIT REPORT

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

I have examined the registers, records and documents of Cairn India Limited ("the Company") for the financial year ended on March 31, 2013 according to the provisions of:

i. The Companies Act, 1956 and the Rules made under that Act;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

vi. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and Debt Listing Agreements with National Stock Exchange of India Limited.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

(a) maintenance of various statutory registers and documents and making necessary entries therein;

(b) closure of the Register of Members / Debenture holders;

(c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;

(d) service of documents by the Company on its Members, Debenture holders, Debenture trustees, Auditors and the Registrar of Companies;

(e) notice of Board meetings and Committee meetings of Directors;

(f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;

(g) the 6th Annual General Meeting held on August 22, 2012;

(h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;

(i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;

(j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;

(k) payment of remuneration to Directors including the Managing Director and Whole- time Directors;

(l) appointment and remuneration of Auditors;

(m) Transfers of the Company's shares and debentures. However, there was no request for transmission of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;

(n) payment of interest on debentures and redemption of debentures;

(o) borrowings and registration, modification and satisfaction of charges wherever applicable;

(p) investment of the Company's funds including inter corporate loans and investments and loans to others;

(q) giving guarantees in connection with loans taken by subsidiaries and associate companies;

(r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;

(s) Directors' report;

(t) contracts, common seal, registered office and publication of name of the Company; and

(u) Generally, all other applicable provisions of the Act and the Rules made under the Act.

2. I further report that:

(a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;

(b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;

(c) the Company has obtained all necessary approvals under the various provisions of the Act; and

(d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialization / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. I further report that:

(a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited and the Debt Listing Agreements with National Stock Exchange of India Limited;

(b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;

(c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

(d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects;

(e) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

For Nesar & Associates
Company Secretaries

Mohd Nazim Khan
Practicing Company Secretary
FCS: 6529 (CP: 8245)

Date: 4 April, 2013
Place: New Delhi

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Seventh Annual Report on the business and operations of the Company and the Audited Financial accounts for the year ended 31 March, 2013.

COMPANY'S PERFORMANCE

During the year under review, Cairn India's gross operated production was 205,323 barrels of oil equivalent per day. This has helped to reduce India's crude oil import dependence by ~INR 385 billion and has contributed ~INR 200 billion to the national exchequer.

The exploration in existing development blocks pursuant to policy clarity is a significant step for the nation towards energy self-sufficiency and will not only add to economic growth but also reduce the fiscal deficit through increased contribution to the exchequer.

The company contributes to around 25% of the nation's crude oil production. In addition, your company is focused on exploration across the asset portfolio both in India and core areas internationally and has also started the seismic survey in its South Africa block, which is in line with your company's exploration led growth strategy focused on replacement and growth of reserves leading to long term sustainable value creation.

FINANCIAL HIGHLIGHTS

In INR Lacs

	Standalone		Consolidated	
	For the financial year ended		For the financial year ended	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
Total income	1,010,065	24,893	1,856,039	1,279,866
Total Expenditure	335,555	20,143	640,557	437,519
Profit before tax	674,510	4,750	1,215,482	842,347
Taxes	26,445	354	23,508	48,573
Profit/(loss) after tax	648,065	4,396	1,191,974	793,774
Impact of scheme	826,612	-	13,665	-
Profit/ (loss) for the year	1,474,677	4,396	1,205,639	793,774

The consolidated statements provide the results of Cairn India Limited together with those of its subsidiaries for the financial year ended 31 March, 2013.

DIVIDEND

Your Directors are pleased to recommend a final dividend of INR 6.50 per equity share of face value of Rs.10 each for the year ended 31 March, 2013, subject to approval of shareholders at the ensuing Annual General Meeting of the Company. The dividend will be paid in compliance with applicable regulations.

INTERIM DIVIDEND

In addition to the proposed final dividend of INR 6.50 per equity share, your Company had already distributed an interim dividend of INR 5 per equity share of face value of INR 10 each, to shareholders, who were on the Register of members of the Company as at closing hours of 6 November, 2012, being the record date fixed by the Board of Directors for this purpose. Interim Dividend was paid on 10 November, 2012.

TRANSFER TO RESERVES

Your Company proposes to transfer INR 294,935 lacs to the general reserve. An amount of INR 895,308 lacs is proposed to be retained in the statement of profit and loss.

LIQUIDITY

Your Company has a strong balance sheet with ample cash reserves to meet the various strategic initiatives and to support future expansion programs. As at 31 March, 2013, the company had liquid assets worth INR 1,276,631 lacs. The company recognizes that though the liquidity is needed to cover the business and financial risks but it should get the adequate return as well. The funds, therefore, have been

Exploration in existing development blocks is a significant step towards energy self-sufficiency for the nation.

invested in bank deposits, mutual funds, tax free bonds and certificate of deposits.

CHANGES IN CAPITAL STRUCTURE

During the financial year under review, 2,842,046 equity shares of INR 10 each were allotted on exercise of Employee Stock Options by the employees of the Company and its subsidiaries. Accordingly, the issued and paid up capital of the Company has increased to INR 19,102,381,540 divided into 1,910,238,154 equity shares of INR 10 each.

Subsequent to the close of the financial year, the Company allotted 18,228 equity shares of INR 10 each on exercise of Stock Options by the employees. Accordingly, the issued and paid up capital of the Company has increased to INR 19,102,563,820 divided into 1,910,256,382 equity shares of INR 10 each.

REDEMPTION OF DEBENTURES

During the year under review, the Company has redeemed 6,250 Unsecured Redeemable Non-convertible “Series A” Debentures having face value aggregating to INR 62,500 lacs and 6,250 Unsecured Redeemable Non-convertible “Series B” Debentures having face value aggregating to INR 62,500 lacs. Debentures issued by your Company had a credit rating of CARE AAA. There was no outstanding debt liability of the Company as on 31 March 2013.

CONSOLIDATED FINANCIAL STATEMENTS

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

OPERATIONS & PROJECTS

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

EMPLOYEE STOCK OPTION SCHEMES

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

During the financial year, stock options have been granted to the employees of

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

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

During the year under review, 2,842,046 equity shares of INR 10 each were allotted pursuant to the exercise of stock options.

INTERNAL CONTROL SYSTEM

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

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

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

The Audit Committee reviews adherence to internal control systems and internal audit reports. The Committee also reviews all quarterly and yearly results of the Company and recommends the same to Board for its approval.

SUBSIDIARY COMPANIES

During the financial year under review, a new subsidiary Company, namely, Cairn South Africa Proprietary Limited was incorporated in South Africa.

As on 31 March, 2013, the Company had 31 subsidiaries including indirect subsidiaries. All these companies are 100% beneficially owned by Cairn India Limited. The Company has its representatives on the boards of subsidiary companies and monitors the performance of such companies regularly.

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

SCHEME OF ARRANGEMENT

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

The Hon'ble High Courts of Madras and Bombay sanctioned the Scheme in April, 2010 and June, 2010 respectively. The Scheme was also subject to receipt of regulatory approvals and the same were received during the year under review. Consequently, the Scheme, having an appointed date of 1 January, 2010 became effective from 18 October, 2012, being the date of last approval received under the Scheme.

The Scheme has helped in consolidation of Indian businesses held by the foreign subsidiaries, directly under Cairn India.

DIRECTORS

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

- Mr. Rahul Dhir resigned as Managing Director and Chief Executive Officer with effect from 31 August, 2012.
- Mr. P. Elango was appointed as additional and Whole time Director of the Company effective 21 January, 2013.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. P. Elango, holds office up to the date of this Annual General Meeting. The Company has received notices from members of the Company sponsoring his candidature as Directors of the Company. He is proposed to be appointed as Director liable to retire by rotation.

Further, shareholders' approval is also required for appointment of Mr. P. Elango as Whole Time Director. Necessary resolution along with relevant details is included in the Notice of the ensuing AGM for seeking approval of members.

In accordance with the Articles of Association of the Company, Mr. Naresh Chandra and Mr. Edward T Story, shall retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re- appointment.

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

CORPORATE GOVERNANCE

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

SECRETARIAL AUDIT

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

An audit report issued by M/s. Nesar & Associates, Company Secretaries, in respect of the secretarial audit of the Company for the financial year ended 31 March 2013, is provided separately in the Annual Report.

AUDITORS & AUDITORS' REPORT

S. R. Batliboi & Co. LLP (formerly known as M/s. S. R. Batliboi & Co.), chartered accountants, auditors of the Company, retire at the conclusion of the ensuing annual general meeting and being eligible, offer themselves for re-appointment. The Audit Committee at its meeting held on 22 April, 2013 has also recommended the re-appointment of S. R. Batliboi & Co. LLP as Statutory Auditors of the Company. Your directors also recommend their appointment.

In the accompanying financial statements, the Company has adjusted goodwill against the securities premium account pursuant to the Scheme of Arrangement approved by the Hon'ble High Courts of Bombay and Madras and other relevant regulatory authorities. This accounting, although different from that prescribed under the Accounting Standards, is in conformity with the accounting principles generally accepted in India, and the same has been approved by the Courts. The same has been reported by the Auditors under 'Emphasis of Matter' in their Report.

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

COST AUDITORS

Cost Accounting Records (Petroleum Industry) Rules, 2011, were issued by Ministry of Corporate Affairs on 7 December, 2011, vide G.S.R. 870(E). The said rules are applicable to Cairn India and the Company is now required to maintain cost accounting records and get them audited from the financial year 2012-13.

The Board appointed M/s. Shome & Banerjee, Cost Accountants, as Cost Auditors of the Company for the financial year 2012-13.

The cost audit report will be filed with the Central Government as per the timelines.

FIXED DEPOSITS

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

HUMAN RESOURCES

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

PARTICULARS OF EMPLOYEES

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2013 and of the profit of the Company for the year ended 31 March, 2013;

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

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

(v) The Company has devised proper systems to ensure compliances of all laws applicable to the Company;

(vi) Internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

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

BUSINESS RESPONSIBILTY REPORT

SEBI vide its circular CIR/CFD/DIL/8/2012 dated 13 August, 2012 and clause 55 of the Listing Agreement, mandated that top 100 listed companies based on market capitalization include Business Responsibility Report as a part of the Annual Report. Accordingly, the Business Responsibility Report for financial year 2012-13 is attached and forms part of the Annual report.

AWARDS AND RECOGNITIONS

As in the past, your company earned a number of awards and honors from different bodies and trade organisations, the summary of which is as under:

- The Company was adjudged the fastest growing energy company in the world at the Platts Top 250 Energy Company Awards 2012
- Golden Peacock Award for excellence in Corporate Governance 2012
- The Company won 16 awards in the 26th Mines Safety week 2012 under the aegis of Directorate General of Mines Safety (DGMS), Ajmer
- Raageshwari Oil Mine won the runners up award at the National Safety Awards (Mines), 2010 held by Government of India for Lowest Injury Frequency Rate per lakh Man Shifts in Oil Mines Category

SHARE TRANSFER SYSTEM AND LISTING OF SHARES

Details pertaining to share transfers and listing of shares are given in the Corporate Governance Report which forms part of the Annual Report. The Company has paid the annual listing fee for the year 2013-14 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

APPRECIATION

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

For and on behalf of the Board of Directors

Mr. Navin Agarwal
Chairman

Place: Gurgaon
Date: 22 April, 2013

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE I

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

S. No.	Particulars	Cairn India Senior Management Plan	Cairn India Performance Option Plan (2006)	Cairn India Employee Stock Option Plan (2006)
1	Options granted during April 2012- March 2013	Nil	890,501	4,153,467
2.	The Pricing Formula	INR 33.70 per Share	INR 10 per Share Price	Price determined by the Remuneration Committee but not less than the fair market value of a share on the date of grant
3.	Options Vested during April 2012- March 2013	NIL	13,766	5,410,112
4.	Options Exercised during April 2012- March 2013	NIL	221029	2,621,017
5.	Total number of Shares arising as a result of exercise of options during April 2012- March 2013	NIL	221029	2,621,017
6.	Options lapsed during April 2012- March 2013	NIL	246,449	1,524,050
7.	Variation of terms of options	None	None	None
8.	Money realized by exercise of options during April 2012- March 2013		2,210,290	586,754,457
9.	Total number of options in force as on 31 March, 2013	NIL	1,505,363	13,971,816
10.	Employee wise details of options granted during the year to:			
	(i) Senior Managerial Persons	None	S V Nair–53,691* Ajay Gupta– 42,614** R. Ranganath– 37,569 Elango P.– 35,455 Neerja Sharma– 27,766 Santosh Chandra– 21,210 Sanjay Singh – 15,201 Ananthakrishnan B.– 12,196	None
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None	S V Nair - 53,691*	None
	(iii) Identified employees who were granted options during any 1 year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	None	None	None

11.	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of options calculated in accordance with Accounting Standard 20	63.06	63.06	63.06
12.	(i) Method of calculation of employee compensation cost		Intrinsic Value Method	
	(ii)Difference between the employee compensation cost so computed at 12(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options (INR in lacs)		4,831	
	(iii) The impact of this difference on profits and on EPS of the Company			
	Profit after Tax (PAT) (INR in lacs)		1,205,639	
	Less: Additional employee Compensation cost based on fair value (INR in lacs)		(4,831)	
	Adjusted PAT (INR in lacs)		1,200,808	
	Adjusted EPS Basic (INR)		62.91	
	Adjusted EPS Diluted (INR)		62.81	
13.	Weighted-average exercise prices of options granted during April 2012- March 2013	NA	10	326.85
	Weighted-average fair value of each option outstanding as on 31 March, 2013	NA	318.16	161 .57
14.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:			
(i)	risk-free interest rate	NA	8.18	8.18
(ii)	expected life (in years)	NA	3.12	6.50
(iii)	expected volatility	NA	44.25	44.25
(iv)	expected dividends	NA	NA	NA
(v)	price of the underlying Share in market at the time of option grant	NA	326.85	326.85

*S V Nair resigned from the Company with effect from 15 October, 2012 and is currently associated with the Company as a consultant. All unvested options at the date of his resignation were cancelled.

**Ajay Gupta resigned from the Company with effect from 7 January, 2013 and all unvested options at the date of his resignation were cancelled.

ANNEXURE II

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

CONSERVATION OF ENERGY

Energy conservation measures taken

Cairn India operates in a safe and environmentally responsible manner for the long-term benefit of all stakeholders. We work towards minimizing the impact of our operations on the environment. Towards this direction, we continuously take effective steps to conserve energy and reduce environmentally harmful emissions.

Last year, as part of our efforts to reduce environmentally harmful emissions, we launched number of initiatives. In Rajasthan, which is our key producing asset, we are working to install solar-powered lighting system. Renewable energy is predominantly utilized in our producing assets at Ravva and Suvali.

These initiatives have enabled us to meet the internal Greenhouse Gas (GHG) emissions target for 2012-13.

Measures taken for reduction of energy consumption & consequent impact

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

Rajasthan upstream operations –

- We currently use associated gas at Central Processing Terminal to generate power for our operational facilities and excess associated gas is flared. An initiative to compress and condition (mainly CO_2 removal) this excess gas and to make it saleable is currently underway. Post-conditioning, this gas will be commingled and exported with the Raageshwari gas for sale to our gas customers.

- We are in the process of installing solar-powered lighting at our facilities. In the fiscal 2012-13, thirty four solar powered lights were recently installed in the Central processing terminal and the well pads resulting in a saving of 1,487 KWH.

- We are exploring opportunities for large-scale power generation using solar PVC arrays, for our new project locations where gas might not be available. This also helps to avoid environmental and social issues related to laying of transmission lines.

- Hot water requirement at the operations base is being met through solar water heaters. We plan to explore solar thermal and geo-thermal energy solutions that could be viable for temperature control and water heating.

- We will also explore hybrid power plant solutions (high-pressure steam used for heating and power from a combination of solar thermal energy and associated gas) at MPT.

Midstream operations -

- We developed the world's longest (approx. 700 kms) continuously heated and insulated pipeline to transport the viscous crude from our Rajasthan fields from the interiors of Rajasthan to various refineries in Gujarat and finally to the coast for further marine transportation. Energy requirement for heating the crude oil pipeline is met by the gas we produce from Raageshwari fields in Rajasthan. The gas is transported through a pipeline laid in the same pipeline corridor and fed to Above Ground Installations (AGIs) along the pipeline route.

- We are in the process of installing rooftop solar panels at our Above Ground Installations (AGIs) for facility lighting.

- We will explore opportunities for power generation at the Bhogat terminal from wind.

Ravva operations -

- We initiated hazardous waste co-processing. 312 tons of oily sludge was sent to cement manufacturing units for co-processing instead of incineration facilities. Energy recovered from oily sludge by co-processing is in the range of 2,500 to 10,000 Kcal/Kg.

- Each unmanned offshore platform has solar panels and a small wind turbine that provides power for instrumentation, telemetry system and navigation lights. Hot water for laundry at living quarters is generated from solar water heater. The estimated value of renewable energy used at Ravva in the fiscal 2012-13 is 54.56 MWH. Solar power capacity at the offshore platforms was augmented with additional solar arrays of capacity 2,340 Watts.

- Re-injection of produced water separated at the Ravva terminal, back into the reservoir helps reduce discharge of waste water to sea and abstraction of ground water for injection purposes.

Suvali operations -

- Approximately 13,720 KW/ year of power is generated by the solar power system installed at the offshore platforms.

- Produced water cooler has been installed in the oil handling train

Using renewable energy - solar panels at platforms, Ravva Offshore

The company provided more than 3,000 Solar Street Lighting systems to select villages coming under its operational areas.

at the on-shore processing facility to recover the waste heat from the residual water stream. The recovered heat is used to pre-heat the inlet oil stream for oil-emulsion separation.

A MoU was executed between Cairn and ONGC (Operator of North Tapti field) in March 2012 for processing the gas produced from ONGC's North Tapti field at the Suvali on-shore processing facility. The gas processing started in June 2012. This will help to utilize the spare gas processing capacity of Suvali facility, thereby reducing the energy consumption of the facility for each unit of gas processed.

- Condensate has been diverted to oil handling facility, with the following benefits:

i. Reduction in vapour pressure of product has resulted in reduction in vapour emission (cold venting) at loading bay; and

ii. Flash vapour generated is recovered using ejector and put back in gas stream.

- Occupancy sensor installation has been installed in offices to minimize electrical power consumption. The lights switch on and off automatically depending on occupancy in the room.

- Air-conditioning system of the CCR Building has been replaced with non-ODS type refrigerant (R-407C). The earlier air-conditioning system was using ODS type refrigerant (R-22 Refrigerant). We can save energy (up to 12%) by optimizing operation of the new system.

- Vapour balancing of crude oil tank blanketing gas is in progress. This will help in reduction of cold venting of natural gas. In the fiscal 2013-14, we propose to substitute natural gas with nitrogen for blanketing for storage to minimize the gas consumption.

Additional investments and proposals being implemented for conservation of energy

As part of reducing its carbon footprint the company has invested in new technologies which were absorbed & adapted in operational planning and investments. Some of these included installation of windmills and solar arrays on platforms and solar water heaters. The company also provided more than 3,000 Solar Street Lighting systems to select villages coming under its operational areas.

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

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

Cairn has been actively pursuing the application of EOR (Enhanced Oil Recovery) technology in the Mangala, Bhagyam and Aishwariya Fields. Studies by research institutes to define optimum formulations for increased oil recovery have been conducted. A field scale EOR pilot plant has been set up within the Central Processing Terminal to test the chemical EOR process at pilot scale. Eight wells have been drilled and completed for the EOR pilot. The water injection & polymer injection phase of the pilot has been successfully completed. Polymer injection has resulted in significant decline in water-cut of the producer demonstrating efficacy of polymer in improving oil recovery over base water flood. Based on the successful pilot results, the development plan for full field application of polymer flood in Mangala field has been submitted. The preparation for the alkali surfactant polymer (ASP) phase of the pilot is in progress.

The National Council for Cement & Constructions Material (NCCBM) was engaged to study the feasibility of using drill cuttings for co-processing in cement plants. Drilling cutting are low toxicity high volume waste that possess disposal issues. The study positively concluded the feasibility of utilizing drill cuttings in cement kilns.

Benefits derived as a result of this R&D

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

Future Plan of Action

Trail run for co-processing of drilling cutting in cement kiln is planned during next financial year. This is a follow up to the study conducted by NCCBM where at the laboratory scale co-processing has been found to be viable. Trail run in cement plant if successful can solve disposal issue of low toxicity high volume (LTHV) drill cutting waste. This would also be the most environmentally acceptable solution.

Expenditure on R&D

Details outlined in the Table below.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Entire production of Cairn is sold domestically at present.

However, by discovering new oil & gas finds and bringing them into production, Cairn is working towards enhancing energy security and increasing the self Sufficiency of the nation which is in line with the policy of the Indian Government. The company contributes to around 25% of the nation's crude oil production.

Foreign exchange used and earned

During the period ended 31 March, 2013, the Company earned INR 926,149 lacs and incurred expenditure of INR 50,829 lacs in foreign exchange.

For and on behalf of the Board of Directors

Navin Agarwal
Chairman

Place : Gurgaon
Date : 22 April, 2013

In INR lacs

S.No.	Particulars	Amount
1.	Capital	1,827
2.	Recurring	1,593
3.	Total*	3,420
4.	Total R&D expenditure as a % of total turnover	0.18%

*These are consolidated numbers for the twelve months period ended 31 March, 2013

BUSINESS RESPONSIBILITY REPORT

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Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L11101MH2006PLC163934
2	Name of the Company	Cairn India Limited
3	Registered address	101, West View, Veer Savarkar Marg,Prabhadevi, Mumbai - 400 025 Tel +91 22 24338306 | Fax +91 22 24311160
4	Website	http://www.cairnindia.com
5	E-mail ID	cilir@cairnindia.com
6	Financial Year reported	2012-13
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Division 06 - Extraction of crude petroleum and natural gas
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	1)Crude Oil 2)Natural Gas
9	Total number of locations where business activity is undertaken by the Company	**1. Number of International Locations** (Provide details of major 5): • Sri Lanka • South Africa **2. Number of National Locations:** Cairn India produces crude oil and natural gas from the • RJ-ON-90/1 hydrocarbon block located in the districts of Barmer & Jalore in Rajasthan, • PKGM-1 block (Ravva) located off-shore, Suraisaniyanam, Bay of Bengal, Andhra Pradesh and • CB/OS-2 (Suvali), located offshore, Suvali, Gulf of Khambhat, Gujarat. We also operate crude oil evacuation pipeline system that extends from Barmer (Rajasthan) to Salaya (Gujarat) which is presently being extended to the Arabian sea coast off Bhoghat (Gujarat).
10	Markets served by the Company – Local/State/National/International	Cairn India's crude oil customers include both Public Sector Units (PSU) refineries like - Indian Oil Corporation Ltd (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Chennai Petroleum Corporation Limited (CPCL) as well as private refineries like Reliance India Limited (RIL) and Essar Oil. Natural gas buyers are Gujarat Gas, Gujarat Narmada Valley Fertiliser Company Limited (GNVFC), Gas Authority India Limited (GAIL) and China Light and Power India Private Limited (CLPIPL).

Section B: Financial Details of the Company

1	Paid up Capital (INR)	19,102,381,540
2	Total Turnover (INR)	175,241,415,824
3	Total profit after taxes (INR)	120,563,954,070
4	Total Spending on Corporate Social Responsibility (CSR) (INR) as percentage of profit after tax (%) In terms of Section 135 of Company's Bill, 2011 (INR) As percentage of profit after tax (%)	208,569,170 The Company's Bill 2012 has not yet been enacted and hence Section 135 is not yet applicable 0.17%
5	List of activities in which expenditure in 4 above has been incurred:-	1. Economic Development – 8.65% 2. Education – 22.25% 3. Health – 23.80% 4. Infrastructure Development – 44.85% 5. Impact Assessment – 0.45%

Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	**Cairn India has five Joint Venture partnerships in India. These are with:** 1. Oil and Natural Gas Corporation (ONGC), Cairn Energy Hydrocarbon Limited (CEHL) and Cairn India Limited (CIL) for RJ-ON-90/1 Block 2. ONGC, Tata Petrodyne Limited (TPL) and CIL for CB/OS-2 Block 3. ONGC, Videocon India limited (VIL), Ravva Oil Singapore (ROS) and CIL for Ravva Block 4. ONGC and CIL for KG-ONN-2003/1, and 5. ONGC, TPL and CIL for PR-OSN-2004/1 Block All subsidiaries of Cairn India are unlisted wholly owned foreign companies. These subsidiaries have their own Board of Directors having the rights and obligations to manage such companies in 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 March, 2013, the Company had 31 subsidiaries including indirect subsidiaries. All these companies are 100% beneficially owned by Cairn India Limited. 1. Cairn Energy Asia Pty Limited 2. Cairn Energy Australia Pty Limited 3. Cairn Energy India Pty Limited 4. Cairn Energy Investments Australia Pty Limited 5. Cairn India Holdings Limited 6. Cairn Lanka (Private) Limited 7. CEH Australia Limited 8. CEH Australia Pty Limited 9. CIG Mauritius Holding Private Limited 10. CIG Mauritius Private Limited 11. Sydney Oil Company Pty Limited 12. Wessington Investments Pty Limited 13. Cairn Energy Cambay BV 14. Cairn Energy Cambay Holding BV 15. Cairn Energy Group Holdings BV 16. Cairn Energy Gujarat BV 17. Cairn Energy Gujarat Holdings BV 18. Cairn Energy India Holdings BV 19. Cairn Energy India West BV 20. Cairn Energy India West Holding BV 21. Cairn Energy Netherlands Holdings BV 22. Cairn Energy Discovery Limited 23. Cairn Energy Gujarat Block 1 Limited 24. Cairn Energy Holdings Limited 25. Cairn Exploration (No.2) Limited 26. Cairn Exploration (No.4) Limited 27. Cairn Exploration (No.6) Limited 28. Cairn Exploration (No.7) Limited 29. Cairn Petroleum India Limited 30. Cairn Energy Hydrocarbons Limited 31. Cairn South Africa Proprietary Limited
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)	The JV partners are not directly involved with the 'Responsible Business' initiatives. However, the terms and the operating framework of the Production Sharing Contracts address areas like Health, Safety and Environment(HSE), regulatory compliance, ethics, human rights etc.
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? [Less than 30%, 30-60%, More than 60%]	Entities like suppliers are not directly involved with the 'Responsible Business' initiatives. However, our contracts address areas like HSE, ethics, human rights etc that our suppliers are obliged to strictly adhere to.

Section D: Business Responsibility (BR) Information

1	**Details of the Director/Director responsible for implementation of the BR policy/policies**	1
	DIN Number	06475821
	Name	Elango Pandarinathan
	Designation	Interim CEO & Whole Time Director
	Telephone	0124 4593000
	Email Id	Elango.P@cairnindia.com
2	**Details of the BR head**	1
	DIN Number	06475821
	Name	Elango Pandarinathan
	Designation	Interim CEO & Whole Time Director
	Telephone	0124 4593000
	Email Id	Elango.P@cairnindia.com

Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. 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. As part of Board deliberation, it also discusses among other points, the business responsibility issues.
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has been including data and information on the BR aspects as integral part of its Annual Report. This can be viewed on the Company's website (http://www.cairnindia.com). The company has also been providing relevant data for inclusion in the sustainability report of its previous majority shareholders (Cairn Energy Plc) and in the FY 2012-13 to the present majority shareholders (Vedanta Resources Plc). Cairn India Limited proposes to publish its first Sustainability Report based on GRI G3.1 Guidelines in the last quarter of 2013.

Questions	Response								
	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9
Do you have a policy/policies for....	Yes*1	Yes*1	Yes*1&2	Yes*1	Yes*1&2	Yes*1	No*3	Yes*1	Yes*1
Has the policy been formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Does the policy conform to any national /international standards? If yes, specify? (50 words)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Has the policy being approved by the Board?	Yes	Yes	Yes	No	Yes	Yes	NA	No	No

If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Indicate the link for the policy to be viewed online?	No	No	Yes	No	No	No	No	Yes	No
Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Does the company have in-house structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	No	Yes	Yes	NA	No	No

*1 Website - www.cairnindia.com - a) Code of Business Ethics b) CSR Policy c) HSE Policy
*2 Intranet - a) Whistle Blower Policy b) Anti-bribery Management System
*3 Table under Principle 7.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and 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?

Our policies cover ethics, bribery and corruption and extend to Group, Joint Ventures, Suppliers, Contractors, NGOs and all other associated entities. This is implemented through strict adherence to the provisions of this Code as a condition of employment. Compliance with this code is ensured through our contracts with all entities that we engage with.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We received a total of 461 queries/ complaints (458 queries/complaints from shareholders and 3 complaints from employees) during April'12 to Mar'13. Shareholder complaints were related to non -receipt of Annual Report, dividend etc. and the employee complaints were related to harassment. All shareholder complaints have been resolved successfully except one complaint received from SEBI on 31.3.2013 resolved by the Company on 1.4.2013 and closed by SEBI on 4.4.2013. Appropriate disciplinary action has been taken with respect to the employee related complaints.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

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

Our crude oil & natural gas processing facilities at Central Processing Terminal have been built based on the concept of 'Design for Environment'. We only produce 'processed crude' and natural gas. The processed crude and the natural gas meets the buyer's specification. The crude that does not meet the quality requirements is automatically routed to Off-spec tank for reprocessing. Thus waste product generation and disposal is completely eliminated. The hydrocarbon production from the Rajasthan hydrocarbon block contributes significantly to India's indigenous hydrocarbon production and we make all efforts to ensure that we produce and process hydrocarbons in a safe and environmentally responsible manner.

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

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

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

- Our average energy consumption for production operation during the reporting period was 1.12 GJ per T of crude equivalent produced against a global average of 1.6 GJ per T as per the OGP report for exploration & production industry reported for year 2011.
- The associated gas from the well fluid processing is separated and used for captive power generation ensuring that flaring of excess gas is minimal. Our flaring intensity during the reporting period has been approximately 4.5 T of natural gas per 1000 T of HC produced. The global average for exploration and production upstream operation (the OGP report for exploration & production industry for year 2011) is 15.7 T of gas per 1000 T of HC produced
- Our current greenhouse gas emission intensity is approximately 95 TCO2E per 1000 T of hydrocarbon produced. The Global average GHG emission intensity was 159 TCO2E/ per 1000 T of hydrocarbon produced as per the OGP report for exploration & production industry for year 2011.
- 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 due to crude transportation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

i) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

- Water is a key resource in our processes.

– The Rajasthan production facility utilises the abundant supply of sub-surface saline water to meet its operational and domestic water needs.

– The Central Ground Water Authority (CGWA) has accorded approval for the saline water abstraction. An extensive and ongoing ground water monitoring program is in place to track the behavior of the reservoir due to the proposed abstraction. No adverse impact has been observed.

– The fresh water requirements of the plant are met by the desalination of saline water. The reject from the desalination process is also utilized as injection water so that there is no surface discharge of the reject water.

– The treated produced water is co-mingled with the injection water for re-injection into the oil reservoir so there is no surface discharge of produce water.

- We are also working towards improving our vendor management practices to include 'sustainability' aspects.

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', which is required to be followed by all assets. All major tenders require at least 80% of unskilled 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. Refer section on inclusive growth for details on these initiatives.

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.

We do have a system of recycling of by-products resulting from our 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 treated and recycled back into the hydrocarbon reservoir to maintain the reservoir pressure. Cairn India recycles over 95% of the produced water.
- Drill cuttings and used drilling mud are generated by our operations. The drill cuttings are stored in lined and concrete paved pits. We are conducting studies and discussions to co-process the drill cuttings in cement industry. We are also initiating a study to look at the possibility to bio-remedy the drill cuttings and use it for road construction and soil amendment.
- The crude oil that does not meet buyer's specification is automatically routed for re-processing and thus there is no generation of waste product.
- Waste lubricating oil and oily sludge are sold to government authorised recyclers.
- Tank bottom is sent to cement plant and is reused as fuel addition.
- Organic waste is treated in Organic waste converter and used as bio-manure.
- Treated sewage is used for greenbelt maintenance.

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. We have mapped all our stakeholders both internally as well as by a third party agency. This mapping led to the prioritization and development of

Principle 3: Businesses should promote the wellbeing of all employees

1	Please indicate the total number of employees	1299
2	Please indicate the total number of employees hired on temporary/ contractual/ casual basis	
	• Direct Consultants; Nationals as well as Expats	153
	• Third Party Consultants; Nationals as well as Expats	375
3	Please indicate the number of permanent women employees	106
4	Please indicate the number of permanent employees with disabilities	0
5	Do you have an employee association that is recognized by management?	No
6	What percentage of your permanent employees are members of this recognized employee association?	Not applicable
7	Please indicate 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?	
	Child labour/forced labour/involuntary labour	0
	Sexual harassment	3
	Discriminatory employment	0
8	What percentage of employees was given safety & skill up-gradation training in the last year?	
	Permanent Employees	100%
	Permanent Women Employees	100%
	Casual/Temporary/Contractual Employees	100%
	Employees with Disabilities	NA

the various plans that included choice of initiatives, budgeting etc.

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

Yes, we have identified the disadvantaged, vulnerable & marginalized stakeholders.

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.

The choices of our numerous initiatives are arrived at by detailed social baseline studies. The four key areas of focus are:

- Economic development
- Infrastructure
- Health
- Education

We have paid due attention towards those sections of the local communities, which are disadvantaged, vulnerable & marginalized. Methods are initiated for open communication and their needs are considered while designing community development initiatives. Special focus is laid to target programmes for

- Project Affected People (PAP)
- Village Panchayat functionaries
- Local resident / Villagers
- Vulnerable groups including women, children, persons with disabilities

The local community initiatives within our operating areas include programmes to improve health service delivery, improvements to quality of education in rural schools, skill development training, and improvement of the infrastructure.

Principle 5: Business should respect and promote 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?

We try to extend our value system to those in our value chain through contracts that set standards for compliance with these values. We are aware of the challenges and we constantly try to extend our circle of influence along the value chain in order to propagate responsible business practices. Apart from the internal stakeholders the policy extends to our Suppliers/Contractors/NGOs.

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

So far, we have had three human rights related complaints and these have been resolved as well.

Principle 6: Business should respect, protect, and make efforts to restore the environment

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

HSE issues are covered in all our decisions and actions. Our contractors, third-party man-power, and suppliers are also required to comply with our HSE requirements. We obtain in writing compliance to the policies as part of the tender conditions and major non-compliance entails disciplinary action. We seek to work with our contractors to raise the awareness and standards on Health, Safety and Environmental (HSE) performance through training.

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.

We have recently constituted a Sustainability Steering Committee and are in the process of finalising our Sustainability framework and Climate Change Strategy. We monitor our Greenhouse Gas (GHG) emission intensity and endeavour to minimise our gas flaring.

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

Yes, environmental risks and liability are regularly identified and assessed through the following:

- Environment Impact Assessment Studies carried out by independent expert agencies to identify risks and develop appropriate environment and social management and monitoring plans.
- Bi-annual audit by external Compliance Monitoring Group.
- 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?

Although we do not have any project related to CDM, Cairn India's production facilities are based on the principle of minimal environmental footprint.

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

Yes. At Ravva and Suvali limited initiatives have been taken in the application of renewable energy such as solar panels and wind turbines in offshore platform and street lighting within the terminal. We propose to work more in the field of 'Renewable Energy' as part of Sustainability Development goals.

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

All our production operation facilities, including the pipeline conveyance system implement a robust environment management system certified to the ISO 14001:2004 International Standards. We enforce a rigorous internal and external audit regime of our production operation and project sites for compliance to environment standards.

All of our production operations are monitored for emission and discharges through independent agencies. The ambient air quality including noise is monitored on a monthly basis and meets the National Ambient Air Quality Standard (NAAQS). Compliance report as per the regulatory requirement is being submitted to the concerned regulatory agencies.

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. We have not received any show cause or legal notices CPCB/SPCB during the reporting year.

Principle 7: Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner

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:

Policy advocacy is done in a transparent manner based on a sectoral approach and through industry forums like:

a) Association of Oil & Gas Operators (AOGO)
b) Federation of Indian Chambers of Commerce & Industry (FICCI)
c) Associated Chambers of Commerce & Industry of India (ASSOCHAM)
d) Confederation of Indian Industries (CII)
e) Petroleum Federation of India (Petrofed)
f) International Association of Oil & Gas Producers

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a company policy, Cairn India does not engage in any covert lobbying for issues of corporate interest. However, since we operate in a highly regulated

S.No.	Questions	Principle 7
1.	The company has not understood the principle	NA
2.	The company is not at a stage where it finds itself in a position to formulate and implement policies on specified principles	Yes
3.	The company does not have the financial or manpower resources available for the task	NA
4.	It is planned to be done within the next 6 months	No
5.	It is planned to be done within the next 1 year	Yes
6.	Any other reason (please specify)	NA

industry we need to interact with the Central and State governments at different levels and we have clearly defined controls and methods for such engagement. We have mapped and assigned responsibilities for Cairn India officials for interaction with each level of government. All these are strictly under the overview of the Management.

Cairn India actively engages with these Associations for the policy formulation /advancement / improvement of public good and national interest towards Energy Security, Sustainable Business Principles, Governance and Administration and Inclusive Development Policies. Cairn India also works for a purposeful collaboration across industry and between industry and Government.

Further, Cairn India actively contributes and works closely with the industry associations and the government to arrive at a better informed policy. Some of our recent submissions through industry associations have been:

1. Submissions to the Rangarajan Committee
2. Comments on the Shale Gas Policy
3. Budget Memorandum for the Oil & Gas sector

Principle 8: Businesses should support inclusive growth and equitable development

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

Yes, we have the following policies that support he points defined in principle 8 of the BR report guidelines:

- PSCM (Local Content) Policy
- HSE Policy
- CSR Policy
- Group CR guiding principles
- Cairn India Public Consultation & Disclosure Plan (PCDP)
- Cairn India Land Acquisition & Compensation Plan (LACP)

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

We engage with NGO's and other third party agencies along with our own teams to ensure that we achieve success in effectively translating our vision of promoting inclusive growth successfully.

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

We select our initiatives based on a social baseline studies while trying to understand the impact of our efforts. Our initiatives target the disadvantaged, vulnerable and marginalized stakeholders in the community thus working towards inclusive growth and equitable development. We have carried out independent social impact assessment at our Ravva & Rajasthan assets to ascertain the efficacy of our social development programmes.

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

Projects worth approximately INR 21 Crores have been undertaken in the FY 2012 – 2013 out of which 9.4 Crores were spent on infrastructure projects. Some of the key projects include:

- Solar electrification across villages of pipeline
- Development of anganwadi centres
- Vocational skills for making the youth employable at Cairn Enterprise Centre and Cairn – NASSCOM Centre
- Running the mobile health vans for healthcare support
- Running mobile science vans for science learning

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

We make sure that all our initiatives for the community are well utilized by the communities targeted through initiatives as detailed below:

- Expand the activities of the Enterprise Centre at Barmer to impart vocational and skill education to disadvantaged, vulnerable and marginalized youth
- Mobile health van for bringing healthcare to the door steps of the local community
- Mobile Science van for supplementing science education at rural schools
- Agri Kiosks for vulnerable farmers to sell their produce at a good amount thereby earning extra
- Rural school libraries to develop reading habit amongst rural school students
- Other income generation activities for women

We conduct regular audits to ensure that we can measure the extent of success achieved in our initiatives.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

No customer complaints are pending for this FY 2012-13. We have KPI that ensure that all customer complaints are resolved within 48 hours. So far we have been successful in resolving all customer complaints with 24 hours.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

Our customers are from both the State and Private sector in oil and gas. Our industry is tightly regulated and strictly monitored by the Ministry of Petroleum & Natural Gas through its regulatory arm. The productivity, quality and the safety of our performance is of prime concern for us and for our customers.

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

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

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

No. Our crude oil is sold to the refineries and the natural gas to the gas utility companies. In the case of crude oil at the point of sale, we have 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, we keep a daily sample of the product if we need to refer to it at a later stage. We also regularly check the integrity of our product pipelines through standard pipeline inspection methods, hardware testing, volumetric calibration and checks through sampling ports.

AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report

To
The Members of Cairn India Limited

Report on the Financial Statements
We have audited the accompanying financial statements of Cairn India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note no. 26 of the accompanying financial statements, relating to the accounting treatment adopted by the Company pursuant to a Scheme of Arrangement approved by the Honorable High Court of Bombay and by the Honorable High Court of Madras and other relevant regulatory authorities, whereby the Company has adjusted goodwill aggregating to ₹ 1,016,703 lacs, which arose upon implementation of the said scheme, against the securities premium account. This accounting of showing both goodwill and securities premium account lower by ₹ 1,016,703 lacs, although different from that prescribed under the Accounting Standards, is in conformity with the accounting principles generally accepted in India, as the same has been approved by the Courts.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) Read together with our comments under the heading 'Emphasis of Matter', in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

per Raj Agrawal
Partner
Membership No.: 82028

Place: Gurgaon
Date: April 22, 2013

Independent Auditors' Report

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date Re: Cairn India Limited (the Company)

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

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

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

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

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

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

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

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

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

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

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the extraction of crude oil and natural gas, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

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

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

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in ₹ lacs)[1]	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Additional Income Tax demand	778	1999-2000, 2009-10	Not applicable as application filed for rectification
Income Tax Act, 1961	Additional Income Tax demand and penalty	3,523[2]	2004-05, 2005-06, 2008-09	Commissioner- Appeal
Income Tax Act, 1961	Additional Income Tax demand and penalty	54,327[3]	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Income Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess and NCCD demand	21	2003 to 2007	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess demand	8	2004-05	High Court
Finance Act, 1994	Service Tax demand	31	2003 to 2007	Central Excise and Service Tax Appellate Tribunal
Rajasthan Entry Tax Act, 1999	Entry Tax demand	276	2002 to 2011	Deputy Commissioner- Commercial Tax
Custom Act, 1962	Custom duty demand	21	2007-08	Commissioner- Appeals

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

[2] Includes ₹ 2,806 lacs for which we are informed that the Company is in the process of filing an appeal.

[3] Includes ₹ 27,445 lacs for which the revenue department has gone in for an appeal.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

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

Independent Auditors' Report Continued

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

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

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

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

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

(xix) The Company had unsecured debentures, which have been repaid during the year, on which no security or charge was required to be created.

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

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

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

per Raj Agrawal
Partner
Membership Number : 82028

Place: Gurgaon
Date: April 22, 2013

Balance Sheet

AS AT 31 MARCH 2013

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

	Notes	31 March 2013	31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	191,024	190,740
Reserves and surplus	4	3,210,712	3,001,222
		3,401,736	**3,191,962**
Non-current liabilities			
Deferred tax liabilities (net)	13	25,083	-
Long-term provisions	6	131,970	124
		157,053	**124**
Current liabilities			
Trade payables	7	43,557	1,321
Other current liabilities	7	52,651	133,099
Short-term provisions	6	169,162	60
		265,370	**134,480**
Total		**3,824,159**	**3,326,566**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	300,585	257
Intangible assets	9	3,596	-
Cost of producing facilities (net)	10	177,017	-
Exploration, development and capital work in progress	11	190,124	5,403
Non-current investments	12	1,603,825	3,085,346
Long-term loans and advances	14	239,321	16
Other non-current assets	15.2	22,356	354
		2,536,824	**3,091,376**
Current assets			
Current investments	16	1,037,202	182,134
Inventories	17	10,704	-
Trade receivables	15.1	116,954	47
Cash and bank balances	18	15,105	46,000
Short-term loans and advances	14	88,626	5,886
Other current assets	15.2	18,744	1,123
		1,287,335	**235,190**
Total		**3,824,159**	**3,326,566**
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH 2013

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

	Notes	31 March 2013	31 March 2012
Income			
Revenue from operations	19	920,098	880
Other income	20	89,967	24,013
Total revenue		**1,010,065**	**24,893**
Expenses			
Cess on crude oil		141,575	-
Share of expenses from producing oil and gas blocks		48,559	-
(Increase) in inventories of finished goods	21	(1,406)	-
Employee benefit expenses	22	9,604	1,538
Other expenses	23	27,574	5,669
Depletion, depreciation and amortization expense	24	96,180	3
Finance costs	25	6,641	11,145
Unsuccessful exploration costs	11	6,828	1,788
		335,555	**20,143**
Profit before tax		**674,510**	**4,750**
Tax expenses			
Current tax		133,627	354
Less: MAT credit entitlement		(104,074)	-
Net current tax expense		29,553	354
Deferred tax		(3,108)	-
Total tax expense		**26,445**	**354**
Profit for the year before impact of scheme of arrangement relating to earlier periods		**648,065**	**4,396**
Impact of scheme of arrangement relating to earlier periods	26	826,612	-
Profit for the year		**1,474,677**	**4,396**
Earnings per equity share in ₹ [nominal value of share ₹ 10 (31 March 2012: ₹ 10)] **Computed on the basis of profit for the year**	27		
Basic		77.25	0.23
Diluted		77.14	0.23
Computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods			
Basic		33.95	0.23
Diluted		33.90	0.23
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2013

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

	31 March 2013	31 March 2012
Cash flow from operating activities		
Profit before tax	**674,510**	**4,750**
Adjustments for:		
Depletion, depreciation and amortization	100,319	3
Unsuccessful exploration costs	6,828	1,788
Employee stock compensation expense (equity settled)	1,198	165
Unrealized foreign exchange (gain)/loss (net)	(30,067)	834
Gain on sale of long term investments (net)	-	(9,910)
Gain on sale of current investments (net)	(21,765)	(6,265)
Interest expense	6,494	10,955
Loan facility and management fees	100	178
Interest income	(18,474)	(4,506)
Other non-operating income	(11,965)	(331)
Dividend income	(9,474)	(3,001)
Operating profit/(loss) before working capital changes	**697,704**	**(5,340)**
Movements in working capital :		
Increase/ (decrease) in trade payables, other liabilities and provisions	15,808	(6,898)
Decrease / (increase) in trade receivables	(37,477)	30
(Increase) in inventories	(602)	(67)
Decrease in loans and advances and other assets	14,825	509
Cash flow from/(used in) operations	**690,258**	**(11,766)**
Direct taxes paid (net of refunds)	(125,352)	(341)
Net cash flow from/ (used in) operating activities before impact of scheme of arrangement relating to earlier periods	**564,906**	**(12,107)**
Impact of scheme of arrangement relating to earlier periods (refer note 26)	7,95,008	-
Net cash flow from/ (used in) operating activities (A)	**1,359,914**	**(12,107)**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(64,081)	(5,572)
Short term investments made (net)	(833,171)	(67,696)
Long term investments sold	-	144,286
Long term investments made	(13,758)	(71,070)
Deposits made having original maturity of more than three months	(362,297)	(45,423)
Proceeds from redemption/ maturity of deposits having original maturity of more than three months	493,324	67,843
Interest received	20,521	5,536
Dividend received	9,474	3,001
Payments made to site restoration fund	(1,996)	-
Net cash flow from/ (used in) investing activities before impact of scheme of arrangement relating to earlier periods	**(751,984)**	**30,905**
Impact of scheme of arrangement relating to earlier periods (refer note 26)	(441,815)	-
Net cash flow from/ (used in) investing activities (B)	**(1,193,799)**	**30,905**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	5,887	5,655
Repayment of long-term borrowings	(125,000)	(10,000)
Repayment of finance lease obligation	(184)	-
Dividend paid on equity shares	(95,488)	-
Tax on equity dividend paid	(15,491)	-
Interest paid	(9,304)	(11,326)
Net cash flow used in financing activities before impact of scheme of arrangement relating to earlier periods	**(239,580)**	**(15,671)**

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2013

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

	31 March 2013	31 March 2012
Impact of scheme of arrangement relating to earlier periods (refer note 26)	(4,778)	-
Net cash flow used in financing activities (C)	**(244,358)**	**(15,671)**
Net increase in cash and cash equivalents (A + B + C)	**(78,243)**	**3,127**
Cash and cash equivalents at the beginning of the year	**8,355**	**5,228**
Cash and cash equivalents acquired on implementation of scheme of arrangement referred in note 26	69,992	-
Cash and cash equivalents at the end of the year	**104**	**8,355**
Components of cash and cash equivalents		
Cash on hand	1	**-**
With banks		-
- on deposit account	60	8,300
- on current accounts	43	55
Total cash and cash equivalents (note 18)	**104**	**8,355**

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

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Notes to Financial Statements

FOR THE YEAR ENDED 31 MARCH 2013

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

1. NATURE OF OPERATIONS

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

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

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

The Company has interest in the following Oil & Gas blocks/fields-

Oil & Gas blocks/fields	Area	Participating Interest	
		Current year	Previous year
Operated blocks			
Ravva block*	Krishna Godavari	22.50%	-
CB-OS/2 – Exploration*	Cambay Offshore	60.00%	-
CB-OS/2 - Development & production*	Cambay Offshore	40.00%	-
RJ-ON-90/1 – Exploration*	Rajasthan Onshore	50.00%	-
RJ-ON-90/1 – Development & production*	Rajasthan Onshore	35.00%	-
PR-OSN-2004/1**	Palar Basin Offshore	35.00%	25.00%
KG-ONN-2003/1**	Krishna Godavari Onshore	49.00%	25.00%
KG-OSN-2009/3**	Krishna Godavari Offshore	100.00%	90.00%
MB-DWN-2009/1**	Mumbai Deep Water	100.00%	90.00%
Following blocks has been relinquished			
Non – operated blocks			
KK-DWN-2004/1 in Mar 2012	Kerala Konkan Basin Offshore	-	40.00%

* acquired on account of transfer of Indian undertakings of the subsidiaries pursuant to the implementation of the Scheme referred to in note 26 below.

** increase in participating interest is on account of transfer of Indian undertakings of the subsidiaries pursuant to the implementation of the Scheme referred to in note 26 below.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year.

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 Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas Producing Activities" (2003).

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.

Notes to Financial Statements

FOR THE YEAR ENDED 31 MARCH 2013

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

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 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. Depletion

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

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

c. Site restoration costs

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

d. Impairment

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

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

e. Tangible fixed assets, depreciation and amortization

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

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

Vehicles	2 to 5 years

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

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

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

f. Intangible fixed assets and amortization

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

Computer software	2 to 4 years

g. Leases

As lessee

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

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

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

h. Investments

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

i. Inventory

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

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

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

j. Joint Ventures

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

k. Revenue recognition

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

Revenue from operating activities

From sale of oil, gas and condensate

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

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

As operator from the joint venture

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

Tolling income

Tolling income represents the Company's share of revenues from Pilotage and Oil Transfer Services from the respective joint ventures, which is recognized based on the rates agreed with the customers, as and when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

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

l. Borrowing costs

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

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

m. Foreign currency transactions and translations

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

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

n. Income taxes

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

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

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will utilize MAT credit during the specified period.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

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).

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

p. Provisions

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

q. Cash and Cash equivalents

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

r. Employee Benefits

Retirement and Gratuity benefits

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions.

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

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

Employee Stock Compensation Cost

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

s. 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.

t. Segment Reporting Policies

Identification of segments:

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

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.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

3. SHARE CAPITAL

	31 March 2013	31 March 2012
Authorised shares		
22,500 lacs (31 March 2012: 22,500 lacs) equity shares of ₹ 10 each	225,000	225,000
Issued, subscribed and fully paid up shares		
19,102 lacs (31 March 2012: 19,074 lacs) equity shares of ₹ 10 each	191,024	190,740
Total issued, subscribed and fully paid-up share capital	**191,024**	**190,740**

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

	31 March 2013		31 March 2012	
	No. lacs	₹ lacs	No. lacs	₹ lacs
At the beginning of the period	19,074	190,740	19,019	190,192
Issued during the period – ESOP	28	284	55	548
Outstanding at the end of the period	**19,102**	**191,024**	**19,074**	**190,740**

(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 2013	31 March 2012
Subsidiaries of Vedanta Resources Plc., the holding company		
Twin Star Mauritius Holdings Limited	73,887	73,887
7,389 lacs (31 March 2012: 7,389 lacs) equity shares of ₹ 10 each fully paid		
Sesa Goa Limited	35,114	35,114
3,511 lacs (31 March 2012: 3,511 lacs) equity shares of ₹ 10 each fully paid		
Sesa Resources Limited	3,270	3,270
327 lacs (31 March 2012: 327 lacs) equity shares of ₹ 10 each fully paid		

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

The Company has issued total 180 lacs equity shares (31 March 2012: 160 lacs equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP scheme) wherein part consideration was received in form of employee services. No other equity shares have been issued for consideration other than cash during the period five years immediately preceding the end of current year.

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

	31 March 2013		31 March 2012	
	No. lacs	% holding in the class	No. lacs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Twin Star Mauritius Holdings Limited	7,389	38.68%	7,389	38.74%
Cairn UK Holdings Ltd	1,962	10.27%	4,156	21.79%
Sesa Goa Ltd	3,511	18.38%	3,511	18.41%
Life Insurance Corporation of India*	1,510	7.90%	-	-

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

* Shareholding by Life Insurance Corporation of India in the Company as at 31 March 2012 was less than 5%, therefore has not been disclosed.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, please refer note 29.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

4. RESERVES AND SURPLUS

	31 March 2013	31 March 2012
Securities premium account		
Balance as per the last financial statements	3,029,271	3,019,260
Less: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 26)	(1,016,703)	-
Add: additions on employee stock options exercised	584	5,107
Add: transferred from stock options outstanding	5,605	4,904
Closing Balance	**2,018,757**	**3,029,271**
Debenture redemption reserve		
Balance as per the last financial statements	4,396	-
Add: amount transferred from/(to) surplus balance in the statement of profit and loss	(4,396)	4,396
Closing Balance	**-**	**4,396**
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	7,760	5,444
Add: gross compensation for options granted during the year	2,182	2,458
Less: deferred employee stock compensation	(2,625)	(1,900)
Less: transferred to securities premium on exercise of stock options	(5,605)	(4,904)
Closing Balance	**1,712**	**1,098**
General reserve		
Balance as per the last financial statements	-	-
Add: amount transferred from surplus balance in the statement of profit and loss	294,935	-
Closing Balance	**294,935**	**-**
Surplus in the statement of profit and loss	(33,543)	(33,543)
Balance as per last financial statements	1,474,677	4,396
Profit for the year		
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 6.50 (31 March 2012: Nil)]	(124,165)	-
Tax on proposed equity dividend	(20,143)	-
Interim equity dividend [amount per share ₹ 5 (31 March 2012: Nil)]	(95,488)	-
Tax on interim dividend	(15,491)	-
Transfer from/(to) debenture redemption reserve	4,396	(4,396)
Transfer to general reserve	(294,935)	-
Net surplus/(deficit) in the statement of profit and loss	**895,308**	**(33,543)**
Total reserves and surplus	**3,210,712**	**3,001,222**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

5. LONG-TERM BORROWINGS

	Non-current portion		Current Maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Debentures (Unsecured)				
Series B - Nil (31 March 2012: 0.06 lacs) 8.40% non convertible debentures of ₹ 10 lacs each (fully paid up)	-	-	-	62,500
Series A - Nil (31 March 2012: 0.06 lacs) 8.35% non convertible debentures of ₹ 10 lacs each (fully paid up)	-	-	-	62,500
	-	**-**	**-**	**125,000**
The above amount includes			-	
Secured borrowings	-	-	-	-
Unsecured borrowings	-	-	-	125,000
Amount disclosed under the head "other current liabilities" (refer note 7)				(125,000)
Net amount	**-**	**-**	**-**	**-**

Series A debentures were redeemable at par after 21 months from date of allotment viz. 12 October 2010. Series B debentures were redeemable at par after 24 months from date of allotment viz. 12 October 2010.

6. PROVISIONS

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Provision for employee benefits				
Provision for employee stock options (cash settled)**	573	21	817	30
Provision for gratuity (refer note 28)	-	103	1,323	-
Provision for compensated absences	-	-	1,330	30
	573	124	3,470	60
Other provisions				
Provision for site restoration*	131,397	-	-	-
Provision for taxation (net of advance tax)	-	-	21,384	-
Proposed equity dividend	-	-	124,165	-
Provision for tax on proposed equity dividend	-	-	20,143	-
	131,397	-	165,692	-
	131,970	**124**	**169,162**	**60**

	31 March 2013	31 March 2012
* Provision for site restoration [refer note 2.1 (c) above]		
Opening balance	-	-
Transferred pursuant to implementation of scheme of arrangement (refer note 26)	30,453	-
Additions from 1 January 2010 to 31 March 2012	73,406	-
Additions for the year	27,538	-
Closing balance	**131,397**	**-**
** Provision for employee stock options (cash settled) [refer note 2.1 (r) above]		
Opening Balance	51	-
Transferred pursuant to implementation of scheme of arrangement (refer note 26)	3,861	-
Net payments from 1 January 2010 to 31 March 2012	(2,663)	-
Additions for the year	1,619	86
Payments during the year	(1,076)	-
Reversed during the year	(402)	(35)
Closing balance	**1,390**	**51**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

7. OTHER CURRENT LIABILITIES

	31 March 2013	31 March 2012
Trade payables (refer note 35 for details of dues to micro and small enterprises)	43,557	1,321
Other liabilities		
Current maturities of long-term borrowings (refer note 5)	-	125,000
Interest accrued but not due on borrowings	-	4,904
Others		
Revenue received in excess of entitlement interest	4,789	-
Statutory dues payable	8,314	114
Interest accrued on other than borrowings	7,611	-
Profit petroleum payable	2,914	-
Liabilities for exploration and development activities	29,023	3,081
	52,651	133,099
	96,208	**134,420**

8. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equip-ments	Furniture & fixtures	Leasehold Improve-ments	Vehicles	Total
Cost or valuation									
At 1 April 2011	-	**234**	**-**	**-**	**15**	**-**	**-**	**-**	**249**
Additions	-	13	-	-	-	-	-	-	13
At 31 March 2012	-	**247**	**-**	**-**	**15**	**-**	**-**	**-**	**262**
Transferred pursuant to implementation of scheme of arrangement*	413	15	670	1,292	4,322	103	2,806	144	9,765
Additions from 1 January 2010 to 31 March 2012*	24	7,407	42,576	295,708	2,031	368	10	292	348,416
Additions for the year	2	610	16,011	30,517	6,034	862	-	25	54,061
Disposals	-	-	-	-	(31)	-	-	(54)	(85)
At 31 March 2013	**439**	**8,279**	**59,257**	**327,517**	**12,371**	**1,333**	**2,816**	**407**	**412,419**
Depreciation									
At 1 April 2011	-	-	-	-	2	-	-	-	2
Charge for the year	-	-	-	-	3	-	-	-	3
At 31 March 2012	-	-	-	-	**5**	-	-	-	**5**
Transferred pursuant to implementation of scheme of arrangement*	-	7	462	43	2,382	84	1,092	77	4,147
Charge from 1 January 2010 to 31 March 2012*	-	1,052	6,938	53,688	2,245	122	1,562	76	65,683
Charge for the year	-	835	5,876	32,911	2,124	130	161	43	42,080
Disposals	-	-	-	-	(27)	-	-	(54)	(81)
At 31 March 2013	-	**1,894**	**13,276**	**86,642**	**6,729**	**336**	**2,815**	**142**	**111,834**
Net Block									
At 31 March 2012	**-**	**247**	**-**	**-**	**10**	**-**	**-**	**-**	**257**
At 31 March 2013	**439**	**6,385**	**45,981**	**240,875**	**5,642**	**997**	**1**	**265**	**300,585**

* refer note 26.

The above gross block includes ₹ 399,302 lacs (31 March 2012: Nil) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 100,763 lacs (31 March 2012: Nil) and net book value is ₹ 292,239 lacs (31 March 2012: Nil).

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

9. INTANGIBLE ASSETS

	Goodwill*	Computer Software	Total
Gross block			
At 1 April 2011	-	**10**	**10**
Additions	-	-	-
Deletions	-	-	-
At 31 March 2012	-	**10**	**10**
Transferred pursuant to implementation of scheme of arrangement*	-	4,386	4,386
Additions from 1 January 2010 to 31 March 2012*	-	3,993	3,993
Additions for the year	1,016,703	4,314	1,021,017
Deletions	(1,016,703)	-	(1,016,703)
At 31 March 2013	-	**12,703**	**12,703**
Amortization			
At 1 April 2011	-	**10**	**10**
Charge for the year	-	-	-
Deletions	-	-	-
At 31 March 2012	-	**10**	**10**
Transferred pursuant to implementation of scheme of arrangement*	-	3,311	3,311
Additions from 1 January 2010 to 31 March 2012*	-	2,973	2,973
Charge for the year	-	2,813	2,813
Deletions	-	-	-
At 31 March 2013	-	**9,107**	**9,107**
Net block			
At 31 March 2012	-	-	-
At 31 March 2013	-	**3,596**	**3,596**

* refer note 26.

10. COST OF PRODUCING FACILITIES (NET)

	31 March 2013	31 March 2012
Opening balance	-	-
Net balance acquired on implementation of the Scheme *	46,960	-
Net additions from 1 January 2010 to 31 March 2012*	113,021	-
Add: Additions for the year	38,196	-
Add: Transferred from exploration, development and capital work in progress	34,266	-
Less: Depletion for the year	(55,426)	-
Closing balance	**177,017**	**-**

* refer note 26.

11. EXPLORATION, DEVELOPMENT AND CAPITAL WORK IN PROGRESS

	31 March 2013	31 March 2012
Opening balance	5,403	2,188
Net balance acquired on implementation of the Scheme *	397,481	-
Net transferred to cost of producing facilities and fixed assets from 1 January 2010 to 31 March 2012*	(211,937)	-
Add: Additions for the year	88,440	5,003
Less: Transferred to cost of producing facilities	(34,266)	-
Less: Transferred to fixed assets	(48,169)	-
Less: Unsuccessful exploration costs	(6,828)	(1,788)
Closing balance	**190,124**	**5,403**

* refer note 26.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

12. NON-CURRENT INVESTMENTS

	31 March 2013	31 March 2012
Trade investments (valued at cost unless stated otherwise)		
Unquoted instruments		
Investment in subsidiaries		
4,208 lacs (31 March 2012: 4,208 lacs) Equity shares of GBP 1 each fully paid-up in Cairn India Holdings Limited, U.K. (refer note 26)	1,508,970	3,004,248
1,923 lacs (31 March 2012: 1,670 lacs) Equity shares of USD 1 each fully paid-up in CIG Mauritius Holding Private Limited	94,855	81,098
	1,603,825	**3,085,346**
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	1,603,825	3,085,346

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

13. DEFERRED TAX LIABILITY (NET)

	31 March 2013	31 March 2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	25,802	-
Gross deferred tax liability	25,802	-
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	719	-
Gross deferred tax asset	719	-
Net deferred tax liability	**25,083**	**-**

14. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured and considered good				
Capital advances	1,709	4	-	-
Security deposit	1,705	12	702	6
Loan and advances to related parties (refer note 31)	-	-	662	3,853
Advances recoverable in cash or kind	-	-	13,782	1,923
	3,414	16	15,146	5,782
Unsecured and considered doubtful				
Advances recoverable in cash or kind	-	-	23,638	-
Less: provision	-	-	(23,638)	-
	-	-	-	-
Other loans and advances				
(unsecured and considered good)				
Advance income-tax (net of provision)	14,156	-	-	36
Deposits with non-banking financial company	-	-	70,000	-
MAT credit entitlement	221,751	-	-	-
Fringe benefit tax paid (net of provision)	-	-	14	43
Prepaid expenses	-	-	3,466	25
	235,907	-	73,480	104
	239,321	**16**	**88,626**	**5,886**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

15. TRADE RECEIVABLES AND OTHER ASSETS

15.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	116,954	47
	-	**-**	**116,954**	**47**

15.2. OTHER ASSETS

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured, considered good				
Non-current bank balances (refer note 18)	10,822	-	-	-
Non-current inventory of stores and spares (refer note 17)	11,534	354	-	-
Receivable for assignment of participating interest of KG-DWN-98/2 block	-	-	17,225	-
Ancillary cost of arranging the borrowings	-	-	-	100
Interest accrued on deposits and investments	-	-	1,519	1,023
	22,356	**354**	**18,744**	**1,123**

16. CURRENT INVESTMENTS (valued at lower of cost and fair value)

	31 March 2013	31 March 2012
Quoted mutual funds	276,840	98,784
Quoted tax free bonds	50,000	-
Unquoted mutual funds	643,725	76,501
Unquoted certificate of deposits	66,637	6,849
	1,037,202	**182,134**
Aggregate amount of quoted investments [Market value: ₹ 330,837 lacs (31 March 2012: ₹ 100,483 lacs)]	326,840	98,784
Aggregate amount of unquoted investments	710,362	83,350
	1,037,202	182,134

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

The details of investments are as under :

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

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

	QUOTED MUTUAL FUNDS COUNTINUED	31 March 2013
30	700 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan-Series16 under JP Morgan Mutual Fund - Growth plan	7,000
31	400 Lacs units of ₹ 10 each of Kotak FMP Series 95 under Kotak Mahindra Mutual Fund - Growth plan	4,000
32	270 Lacs units of ₹ 10 each of L&T FMP – VII (March13M A) under L&T mutual fund - Growth plan	2,700
33	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 31 (366 days) under Reliance Mutual Fund - Growth plan	3,000
34	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 35 - 367 days under Reliance Mutual Fund - Growth plan	3,000
35	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII - Series 1 under Reliance Mutual Fund - Growth plan	4,000
36	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII - Series 2 under Reliance Mutual Fund - Growth plan	5,000
37	2000 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series - 1 under Reliance Mutual Fund - Growth plan	20,000
38	1850 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund - Series 2 under Reliance Mutual Fund - Growth plan	18,500
39	300 Lacs units of ₹ 10 each of Religare FMP Series XVI - Plan C (367 days) under Religare Liquid Fund - Growth plan	3,000
40	300 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan - Series XVII – Plan F (392 Days) under Religare Liquid Fund - Growth plan	3,000
41	470 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan - Series XVII - Plan D-399 Days under Religare Liquid Fund - Growth plan	4,700
42	400 Lacs units of ₹ 10 each of SBI SDFS 366 days - 18 under SBI mutual fund - Growth plan	4,000
43	220 Lacs units of ₹ 10 each of SBI SDFS 366 days - 20 under SBI mutual fund - Growth plan	2,200
44	750 Lacs units of ₹ 10 each of SBI Debt Fund Series - 13 Months - 14 under SBI mutual fund - Growth plan	7,500
45	800 Lacs units of ₹ 10 each of SBI Debt Fund Series - 13 Months - 15 under SBI mutual fund - Growth plan	8,000
46	350 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan- DC 15 Months under Sundaram Mutual Fund - Growth plan	3,500
47	380 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan DF 396 Days under Sundaram Mutual Fund - Growth plan	3,800
48	1250 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme G under Tata Mutual Fund - Growth plan	12,500
49	300 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme B under Tata Mutual Fund - Growth plan	3,000
50	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme H DI under Tata Mutual Fund - Growth plan	4,000
51	269 Lacs units of ₹ 10 each of UTI Fixed Income Interval Fund - Annual Interval Plan - IV under UTI Mutual Fund - Growth plan	4,000
52	400 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund - Series XIII -I (368 Days) under UTI Mutual Fund - Growth plan	4,000
	Total	**276,840**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

	UNQUOTED MUTUAL FUNDS	31 March 2013
1	397 Lacs units of ₹ 10 each of JM High Liquidity Fund - Regular Plan - Bonus Option - Principal Units (52) under JM Financial - Mutual Fund - Bonus plan	3,902
2	495 Lacs units of ₹ 10 each of Sundaram Money Manager under Sundaram Mutual Fund - Daily Divi Reinv plan	5,004
3	231 Lacs units of ₹ 100 each of Birla Sun Life Saving Fund - Direct under Birla Sun Life Mutual Fund - Growth plan	50,671
4	3015 Lacs units of ₹ 10 each of DWS Ultra Short Term Fund - Direct under DWS mutual fund - Growth plan	41,085
5	2010 Lacs units of ₹ 10 each of HDFC Floating Rate Fund - STP under HDFC Mutual Fund - Growth plan	40,000
6	473 Lacs units of ₹ 100 each of ICICI Prudential Flexible Income Plan - Direct under ICICI Prudential Mutual Fund - Growth plan	101,402
7	1105 Lacs units of ₹ 10 each of IDFC Money Manager - Investment Plan under IDFC Mutual Fund - Growth plan	20,000
8	3944 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund - Bonus Plan - Direct under JP Morgan Mutual Fund - Bonus plan	60,016
9	2337 Lacs units of ₹ 10 each of Kotak Floater Long Term - Direct under Kotak Mahindra Mutual Fund - Growth plan	42,732
10	37 Lacs units of ₹ 1,000 each of Reliance Money Manager Fund - Direct under Reliance Mutual Fund - Growth plan	57,656
11	38 Lacs units of ₹ 1,000 each of SBI SHDF - Ultra Short Term Fund - Direct under SBI mutual fund - Growth plan	55,637
12	29 Lacs units of ₹ 1,000 each of Tata Floater Fund - Direct under Tata Mutual Fund - Growth plan	50,753
13	3055 Lacs units of ₹ 10 each of Templeton India Ultra Short Bond Fund - Direct under Templeton Fund - Growth plan	45,691
14	44 Lacs units of ₹ 1,000 each of UTI Treasury Advantage - Direct under UTI Mutual Fund - Growth plan	67,749
15	1 Lacs units of ₹ 1,000 each of UTI Treasury Advantage - Bonus under UTI Mutual Fund - Bonus plan	1,427
	Total	**643,725**

	CERTIFICATE OF DEPOSITS	31 March 2013
1	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of IDBI Bank under IDBI Bank - plan	9,149
2	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of ICICI Bank under ICICI Bank - plan	9,145
3	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Axis Bank under Axis Bank - plan	4,575
4	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of ICICI Bank under ICICI Bank - plan	4,574
5	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Andhra Bank under Andhra Bank - plan	4,575
6	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Allahabad Bank under Allahabad Bank - plan	4,575
7	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of UCO Bank under UCO Bank - plan	4,574
8	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Corporation Bank under Corporation Bank - plan	4,575
9	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,580
10	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,572
11	0.1 Lacs units of ₹ 1,00,000 each of certificate of deposits of State Bank of Travancore under State Bank of Travancore - plan	11,743
	Total	**66,637**

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

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

	QUOTED MUTUAL FUNDS	31 March 2012
1	200 lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan - Series DY under Birla Sun Life Mutual Fund - Growth plan	2,000
2	400 lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series EI under Birla Sun Life Mutual Fund - Growth plan	4,000
3	275 lacs units of ₹ 10 each of Birla Sun Life Quarterly Interval Fund - Series 4 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	2,754
4	202 lacs units of ₹ 10 each of Birla Sun Life Short Term FMP Series 22 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	2,021
5	200 lacs units of ₹ 10 each of Birla Sun Life Short Term FMP Series 29 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	2,000
6	257 lacs units of ₹ 10 each of Birla Sun Life Short Term FMP Series 30 under Birla Sun Life Mutual Fund - Daily Dividend Reinvestment plan	2,570
7	400 lacs units of ₹ 10 each of DSP Blackrock FMP Series 23 12M under DSP Blackrock Mutual Fund - Growth plan	4,000
8	400 lacs units of ₹ 10 each of DSP Blackrock FMP Series 32 - 12M under DSP Blackrock Mutual Fund - Growth plan	4,000
9	200 lacs units of ₹ 10 each of DSP Blackrock FMP Series 33 - 3M under DSP Blackrock Mutual Fund - Daily Dividend Reinvestment plan	2,000
10	254 lacs units of ₹ 10 each of DSP Blackrock FMP Series 42 - 3 M under DSP Blackrock Mutual Fund - Daily Dividend Reinvestment plan	2,545
11	200 lacs units of ₹ 10 each of DWS Fixed Term Fund - Series 92 under DWS Mutual Fund - Growth plan	2,000
12	250 lacs units of ₹ 10 each of Fidelity Fixed Maturity Plan Series 6 - Plan C under Fidelity Mutual Fund - Growth plan	2,500
13	360 lacs units of ₹ 10 each of HDFC FMP 13M September 2011 (1) Growth-Series XVIII under HDFC Mutual Fund - Growth plan	3,600
14	400 lacs units of ₹ 10 each of HDFC FMP 370D October 2011 (1) Growth-Series XIX under HDFC Mutual Fund - Growth plan	4,000
15	209 lacs units of HDFC FMP 92D March 2012 (1) under HDFC Mutual Fund - Daily Dividend Reinvestment plan	2,085
16	400 lacs units of ₹ 10 each of ICICI Prudential Series 61 - 1 Year Plan A under ICICI Prudential Mutual Fund - Growth plan	4,000
17	451 lacs units of ₹ 10 each of ICICI Prudential FMP Series 63 - 1 Year Plan C under ICICI Prudential Mutual Fund - Growth plan	4,508
18	250 lacs units of ₹ 10 each of IDFC FMP Yearly Series 53 under IDFC Mutual Fund - Growth plan	2,500
19	240 lacs units of ₹ 10 each of IDFC FMP Yearly Series 54 under IDFC Mutual Fund - Growth plan	2,400
20	290 lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 7 under JP Morgan Mutual Fund - Daily Dividend Reinvestment plan	2,900
21	200 lacs units of ₹ 10 each of Kotak FMP Series 69 under Kotak Mahindra Mutual Fund - Growth plan	2,000
22	300 lacs units of ₹ 10 each of Kotak FMP Series 72 under Kotak Mahindra Mutual Fund - Growth plan	3,000
23	461 lacs units of ₹ 10 each of Kotak FMP Series 83 under Kotak Mahindra Mutual Fund - Growth plan	4,608
24	240 lacs units of ₹ 10 each of Reliance Fixed Horizon Fund - XXI - Series 14 under Reliance Mutual Fund - Growth plan	2,400
25	250 lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXI Series 13 under Reliance Mutual Fund - Growth plan	2,500
26	500 lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXI Series 6 under Reliance Mutual Fund - Growth plan	5,000
27	249 lacs units of ₹ 10 each of Reliance Quarterly Interval Fund Series II under Reliance Mutual Fund - Daily Dividend Reinvestment plan	2,501
28	350 lacs units of ₹ 10 each of SBI Debt Fund Series - 367 Days - 6 under SBI Mutual Fund - Growth plan	3,500
29	433 lacs units of ₹ 10 each of SBI SDFS 367 days-11 under SBI Mutual Fund - Growth plan	4,334

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

	QUOTED MUTUAL FUNDS CONTINUED	31 March 2012
30	256 lacs units of ₹ 10 each of SBI SDFS 90 Days - 57 under SBI Mutual Fund - Daily Dividend Reinvestment plan	2,558
31	200 lacs units of ₹ 10 each of SBI SDFS 90 Days-59 under SBI Mutual Fund - Daily Dividend Reinvestment plan	2,000
32	200 lacs units of ₹ 10 each of Tata Fixed Maturity Plan-Series 37 Scheme C under Tata Mutual Fund - Growth plan	2,000
33	400 lacs units of ₹ 10 each of UTI Fixed Term Income Fund - Series X - VII (368 days) under UTI Mutual Fund - Growth plan	4,000
	Total	**98,784**

	UNQUOTED MUTUAL FUNDS	31 March 2012
1	1,314 lacs units of JM High Liquidity Fund - SIP under JM Mutual Fund - Daily Dividend Reinvestment plan	13,160
2	101 lacs units of Reliance Liquid Fund - Treasury Plan-Institutional Option under Reliance Mutual Fund - Daily Dividend Reinvestment plan	1,550
3	182 lacs units of DWS Ultra Short Term Fund - Regular Plan Bonus under DWS Mutual Fund - Bonus plan	1,776
4	1,955 lacs units of Tata Floater Fund under Tata Mutual Fund - Growth plan	29,977
5	22 lacs units of UTI Treasury Advantage under UTI Mutual Fund - Growth plan	30,038
	Total	**76,501**

	CERTIFICATE OF DEPOSITS	31 March 2012
1	0.05 lacs units of certificate of deposits of Punjab National Bank	4,579
2	0.02 lacs units of certificate of deposits of IDBI Bank	2,270
	Total	**6,849**

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

	Non-current		Current	
	31 March 2013	**31 March 2012**	**31 March 2013**	**31 March 2012**
Finished goods (crude oil)*	-	-	6,638	-
Stores and spares	11,534	354	4,066	-
	11,534	354	10,704	-
Less: amount disclosed under other non-current assets	(11,534)	(354)	-	-
	-	**-**	**10,704**	**-**

*includes stock in pipeline ₹ 4,720 lacs (31 Mar 2012: Nil).

18. CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2013	**31 March 2012**	**31 March 2013**	**31 March 2012**
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	43	55
– Deposits with original maturity of less than 3 months	-	-	60	8,300
Cash on hand	-	-	1	-
	-	-	104	8,355
Other bank balances				
– Deposits with original maturity for more than 12 months	-	-	1	27
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	15,000	37,618
– On site restoration fund	10,822	-	-	-
	10,822	-	15,001	37,645
Less: amount disclosed under other non-current assets	(10,822)	-	-	-
	-	**-**	**15,105**	**46,000**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

19. REVENUE FROM OPERATIONS

	31 March 2013	31 March 2012
Sale of finished goods		
Crude oil and condensate	1,123,241	-
Gas	14,031	-
Less: Government share of profit petroleum	(219,126)	-
	918,146	-
Sale of services (tolling income)	1,462	-
Other operating revenue (income received as operator from joint venture)	490	880
	920,098	**880**

20. OTHER INCOME

	31 March 2013	31 March 2012
Interest income on		
Bank deposits	16,697	4,416
Current investments	1,585	89
Others	192	1
Dividend income on current investments	9,474	3,001
Gain on sale of long term investments (net)	-	9,910
Gain on sale of current investments (net)	21,765	6,265
Exchange differences (net)	28,289	-
Other non-operating income	11,965	331
	89,967	**24,013**

21. (INCREASE) IN INVENTORIES OF FINISHED GOODS

	31 March 2013	31 March 2012
Inventories at the end of the year	6,638	-
Inventories at the beginning of the year (including acquired pursuant to the implementation of scheme of arrangement refered to in note 26)	5,232	-
	(1,406)	**-**

22. EMPLOYEE BENEFIT EXPENSES

	31 March 2013	31 March 2012
Salaries, wages and bonus	44,917	1,081
Contribution to provident fund	2,028	47
Contribution to superannuation fund	1,321	48
Employee stock option scheme	2,415	216
Gratuity expense (refer note 28)	1,023	23
Compensated absences	704	20
Staff welfare expenses	4,672	103
	57,080	1,538
Less: Cost allocated to joint ventures	(47,476)	-
	9,604	**1,538**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

23. OTHER EXPENSES

	31 March 2013	31 March 2012
Data acquisition and analysis	874	468
Arbitration costs	65	-
Royalty	1,932	-
Production bonus	579	-
Legal and professional fees	17,283	2,209
Exchange differences (net)	-	1,548
Auditors' remuneration		
As auditor:		
Fees for audit of standalone and consolidated financial statements	41	57
Fees for limited review of standalone and consolidated quarterly financial results	45	63
Fees for certification	9	4
Fees for audit of the revised tax financial statements and revised form 3CD	42	-
Fees for other services	11	28
Reimbursement of expenses	9	11
Travelling and conveyance	4,950	402
Directors' sitting fees	14	8
Contract employee charges	4,692	54
Rent	3,592	20
Rates and Taxes	1,643	20
Insurance	1,945	75
Repairs and maintenance		
Buildings	1,613	-
Others	4,287	6
Miscellaneous expenses	12,994	696
	56,620	5,669
Less: Cost allocated to joint ventures	(29,046)	-
	27,574	**5,669**

24. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2013	31 March 2012
Depreciation of tangible assets	42,080	3
Amortization of intangible assets	2,813	-
Less: Cost allocated to joint ventures	(4,139)	-
	40,754	3
Depletion on producing facilities	55,426	-
	96,180	**3**

25. FINANCE COSTS

	31 March 2013	31 March 2012
Interest	6,514	10,955
Loan facility and management fees	100	178
Bank charges	47	12
	6,661	11,145
Less: Cost allocated to joint ventures	(20)	-
	6,641	**11,145**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

26. SCHEME OF ARRANGEMENT

The shareholders of the Company had in February 2010 approved a Scheme of Arrangement ('Scheme') between the Company and four of its wholly owned subsidiaries, Cairn Energy India Pty Ltd ('CEIPL'), Cairn Energy India West BV ('CEIW'), Cairn Energy Cambay BV ('CEC'), Cairn Energy Gujarat BV ('CEG'), (collectively the 'transferor companies'), with an Appointed date of 1 January 2010. The Scheme of Arrangement had been approved by the Hon'ble High Court of Madras and Hon'ble High Court of Bombay and was subsequently approved by other relevant regulatory authorities on 18 October 2012. Accordingly, from 1 January 2010, the Indian undertakings of the transferor companies stood transferred to and vested in the Company on a going concern basis.

In accordance with the provisions of the aforesaid Scheme,

i) The Indian undertakings of the transferor companies relating to exploration, development and production of crude, natural gas and related by-products have been transferred to the Company on a going concern basis. The transfer of assets and liabilities representing the Indian undertakings has been effected from the "Appointed date" of 1 January 2010, as defined in the Scheme.

ii) Assets and liabilities transferred from the transferor companies are as under:

Assets	CEIPL	CEIW	CEC	CEG	Total
Deferred tax assets (net)	-	1,060	317	500	1,877
Fixed assets (net block)*	6,276	165	125	127	6,693
Exploration, development and site restoration costs (net cost)	435,183	2,875	3,281	3,102	444,441
Investments	1,053	255	43	23	1,374
Inventory	13,417	529	402	400	14,748
Sundry debtors	37,646	2,558	1,949	1,924	44,077
Cash and bank balance	70,355	2,560	1,630	1,537	76,082
Other current assets	78	5	3	2	88
Loans and advances	26,121	3,345	1,518	2,119	33,103
Total assets (A)	**590,129**	**13,352**	**9,268**	**9,734**	**622,483**
Liabilities					
Finance lease liability	1,584	-	-	-	1,584
Deferred tax liabilities (net)	25,266	-	-	-	25,266
Current liabilities	65,790	1,782	1,304	1,407	70,283
Provisions	40,137	2,631	2,013	1,994	46,775
Total liabilities (B)	**132,777**	**4,413**	**3,317**	**3,401**	**143,908**
Net assets taken over (A-B)	**457,352**	**8,939**	**5,951**	**6,333**	**478,575**

* includes intangibles of ₹ 1,075 lacs

The above mentioned deferred tax liabilities (net) have been further reduced by ₹ 4,563 lacs on account of application of tax rate as applicable to the Company and fixed assets have been further decreased by ₹ 530 lacs due to alignment of accounting policy (on depreciation) as consistently followed by the Company, and adjustments in respect of these have been recorded in the Statement of profit and loss.

iii) As a consideration for the transfer of the above mentioned assets and liabilities and consequential expected future cash flows from the transferor companies to the Company, the Company has reduced the value of its investment in its direct subsidiary Cairn India Holdings Limited ('CIHL') by ₹ 1,495,278 lacs and consequentially a goodwill of ₹ 1,016,703 lacs, after adjusting the net assets taken over of ₹ 478,575 lacs, has been recorded in the books of accounts in accordance with the provisions of Accounting Standard (AS)-10 of the Companies (Accounting Standard) Rules, 2006 (as amended). The reduction in value of investments in CIHL has been considered on the basis of an independent valuation of the future discounted cash flows from CIHL as at 31 December 2009.

iv) Further, in accordance with the Special Resolution passed by the shareholders of the Company under sections 78 and 100 to 103 of the Companies Act, 1956, which was an integral part of the aforesaid Scheme approved the Courts, the goodwill of ₹ 1,016,703 lacs as mentioned in (iii) above has been adjusted against the securities premium account and as a result both goodwill and securities premium account are stated lower by ₹ 1,016,703 lacs each. This accounting, although different from that prescribed under the Accounting Standards, is in conformity with the accounting principles generally accepted in India, as the same has been approved by the Courts and has no impact on the profit for the year.

v) Since the Scheme received all the requisite approvals in the current year, operations of the Indian undertakings of the transferor companies from 1 January 2010 to 31 March 2012, as detailed below, have been accounted for in the current year's statement of profit and loss as a seperate line item.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

26. SCHEME OF ARRANGEMENT CONTINUED

	1 January 2010 to 31 March 2012
Income	
Revenue from operations	1,235,880
Other income	60,092
Total revenue	**1,295,972**
Expenses	
Share of expenses from producing oil and gas blocks	76,215
(Increase) in inventories of finished goods	(3,222)
Employee benefit expenses	17,637
Other expenses	153,608
Depletion, depreciation and amortization expense	145,204
Finance costs	3,602
Unsuccessful exploration costs	15,170
Total expenses	**408,214**
Profit before tax	**887,758**
Tax expenses	
Current tax	169,889
Less: MAT credit entitlement	(113,545)
Net current tax expense	56,344
Deferred tax	4,802
Total tax expense	**61,146**
Profit for the period 1 January 2010 to 31 March 2012	**826,612**

Further, net cash flows for the period 1 January 2010 to 31 March 2012 pertaining to the transferor companies on account of operating, investing and financing activities aggregating to ₹ 795,008 lacs, ₹ (441,815) lacs and ₹ (4,778) lacs respectively have been included in the current year's statement of cash flows as a separate line item under the respective heads.

27. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2013	31 March 2012
Profit for the year as per Statement of Profit & Loss	**1,474,677**	**4,396**
Less: Impact of scheme of arrangement relating to earlier periods	826,612	-
Profit for the year before impact of scheme of arrangement relating to earlier periods	**648,065**	**4,396**
	No. lacs	**No. lacs**
Weighted average number of equity shares in calculating basic EPS	19,089	19,030
Effect of dilution:		
Stock options granted under employee stock options	29	48
Weighted average number of equity shares in calculating diluted EPS	19,118	19,078
Earnings per equity share in ₹ computed on the basis of profit for the year		
Basic	77.25	0.23
Diluted	77.14	0.23
Earnings per equity share in ₹ computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods		
Basic	33.95	0.23
Diluted	33.90	0.23

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

28. GRATUITY

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

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2013	31 March 2012
Current service cost	609	15
Interest cost on benefit obligation	216	6
Expected return on plan assets	(172)	-
Net actuarial (gain) / loss recognized in the year	370	2
Past service cost	-	-
Net benefit expense	**1,023**	**23**
Actual return on plan assets	176	-

Balance sheet

Benefit asset/ liability

	31 March 2013	31 March 2012
Present value of defined benefit obligation	3,676	103
Fair value of plan assets	2,353	-
Plan asset / (liability)	**(1,323)**	**(103)**

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

	31 March 2013	31 March 2012
Opening defined benefit obligation*	2,698	80
Current service cost	609	15
Interest cost	216	6
Benefits paid	(221)	-
Actuarial (gains) / losses on obligation	374	2
Closing defined benefit obligation	**3,676**	**103**

Changes in the fair value of plan assets are as follows:

	31 March 2013	31 March 2012
Opening fair value of plan assets*	1,820	-
Expected return	172	-
Contributions by employer	578	-
Benefits paid	(221)	-
Actuarial gains / (losses)	4	-
Closing fair value of plan assets	**2,353**	**-**

* Opening defined benefit obligation and opening fair value of plan assets include ₹ 2,595 lacs & ₹ 1,820 lacs respectively, transferred from the transferor companies pursuant to the implementation of the scheme of arrangement referred to in note 26.

The Company's expected contribution to the fund in the next year is ₹ 939 lacs (31 March 2012: Nil).

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2013	31 March 2012
Investments with insurer	100%	-

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

	31 March 2013	31 March 2012
Discount rate	8.00%	8.00%
Future salary increase	10.00%	10.00%
Expected rate of return on assets	9.45%	-
Employee turnover	5.00%	5.00%
Mortality rate	IALM (1994-96)	LIC (1994-96)

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	3,676	103	80	66	40
Plan assets	2,353	-	-	-	-
Surplus / (deficit)	(1,323)	(103)	(80)	(66)	(40)
Experience adjustments on plan assets	4	-	-	-	-
Experience adjustments on plan liabilities	(374)	(2)	5	(6)	(5)

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.

29. EMPLOYEE STOCK OPTION PLANS

The Company has provided various share based payment schemes to its employees. During the year ended 31 March 2013, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2013	8,298,713	9,208,784	30,112,439	3,593,955	758,370
Method of Settlement	Equity	Equity	Equity	Cash	Cash
Vesting Period	Refer vesting conditions below	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	18 months from vesting date	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Notes to Financial Statements Continued

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

Number of options granted till 31 March 2013

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant					
24-Nov-06	8,298,713	-	-	-	-
01-Jan-07	-	1,708,195	3,467,702	-	-
20-Sep-07	-	3,235,194	5,515,053	-	-
29-Jul-08	-	789,567	3,773,856	822,867	324,548
10-Dec-08	-	-	36,040	-	38,008
22-Jun-09	-	-	-	69,750	-
29-Jul-09	-	994,768	5,405,144	1,230,416*	211,362
27-Jul-10	-	584,144	3,027,463	614,999*	93,572
23-Dec-10	-	-	-	23,645	-
26-Jul-11	-	1,006,415	4,733,714	390,654	66,385
23-Jul-12	-	890,501	4,153,467	441,624	24,495
Total	8,298,713	9,208,784	30,112,439	3,593,955	758,370

* includes 169,944 & 260,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during previous year.

The vesting conditions of the above plans are as under-

CISMP plan

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

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

CIPOP plan (including phantom options)

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

CIESOP plan (including phantom options)

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

Details of activities under employees stock option plans

CISMP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	Nil	NA	2,238,077	33.70
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	2,238,077	33.70
Forfeited / cancelled during the year	Nil	NA	Nil	NA
Outstanding at the end of the year	Nil	NA	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 131 .50 (31 March 2012: ₹ 131 .50)

Weighted average share price at the date of exercise of stock options is NA (31 March 2012: ₹ 344.15)

Notes to Financial Statements Continued

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIPOP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,082,340	10.00	2,147,663	10.00
Granted during the year	890,501	10.00	1,006,415	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	221,029	10.00	856,432	10.00
Forfeited / cancelled during the year	246,449	10.00	1,215,306	10.00
Outstanding at the end of the year	1,505,363	10.00	1,082,340	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 213.64 (31 March 2012: ₹ 202.15)

Weighted average share price at the date of exercise of stock options is ₹ 344.46 (31 March 2012: ₹ 338.79)

CIESOP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	13,963,416	278.49	12,730,726	246.00
Granted during the year	4,153,467	326.85	4,733,714	327.75
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,621,017	223.86	2,384,498	201.94
Forfeited / cancelled during the year	1,524,050	320.70	1,116,526	280.31
Outstanding at the end of the year	13,971,816	298.51	13,963,416	278.49
Exercisable at the end of the year	4,135,249	228.10	2,640,232	205.23

Weighted average fair value of options granted on the date of grant is ₹ 135.23 (31 March 2012: ₹ 126.64)

Weighted average share price at the date of exercise of stock options is ₹ 331.27 (31 March 2012: ₹ 337.97)

CIPOP Plan – Phantom options	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	49,041	10.00	Nil	NA
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 26)	989,165	10.00	Nil	NA
Granted during the year	441,624	10.00	77,489	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	606,141	10.00	28,448	10.00
Outstanding at the end of the year	873,689	10.00	49,041	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 329.69 (31 March 2012: ₹ 345.71)

CIESOP Plan – Phantom options	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	Nil	NA	Nil	NA
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 26)	263,711	278.79	Nil	NA
Granted during the year	24,495	326.85	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	246,231	275.21	Nil	NA
Outstanding at the end of the year	41,975	327.86	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 141.17 (31 March 2012: Nil)

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

The details of exercise price for stock options outstanding as at 31 March 2013 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	1,505,363	1.83	10.00
CIESOP Plan	143-331.25	13,971,816	1.04	298.51
CIPOP Plan – Phantom options	10.00	873,689	1.37	10.00
CIESOP Plan – Phantom options	326.85-331.25	41,975	1.72	327.86
The details of exercise price for stock options outstanding as at 31 March 2012 are:				
CIPOP Plan	10.00	1,082,340	2.00	10.00
CIESOP Plan	143-331.25	13,963,416	1.01	278.49
CIPOP Plan – Phantom options	10.00	49,041	0.96	10.00

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 2013	31 March 2012
Total Employee Compensation Cost pertaining to share-based payment plans	2,415	216
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	1,198	165
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	1,217	51
Equity settled employee stock options outstanding as at year end	1,712	1,098
Liability for cash settled employee stock options outstanding as at year end	1,390	51
Deferred compensation cost of equity settled options	2,625	1,900
Deferred compensation cost of cash settled options	1,147	118

Inputs for Fair valuation of Employees Stock Option Plans

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

Variables – CIPOP		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the date of grant (₹)	322.60	326.85
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	46.39%	44.25%
Risk free rate	8.37%	8.18%
Time to maturity (years)	3.12	3.12
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	316.80	320.98

Variables – CIESOP		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the date of grant (₹)	322.60	326.85
Vesting date	26-Jul-14	23-Jul-15
Vesting %	100.00%	100.00%
Volatility	46.39%	44.25%
Risk free rate	8.37%	8.18%
Time to maturity (years)	6.50	6.50
Exercise price (₹)	327.75	326.85
Fair Value of the options (₹)	190.16	188.87

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FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

Variables – CIPOP Phantom		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the reporting date (₹)	272.45	272.45
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	28.32%	28.87%
Risk free rate	7.70%	7.75%
Time to maturity (years)	1.32	2.31
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	263.42	264.09

Variables – CIESOP Phantom		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price of the equity shares on the reporting date (₹)	272.45	272.45
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	28.32%	28.87%
Risk free rate	7.70%	7.75%
Time to maturity (years)	1.32	2.31
Exercise price (₹)	327.75	326.85
Fair Value of the options (₹)	26.11	47.01

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

Impact of Fair Valuation Method on net profits and EPS

In March 2005, the Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	31 March 2013	31 March 2012
Profit as reported	1,474,677	4,396
Add: Employee stock compensation under intrinsic value method	2,415	216
Less: Employee stock compensation under fair value method	(7,246)	(4,948)
Proforma profit	1,469,846	(336)
Earnings Per Share in ₹		
Basic		
- As reported	77.25	0.23
- Proforma	77.00	(0.02)
Diluted		
- As reported	77.14	0.23
- Proforma	76.88	(0.02)

Notes to Financial Statements Continued

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

30. LEASES

Operating Lease: as lessee

The Company has entered into operating leases for office premises and office equipments, some of which are cancellable and some are non-cancellable. The leases have a life of 3 to 6 years. There is an escalation clause in the lease agreement during the primary lease period. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents. The information with respect to non cancellable leases are as under:

Particulars	31 March 2013	31 March 2012
Lease payments made during the year	393	-
Within one year of the balance sheet date	343	-
Due in a period between one year and five years	236	-
Due after five years	-	-

Note: the above mentioned operating lease have been transferred to the Company pursuant to the implementation of the scheme of arrangement referred to in note 26.

31. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding / Ultimate holding company	Vedanta Resources Plc. (w.e.f. 8 Dec 2011)
	Vedanta Resources Holdings Limited (w.e.f. 8 Dec 2011)
	Volcan Investments Limited (w.e.f. 8 Dec 2011)
	Cairn UK Holdings Limited (upto 7 Dec 2011)*
	Cairn Energy Plc. (upto 7 Dec 2011)*

* from 8 December 2011 to 2 July 2012 Cairn Energy Plc. and Cairn UK Holdings Limited only had significant influence over the Company. They ceased to be a related party w.e.f. 2 July 2012.

Subsidiary companies	1 . Cairn Energy Australia Pty Limited
	2. Cairn Energy India Pty Limited
	3. CEH Australia Pty Limited
	4. Cairn Energy Asia Pty Limited
	5. Sydney Oil Company Pty Limited
	6. Cairn Energy Investments Australia Pty Limited
	7. Wessington Investments Pty Limited
	8. CEH Australia Limited
	9. Cairn India Holdings Limited
	10. CIG Mauritius Holding Private Limited
	11 . CIG Mauritius Private Limited
	12. Cairn Energy Holdings Limited
	13. Cairn Energy Discovery Limited
	14. Cairn Exploration (No. 2) Limited
	15. Cairn Exploration (No. 6) Limited
	16. Cairn Energy Hydrocarbons Limited
	17. Cairn Petroleum India Limited
	18. Cairn Energy Gujarat Block 1 Limited
	19. Cairn Exploration (No. 4) Limited
	20. Cairn Exploration (No. 7) Limited
	21 . Cairn Lanka (Pvt) Limited
	22. Cairn Energy Group Holdings BV
	23. Cairn Energy India West BV
	24. Cairn Energy India West Holding BV
	25. Cairn Energy Gujarat Holding BV
	26. Cairn Energy India Holdings BV

Notes to Financial Statements Continued

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

31. RELATED PARTY DISCLOSURES CONTINUED

	27. Cairn Energy Netherlands Holdings BV
	28. Cairn Energy Gujarat BV
	29. Cairn Energy Cambay BV
	30. Cairn Energy Cambay Holding BV
	31 . Cairn South Africa Proprietary Limited (incorporated during the year)

Related parties with whom transactions have taken place

Fellow subsidiaries	Capricorn Energy Limited, UK (upto 7 Dec 2011)*
	Cairn Energy Search Limited, UK (upto 7 Dec 2011)*
	Sterlite Industries (India) Limited (w.e.f. 8 Dec 2011)
	Sesa Goa Limited (w.e.f. 8 Dec 2011)**
	Twin Star Mauritius Holdings Limited (w.e.f. 8 Dec 2011) **
	Sesa Resources Limited (w.e.f. 8 Dec 2011)

* from 8 December 2011 to 2 July 2012 they were related parties being the subsidiaries of Cairn Energy Plc.
** also has significant influence over the Company.

Key management personnel	P. Elango, Whole Time Director and Interim Chief Executive Officer (from 1 September 2012)
	Rahul Dhir, Managing Director and Chief Executive Officer (upto 31 August 2012)
	Indrajit Banerjee, Executive Director and Chief Financial Officer (upto 23 August 2011)
	Winston Frederick Bott Jr., Executive Director and Chief Operating Officer (upto 15 June 2011)

Related party transactions

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

Nature of the Transactions	Related Party	31 March 2013	31 March 2012
Reimbursement of expenses to related party	Cairn Energy Plc.	-	13
	Cairn Energy India Pty Limited	-	151
	Cairn Lanka Private Limited	-	1
	Cairn Energy Hydrocarbons Limited	181	-
	Sterlite Industries (India) Limited	150	11
	Total	**331**	**176**
Expenses incurred on behalf of related party	Cairn Energy India Pty Limited	-	5
	Cairn Lanka Private Limited	-	1
	Total	**-**	**6**
Equity contributions made during the year	CIG Mauritius Holding Private Limited	13,757	71,070
Redemption of Preference shares during the year	Cairn India Holdings Limited	-	144,286

Notes to Financial Statements Continued

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

31. RELATED PARTY DISCLOSURES CONTINUED

Nature of the Transactions	Related Party	31 March 2013	31 March 2012
Guarantee given	Cairn Lanka Private Limited	-	3,195
Guarantee received back	Cairn Lanka Private Limited	-	14,200
Recovery of share option charge	Cairn Energy India Pty Limited	-	289
Shares issued including premium and stock option charge	Indrajit Banerjee	-	49
	Rahul Dhir	-	2,827
	Total	-	**2,876**
Dividend Paid	Sesa Goa Limited	17,557	-
	Twin Star Mauritius Holdings Limited	36,944	-
	Sesa Resources Limited	1,635	-
	P. Elango	9	-
	Total	**56,145**	-
Remuneration	Rahul Dhir	1,066	24
	Winston Frederick Bott Jr.	-	2
	Indrajit Banerjee	-	7
	P. Elango	116	-
	Total	**1,182**	**33**

In addition to the above remuneration, incentives and bonus of ₹ 641 lacs (31 March 2012: Nil) was paid to Rahul Dhir. 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 2013	31 March 2012
Other current liabilities including trade payables	Cairn Energy Hydrocarbons Limited	588	-
	Sterlite Industries (India) Limited	14	10
	Total	**602**	**10**
Loans & Advances	Cairn Energy India Pty Limited	-	3,831
	CIG Mauritius Holdings Private Limited	-	5
	CIG Mauritius Private Limited	-	3
	Cairn Lanka Private Limited	21	8
	Cairn Energy Hydrocarbons Limited	-	6
	Cairn Energy Gujarat Block 1 Limited	127	-
	Cairn Exploration (No. 2) Limited	324	-
	Cairn Exploration (No. 6) Limited	7	-
	Cairn Exploration (No. 7) Limited	163	-
	Cairn Energy Holdings Limited	20	-
	Total	**662**	**3,853**
Guarantee given	Cairn Lanka Private Limited	3,195	3,195

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

32. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)
Company's share of Joint Ventures' Exploration activities and Development activities – ₹ 14,772 lacs (31 March 2012: ₹ 1,059 lacs) and ₹ 72,383 lacs (31 March 2012: Nil) respectively.

Other commitments
Company's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - ₹ 4,132 lacs (31 March 2012: ₹ 1,321 lacs).

33. CONTINGENT LIABILITIES

(transferred to the Company pursuant to implementation of scheme of arrangement referred to in note 26).

a. Ravva Joint Venture Arbitration proceedings : Base Development Cost
Ravva joint venture had received a claim from the Director General of Hydrocarbons (DGH) for the period from 2000-2005 for USD 166.4 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Company's share will be USD 37.4 million (approximately ₹ 16,880 lacs) [31 March 2012: Nil] 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's counsel served notice of appeal filed before Court of Appeal against the High Court's order.

b. Service tax
The Company has received five show cause notices from the tax authorities in India for non payment of service tax as a recipient of services from foreign service providers, against which replies have already been filed before the authorities.

These notices cover periods from 1 April 2006 to 31 March 2011. A writ petition has been filed with Chennai High Court challenging the scope of some services in respect of first show cause notice (1 April 2006 to 31 March 2007).

Should future adjudication go against the Company, it will be liable to pay the service tax of approximately ₹ 11,248 lacs (31 March 2012: Nil) plus potential interest of approximately ₹ 9,013 lacs (31 March 2012: Nil), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company is operator.

c. Tax holiday on gas production
Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

The Company filed a writ petition to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately ₹ 24,317 lacs (31 March 2012: Nil).

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

33. CONTINGENT LIABILITIES CONTINUED

d. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 332 Lacs (31 March 2012: Nil) plus penalty and interest which the Company has contested before the Deputy Commissioner. The Company believes that this levy is not constitutionally valid and its writ petition in this regard is pending before the Honorable Rajasthan High Court.

ii) Other claims against the Company not acknowledged as debts amounts to ₹ 1,500 lacs (31 March 2012: Nil).

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (d) above are not probable and accordingly no provision has been considered necessary there against.

34. 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 2013	31 March 2012
Trade receivables	1,16,954	47
Loans and advances	1,91,272	1,620
Other current liabilities including trade payables	65,064	1,988
	3,73,290	**3,655**

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

	31 March 2013	31 March 2012
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	-	-

36. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31 March 2013	31 March 2012
Stores and spares	**4,542**	**506**

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

37. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	31 March 2013	31 March 2012
Exploration and development expenditure	27,003	2,867
Share of expenses from producing oil and gas blocks	444	-
Salaries, wages and bonus	9,011	-
Staff welfare expenses	1,732	17
Legal and professional fees	3,499	630
Data acquisition and analysis	825	468
Travelling and conveyance	245	93
Insurance	1,758	-
Production bonus	579	-
Repairs and maintenance	1,879	-
Miscellaneous expenses	3,854	128
	50,829	**4,203**

38. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

	31 March 2013	31 March 2012
Revenue from operations*	9,20,098	880
Interest income on bank deposits**	6,051	-
	926,149	**880**

* Post implementation of scheme of arrangement referred to in note 26 above, the revenue is realised in equivalent rupees as on date of settlement.

** represents the earnings of the transferor companies, referred to in note 26 above, for the period 1 April 2012 to 18 October 2012.

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

	Percentage of total consumption		Amount	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Imported	53.64%	99.12%	4,975	318
Indigenous	46.36%	0.88%	4,299	3
	100.00%	**100.00%**	**9,274**	**321**

40. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

Year of remittance (ending on)	31 March 2013	31 March 2012
Period to which it relates	1 April 2012 to 31 March 2013	-
Non-resident shareholders (numbers in lacs)	0.04	-
Equity shares held on which dividend was due (numbers in lacs)	9,351	-
Amount remitted (in USD lacs)	863	-
Amount remitted (in equivalents ₹ lacs)	46,753	-

41. The Board, subject to the approval of shareholders, has appointed Mr. P. Elango, Interim Chief Executive Officer, as a Whole Time Director of the Company with effect from 21 January 2013.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

42. OIL & GAS RESERVES AND RESOURCES

The Company's gross reserve estimates are based on forecast production profiles over the remaining life of the field, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The management's internal estimates of hydrocarbon reserves and resources at the year end is as follows-

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net working interest proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Rajasthan MBA Fields	2,193	-	636	-	223	-
Rajasthan MBA EOR	-	-	270	-	95	-
Rajasthan Block Other Fields	2,005	-	181	-	63	-
Ravva Fields	681	-	50	-	11	-
CBOS/2 Fields	209	-	20	-	8	-
Other fields	479	-	74	-	37	-
Total	**5,567**	**-**	**1,231**	**-**	**437**	**-**

The Company's net working interest proved and probable reserves is as follows-

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil	Gas	Oil	Gas
	(mmstb)	(bscf)	(mmstb)	(bscf)
Reserves as of 1 April 2011	-	-	-	-
Additions / revision during the year	-	-	-	-
Production during the year	-	-	-	-
Reserves as of 31 March 2012*	**170.65**	**15.16**	**104.89**	**15.16**
Additions / revision during the year	(0.97)	8.34	15.78	7.57
Production during the year	24.10	5.56	24.10	5.56
Reserves as of 31 March 2013**	**145.58**	**17.94**	**96.57**	**17.17**

Note: Reserves as at 31 March 2012 have been acquired during the year pursuant to implementation of scheme of arrangement referred to in note 26.

* Includes probable oil reserves of 47.73 mmstb (of which 29.91 mmstb is developed) and probable gas reserves of 6.40 bscf (of which 6.40 bscf is developed)

** Includes probable oil reserves of 39.62 mmstb (of which 20.20 mmstb is developed) and probable gas reserves of 10.42 bscf (of which 9.70 bscf is developed)

mmboe = million barrels of oil equivalent

mmstb = million stock tank barrels

bscf = billion standard cubic feet

1 million metric tonnes = 7.4 mmstb

1 standard cubic meter =35.315 standard cubic feet

MBA = Mangala, Bhagyam & Aishwarya

EOR = Enhanced Oil Recovery

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.

Notes to Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

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 31 . The balance outstanding as at the year end is also the maximum amount outstanding during the year in all cases except for in previous year in the case of Cairn Energy Hydrocarbons Limited where the maximum amount outstanding was ₹ 314 lacs. No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

45. PREVIOUS YEAR FIGURES

The current year financial information include the state of affairs and operations of the Indian undertakings of the transferor companies, as described in note 26 above. Hence, the current year's figures are not comparable with the previous year's figures. The Company has reclassified and regrouped the previous year figures to confirm to this year's classification.

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Independent Auditors' Report

To
The Board of Directors of Cairn India Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cairn India Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note no. 26 of the accompanying consolidated financial statements, relating to the accounting treatment adopted by the Company pursuant to a Scheme of Arrangement approved by the Honorable High Court of Bombay and by the Honorable High Court of Madras and other relevant regulatory authorities, whereby the Company in its standalone financial statements has adjusted goodwill aggregating to ₹ 1,016,703 lacs against the securities premium account, which has consequentially been recorded in the consolidated financial statements as well. This accounting, of showing both goodwill and the securities premium account lower by ₹ 1,016,703 lacs, although different from that prescribed under the Accounting Standards, is in conformity with the accounting principles generally accepted in India, as the same has been approved by the Courts.

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

per Raj Agrawal
Partner
Membership No.: 82028

Place: Gurgaon
Date: April 22, 2013

Consolidated Balance Sheet

AS AT 31 MARCH 2013

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

	Notes	31 March 2013	31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	191,024	190,740
Reserves and surplus	4	4,578,919	4,638,467
		4,769,943	**4,829,207**
Non-current liabilities			
Deferred tax liabilities (net)	12	46,408	68,414
Long-term provisions	6	240,406	187,398
		286,814	**255,812**
Current liabilities			
Trade payables	7	53,667	60,716
Other current liabilities	7	120,321	187,562
Short-term provisions	6	169,376	12,061
		343,364	**260,339**
Total		**5,400,121**	**5,345,358**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	606,453	590,716
Intangible assets	9	1,518,888	2,534,146
Cost of producing facilities (net)	10	333,659	302,067
Exploration, development and capital work in progress	11	438,499	450,016
Deferred tax assets (net)	12	-	1,039
Long-term loans and advances	13	486,648	253,797
Other non-current assets	14.2	44,590	69,077
		3,428,737	**4,200,858**
Current assets			
Current investments	15	1,038,226	183,557
Inventories	16	19,609	13,607
Trade receivables	14.1	228,519	149,684
Cash and bank balances	17	555,682	701,351
Short-term loans and advances	13	102,123	83,848
Other current assets	14.2	27,225	12,453
		1,971,384	**1,144,500**
Total		**5,400,121**	**5,345,358**
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Consolidated Statement of Profit And Loss

FOR THE YEAR ENDED 31 MARCH 2013

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

	Notes	31 March 2013	31 March 2012
Income			
Revenue from operations	18	1,752,415	1,186,065
Other income	19	103,624	93,801
Total revenue		**1,856,039**	**1,279,866**
Expenses			
Cess on crude oil		280,767	128,497
Share of expenses from producing oil and gas blocks		85,113	63,004
(Increase) in inventories of finished goods	20	(2,742)	(2,626)
Employee benefit expenses	21	10,325	8,894
Other expenses	22	30,148	32,972
Depletion, depreciation and amortization expense	23	184,592	144,030
Finance costs	24	6,866	22,580
Unsuccessful exploration costs	11	45,488	29,883
Exceptional items	25	-	10,285
		640,557	**437,519**
Profit before tax		**1,215,482**	**842,347**
Tax expenses			
Current tax		245,434	155,445
Less: MAT credit entitlement		(215,571)	(118,128)
Net current tax expense		29,863	37,317
Deferred tax		(6,355)	11,256
Total tax expense		**23,508**	**48,573**
Profit for the year before impact of scheme of arrangement relating to earlier periods		**1,191,974**	**793,774**
Impact of scheme of arrangement relating to earlier periods	26	13,665	-
Profit for the year		**1,205,639**	**793,774**
Earnings per equity share in ₹ [nominal value of share ₹ 10 (31 March 2012: ₹ 10)] **Computed on the basis of profit for the year**	27		
Basic		63.16	41.71
Diluted		63.06	41.61
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

For and on behalf of the Board of Directors

per Raj Agrawal
Partner
Membership No. 82028

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Place: Gurgaon
Date: 22 April 2013

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2013

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

	31 March 2013	31 March 2012
Cash flow from operating activities		
Profit before tax	**1,215,482**	**842,347**
Adjustments for:		
Depletion, depreciation and amortization	188,731	147,094
Unsuccessful exploration costs	45,488	29,883
Employee stock compensation expense (equity settled)	1,198	454
Unrealized foreign exchange (gain)/loss (net)	4,140	(90,450)
Premium on forward exchange contract amortized	-	(25)
Net (gain)/ loss on sale of current investments	(21,765)	(6,265)
Interest expense	6,702	10,848
Loan facility and management fees	100	11,222
Other finance charges	-	383
Interest income	(29,078)	(22,066)
Other non-operating income	(11,792)	(331)
Dividend income	(9,476)	(3,003)
Operating profit before working capital changes	**1,389,730**	**920,091**
Movements in working capital :		
Increase/ (decrease) in trade payables, other liabilities and provisions	21,996	(706)
(Increase) in trade receivables	(80,717)	(1,522)
(Increase) in inventories	(1,643)	(11,637)
Decrease / (increase) in loans and advances and other assets	3,066	13,575
Cash generated from operations	**1,332,432**	**919,801**
Direct taxes paid (net of refunds)	(226,869)	(212,906)
Net cash flow from operating activities (A)	**1,105,563**	**706,895**
Cash flows from investing activities		
Purchase of fixed assets (including CWIP and capital advances)	(163,132)	(295,580)
Short term investments made (net)	(832,904)	(67,847)
Proceeds from redemption/ maturity of deposits having original maturity of more than three months	557,898	915,258
Deposits made having original maturity of more than three months	(898,055)	(846,323)
Interest received	22,907	21,686
Dividend received	9,476	3,003
Payments made to site restoration fund	(1,996)	(3,050)
Net cash flow used in investing activities (B)	**(1,305,806)**	**(272,853)**
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	5,887	5,655
Repayment of long-term borrowings	(125,000)	(141,400)
Repayment of finance lease obligation	(184)	(415)
Dividend paid on equity shares	(95,488)	-
Tax on equity dividend paid	(15,491)	-
Interest paid	(9,497)	(13,214)
Payment of borrowing costs (other than interest)	-	(2,788)
Net cash flow used in financing activities (C)	**(239,773)**	**(152,162)**
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(440,016)**	**281,880**
Effect of exchange differences on cash & cash equivalents held in foreign currency	11	48,080
Cash and cash equivalents at the beginning of the year	444,639	114,679
Cash and cash equivalents at the end of the year	**4,634**	**444,639**

Consolidated Cash Flow Statement Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

	31 March 2013	31 March 2012
Components of cash and cash equivalents		
Cash on hand	1	4
With banks		
- on deposit account	4,302	443,397
- on current accounts	331	1,238
Total cash and cash equivalents (note 17)	**4,634**	**444,639**

Notes:

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

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Notes to Consolidated Financial Statements

FOR THE YEAR ENDED 31 MARCH 2013

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

1. NATURE OF OPERATIONS

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

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

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

Components of the Cairn India Group

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

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

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

*Cairn South Africa Proprietary Limited is incorporated during the current year.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

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

Oil & Gas blocks/fields	Area	Participating Interest
Operated blocks		
Ravva block	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 - Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70.00%
PR-OSN-2004/1	Palar Basin Offshore	35.00%
SL 2007-01-001	North West Sri Lanka Offshore	100.00%
KG-ONN-2003/1	Krishna Godavari Onshore	49.00%
KG-OSN-2009/3	Krishna Godavari Offshore	100.00%
MB-DWN-2009/1	Mumbai Deep Water	100.00%
South Africa Block 1	Orange Basin South Africa Offshore	60.00%
Following block has been relinquished		
Non – operated block		
KK-DWN-2004/1 in Mar 2012	Kerala Konkan Basin Offshore	40.00%
Following block has been transferred		
Non – operated block		
KG-DWN-98/2	Krishna Godavari Deep water	10.00%

The participating interests were same in the previous year except for South Africa Block 1 which is acquired during the year.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year.

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.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

b. Oil and gas assets

Cairn India Group follows the successful efforts method of accounting for oil and gas assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on “Accounting for Oil and Gas Producing Activities” (2003).

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

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

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

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

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

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

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

c. Depletion

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

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

d. Site restoration costs

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

e. Impairment

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

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

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

f. Tangible fixed assets, depreciation and amortization

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

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

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

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

g. Intangible fixed assets and amortization

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

Computer software	2 to 4 years

Goodwill arising on consolidation is tested for impairment only.

h. Leases

As lessee

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

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

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

i. Investments

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

j. Inventory

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

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

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

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

k. Joint Ventures

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

l. Revenue recognition

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

Revenue from operating activities

From sale of oil, gas and condensate

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

As operator from the joint venture

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

Tolling income

Tolling income represents Cairn India Group's share of revenues from Pilotage and Oil Transfer Services from the respective joint ventures, which is recognized based on the rates agreed with the customers, as and when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

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

m. Borrowing costs

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

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

n. Foreign currency transactions and translations

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

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.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

o. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income tax laws prevailing in the respective tax jurisdictions where Cairn India Group operates. Deferred income tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier period.

Deferred tax assets and liabilities are measured, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various subsidiaries or countries of operation are not set off against each other as Cairn India Group does not have a legal right to do so. Current and deferred tax assets and liabilities are only offset where they arise within the same entity and tax jurisdiction.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If any component of Cairn India Group has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised by the component only if there is virtual certainty, supported by convincing evidence, that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier periods are re-assessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. Cairn India Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the individual company will utilize MAT credit during the specified period.

p. Earnings Per Share

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

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

q. Provisions

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

r. Cash and Cash equivalents

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

s. Employee Benefits

Retirement and Gratuity benefits

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

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The scheme is maintained and administered by an insurer to which the trustees make periodic contributions.

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

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

Employee Stock Compensation Cost

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

t. Use of estimates

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

u. Segment Reporting Policies

Identification of segments:

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

v. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, is done on marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

3. SHARE CAPITAL

	31 March 2013	31 March 2012
Authorised shares		
22,500 lacs (31 March 2012: 22,500 lacs) equity shares of ₹ 10 each	225,000	225,000
Issued, subscribed and fully paid up shares		
19,102 lacs (31 March 2012: 19,074 lacs) equity shares of ₹ 10 each	191,024	190,740
Total issued, subscribed and fully paid-up share capital	**191,024**	**190,740**

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

	31 March 2013		31 March 2012	
	No. lacs	**₹ lacs**	**No. lacs**	**₹ lacs**
At the beginning of the period	19,074	190,740	19,019	190,192
Issued during the period – ESOP	28	284	55	548
Outstanding at the end of the period	**19,102**	**191,024**	**19,074**	**190,740**

(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.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

3. SHARE CAPITAL CONTINUED

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

	31 March 2013	31 March 2012
Subsidiaries of Vedanta Resources Plc., the holding company		
Twin Star Mauritius Holdings Limited	73,887	73,887
7,389 lacs (31 March 2012: 7,389 lacs) equity shares of ₹ 10 each fully paid		
Sesa Goa Limited	35,114	35,114
3,511 lacs (31 March 2012: 3,511 lacs) equity shares of ₹ 10 each fully paid		
Sesa Resources Limited	3,270	3,270
327 lacs (31 March 2012: 327 lacs) equity shares of ₹ 10 each fully paid		

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

The Company has issued total 180 lacs equity shares (31 March 2012: 160 lacs equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP scheme) wherein part consideration was received in form of employee services. No other equity shares have been issued for consideration other than cash during the period five years immediately preceding the end of current year.

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

	31 March 2013		31 March 2012	
	No. lacs	% holding in the class	No. lacs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Twin Star Mauritius Holdings Limited	7,389	38.68%	7,389	38.74%
Cairn UK Holdings Ltd	1,962	10.27%	4,156	21.79%
Sesa Goa Ltd	3,511	18.38%	3,511	18.41%
Life Insurance Corporation of India*	1,510	7.90%	-	-

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

* Shareholding by Life Insurance Corporation of India in the Company as at 31 March 2012 was less than 5%, therefore has not been disclosed.

(f) Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, please refer note 29.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

4. RESERVES AND SURPLUS

	31 March 2013	31 March 2012
Securities premium account		
Balance as per the last financial statements	3,029,271	3,019,260
Less: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 26)	(1,016,703)	-
Add: additions on employee stock options exercised	584	5,107
Add: transferred from stock options outstanding	5,605	4,904
Closing Balance	**2,018,757**	**3,029,271**
Debenture redemption reserve		
Balance as per the last financial statements	4,396	-
Add: amount transferred from/(to) surplus balance in the statement of profit and loss	(4,396)	4,396
Closing Balance	**-**	**4,396**
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	7,760	5,444
Add: gross compensation for options granted during the year	2,182	2,458
Less: deferred employee stock compensation	(2,625)	(1,900)
Less: transferred to securities premium on exercise of stock options	(5,605)	(4,904)
Closing Balance	**1,712**	**1,098**
General reserve		
Balance as per the last financial statements	-	-
Add: amount transferred from surplus balance in the statement of profit and loss	294,935	-
Closing Balance	**294,935**	**-**
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,603,702	814,324
Profit for the year	1,205,639	793,774
Less: Appropriations		
Proposed final equity dividend [amount per share ₹ 6.50 (31 March 2012: Nil)]	(124,165)	-
Tax on proposed equity dividend	(20,143)	-
Interim equity dividend [amount per share ₹ 5 (31 March 2012: Nil)]	(95,488)	-
Tax on interim dividend	(15,491)	-
Transfer from/(to) debenture redemption reserve	4,396	(4,396)
Transfer to general reserve	(294,935)	-
Net surplus in the statement of profit and loss	**2,263,515**	**1,603,702**
Total reserves and surplus	**4,578,919**	**4,638,467**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

5. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Debentures (Unsecured)				
Series B - Nil (31 March 2012: 0.06 lacs) 8.40% non convertible debentures of ₹ 10 lacs each (fully paid up)	-	-	-	62,500
Series A - Nil (31 March 2012: 0.06 lacs) 8.35% non convertible debentures of ₹ 10 lacs each (fully paid up)	-	-	-	62,500
Other loans and advances				
Finance lease obligation (secured)	-	-	-	184
	-	**-**	**-**	**125,184**
The above amount includes				
Secured borrowings	-	-	-	184
Unsecured borrowings	-	-	-	125,000
Amount disclosed under the head "other current liabilities" (refer note 7)			-	(125,184)
Net amount	-	-	-	-

a. Series A debentures were redeemable at par after 21 months from date of allotment viz. 12 October 2010. Series B debentures were redeemable at par after 24 months from date of allotment viz. 12 October 2010.

b. Finance lease liabilities were secured by way of hypothecation of the office equipments and leasehold improvements acquired under such leases.

6. PROVISIONS

	Long-term		Short-term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Provision for employee benefits				
Provision for employee stock options (cash settled)**	573	530	817	719
Provision for gratuity (refer note 28)	-	103	1,323	735
Provision for compensated absences	-	-	1,330	724
	573	633	3,470	2,178
Other provisions				
Provision for site restoration*	239,833	186,765	-	-
Provision for taxation (net of advance tax)	-	-	21,598	9,858
Provision for mark-to-market losses on derivative contracts	-	-	-	25
Proposed equity dividend	-	-	124,165	-
Provision for tax on proposed equity dividend	-	-	20,143	-
	239,833	186,765	165,906	9,883
	240,406	**187,398**	**169,376**	**12,061**

	31 March 2013	31 March 2012
* Provision for site restoration [refer note 2.1 (d) above]		
Opening balance	186,765	135,233
Additions for the year	53,068	51,532
Closing balance	239,833	186,765

** Provision for employee stock options (cash settled) [refer note 2.1 (s) above]		
Opening Balance	1,249	2,870
Additions for the year	1,619	1,914
Payments during the year	(1,076)	(2,337)
Reversed during the year	(402)	(1,198)
Closing Balance	1,390	1,249

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

7. OTHER CURRENT LIABILITIES

	31 March 2013	31 March 2012
Trade payables	53,667	60,716
Other liabilities		
Current maturities of long-term borrowings (refer note 5) [Includes current maturity of finance lease obligation ₹ Nil (31 March 2012: ₹ 184 lacs)]	-	1,25,184
Interest accrued but not due on borrowings	-	4,905
Others		
Revenue received in excess of entitlement interest	9,595	1,133
Statutory dues payable	13,193	12,965
Interest accrued on other than borrowings	7,630	5,522
Profit petroleum payable	2,788	4,922
Liabilities for exploration and development activities	87,115	32,931
	120,321	187,562
	173,988	**248,278**

8. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equipments	Furniture & fixtures	Leasehold Improvements	Vehicles	Total
Cost or valuation									
At 1 April 2011	**436**	**8,538**	**64,283**	**573,968**	**6,005**	**844**	**2,816**	**638**	**657,528**
Additions	-	4,884	26,170	35,745	1,768	199	-	76	68,842
Disposals	-	-	-	-	(208)	(7)	-	-	(215)
Other adjustments									
- Borrowing costs [refer (b) below]	-	-	151	238	-	-	-	-	389
At 31 March 2012	**436**	**13,422**	**90,604**	**609,951**	**7,565**	**1,036**	**2,816**	**714**	**726,544**
Additions	2	1,217	29,259	59,368	7,395	1,645	-	97	98,983
Disposals	-	-	-	-	(31)	-	-	(54)	(85)
At 31 March 2013	**438**	**14,639**	**119,863**	**669,319**	**14,929**	**2,681**	**2,816**	**757**	**825,442**
Depreciation									
At 1 April 2011	-	774	4,006	55,656	3,895	307	2,257	140	67,035
Charge for the year	-	1,209	10,554	55,044	1,568	137	397	82	68,991
Disposals	-	-	-	-	(191)	(7)	-	-	(198)
At 31 March 2012	**-**	**1,983**	**14,560**	**110,700**	**5,272**	**437**	**2,654**	**222**	**135,828**
Charge for the year	-	1,486	11,940	66,831	2,508	241	161	75	83,242
Disposals	-	-	-	-	(27)	-	-	(54)	(81)
At 31 March 2013	**-**	**3,469**	**26,500**	**177,531**	**7,753**	**678**	**2,815**	**243**	**218,989**
Net Block									
At 31 March 2012	**436**	**11,439**	**76,044**	**499,251**	**2,293**	**599**	**162**	**492**	**590,716**
At 31 March 2013	**438**	**11,170**	**93,363**	**491,788**	**7,176**	**2,003**	**1**	**514**	**606,453**

a. The above gross block includes ₹ 804,008 lacs (31 March 2012: ₹ 718,750 lacs) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 207,255 lacs (31 March 2012: ₹ 129,377 lacs) and net book value is ₹ 596,753 lacs (31 March 2012: ₹ 589,373 lacs).

b. Borrowing costs capitalized during the year aggregates to Nil (31 March 2012: ₹ 2,870 lacs), of which Nil (31 March 2012: ₹ 389 lacs) has been included under tangible assets and Nil (31 March 2012: ₹ 2,481 lacs) under Exploration, development and capital work in progress.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

9. INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
Gross block			
At 1 April 2011	**2,531,927**	**7,866**	**2,539,793**
Additions	-	2,357	2,357
Deletions	-	(376)	(376)
At 31 March 2012	**2,531,927**	**9,847**	**2,541,774**
Additions	-	4,347	4,347
Deletions (refer note 26)	(1,016,703)	-	(1,016,703)
At 31 March 2013	**1,515,224**	**14,194**	**1,529,418**
Amortization			
At 1 April 2011	**-**	**6,004**	**6,004**
Charge for the year	-	1,995	1,995
Deletions	-	(371)	(371)
At 31 March 2012	**-**	**7,628**	**7,628**
Charge for the year	-	2,902	2,902
Deletions	-	-	-
At 31 March 2013	**-**	**10,530**	**10,530**
Net block			
At 31 March 2012	2,531,927	2,219	2,534,146
At 31 March 2013	**1,515,224**	**3,664**	**1,518,888**

The goodwill of Cairn India Group arose on consolidation of financial statements of the Company with its subsidiaries and represents the difference between the cost of its investment in Cairn India Holdings Limited and consolidated net book value of assets in Cairn India Holdings Limited, at the time of acquisition of shares in Cairn India Holdings Limited. The management has carried out the test for impairment of goodwill at the year-end as per requirements of AS 28 (Impairment of Assets) by computing the value in use of the assets and comparing the same with the carrying amount of the net assets. Value in use is based on the discounted future net cash flows of the oil and gas assets held by the Cairn India Group. For all blocks in the exploration stage, valuation has been carried out using net present value per barrel of oil equivalent after risk adjustments. The result of the impairment test indicates that the value in use is higher than the carrying amounts and no impairment provision is required to be created at the reporting date.

10. COST OF PRODUCING FACILITIES (NET)

	31 March 2013	31 March 2012
Opening balance	302,067	208,496
Add: Additions	65,148	57,538
Add: Transferred from exploration, development and capital work in progress	69,031	112,141
Less: Depletion	(102,587)	(76,108)
Closing balance	**333,659**	**302,067**

11. EXPLORATION, DEVELOPMENT AND CAPITAL WORK IN PROGRESS

	31 March 2013	31 March 2012
Opening balance	450,016	398,188
Add: Additions [refer note 8(b)]	194,997	267,161
Less: Transferred to cost of producing facilities	(69,031)	(112,141)
Less: Transferred to fixed assets	(91,995)	(64,807)
Less: Transferred to other current assets (refer note 14.2)	-	(8,502)
Less: Unsuccessful exploration costs	(45,488)	(29,883)
Closing balance	**438,499**	**450,016**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

12. DEFERRED TAX LIABILITY (NET)

	31 March 2013	31 March 2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	47,127	67,997
Gross deferred tax liability	47,127	67,997
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	719	543
Others	-	79
Gross deferred tax asset	719	622
Net deferred tax liability	**46,408**	**67,375**
Aggregate amount of deferred tax liability (net) in components of Cairn India Group	46,408	68,414
Aggregate amount of deferred tax assets (net) in components of Cairn India Group	-	1,039
	46,408	67,375

13. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured and considered good				
Capital advances	2,993	2,597	-	-
Security deposit	2,280	1,522	779	790
Loan and advances to related parties (refer note 31)	-	-	-	53
Advances recoverable in cash or kind	-	-	10,031	50,159
	5,273	4,119	10,810	51,002
Unsecured and considered doubtful				
Advances recoverable in cash or kind	-	-	42,783	65,750
Less: provision	-	-	(42,783)	(65,750)
	-	-	-	-
Other loans and advances				
(unsecured and considered good)				
Advance income-tax (net of provision)	14,157	9,908	17,830	30,200
Deposits with non-banking financial company	-	-	70,000	-
MAT credit entitlement	467,218	239,770	-	-
Fringe benefit tax paid (net of provision)	-	-	17	43
Prepaid expenses	-	-	3,466	2,603
	481,375	249,678	91,313	32,846
	486,648	**253,797**	**102,123**	**83,848**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

14. TRADE RECEIVABLES AND OTHER ASSETS

14.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured, considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	228,519	149,684
	-	**-**	**228,519**	**149,684**

14.2. OTHER ASSETS

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Unsecured, considered good				
Non-current bank balances (refer note 17)	18,128	38,276	-	-
Non-current inventory of stores and spares (refer note 16)	26,440	30,801	-	-
Exploration, development and capital work in progress (refer note 11)*	-	-	-	8,502
Receivable for assignment of participating interest of KG-DWN-98/2 block	-	-	17,225	-
Ancillary cost of arranging the borrowings	-	-	-	100
Interest accrued on deposits and investments	22	-	10,000	3,851
	44,590	**69,077**	**27,225**	**12,453**

* represents carrying value of KG-DWN-98/2 block which has been assigned to a third party during the year.

15. CURRENT INVESTMENTS (valued at lower of cost and fair value)

	31 March 2013	31 March 2012
Quoted mutual funds	276,840	98,784
Quoted tax free bonds	50,000	-
Unquoted mutual funds	644,749	77,924
Unquoted certificate of deposits	66,637	6,849
	1,038,226	**183,557**

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

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Finished goods (crude oil)*	-	-	12,534	9,793
Stores and spares	26,440	30,801	7,075	3,814
	26,440	30,801	19,609	13,607
Less: amount disclosed under other non-current assets	(26,440)	(30,801)	-	-
	-	**-**	**19,609**	**13,607**

*includes stock in pipeline ₹ 9,439 lacs (31 Mar 2012: ₹ 7,282 lacs).

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

17. CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	331	1,238
– Deposits with original maturity of less than 3 months	-	-	4,302	443,397
Cash on hand	-	-	1	4
	-	-	4,634	444,639
Other bank balances				
– Deposits with original maturity for more than 12 months	7,306	29,450	375,159	35,591
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	175,889	221,121
– On site restoration fund	10,822	8,826	-	-
	18,128	38,276	551,048	256,712
Less: amount disclosed under other non-current assets	(18,128)	(38,276)	-	-
	-	**-**	**555,682**	**701,351**

18. REVENUE FROM OPERATIONS

	31 March 2013	31 March 2012
Sale of finished goods		
Crude oil and condensate	2,096,360	1,412,542
Gas	14,031	15,467
Less: Government share of profit petroleum	(359,964)	(246,722)
	1,750,427	1,181,287
Sale of services (tolling income)	1,520	427
Other operating revenue (income received as operator from joint venture)	468	4,351
	1,752,415	**1,186,065**

19. OTHER INCOME

	31 March 2013	31 March 2012
Interest income on		
Bank deposits	26,896	21,774
Current investments	1,585	89
Others	597	203
Dividend income on current investments	9,476	3,003
Gain on sale of current investments (net)	21,765	6,265
Exchange differences (net)*	31,340	61,861
Other non-operating income	11,965	606
	103,624	**93,801**

* net of loss on derivative contracts of ₹ 563 lacs (31 March 2012: ₹ 1,451 lacs)

20. (INCREASE) IN INVENTORIES OF FINISHED GOODS

	31 March 2013	31 March 2012
Inventories at the end of the year	12,534	9,792
Inventories at the beginning of the year	9,792	7,166
	(2,742)	**(2,626)**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

21. EMPLOYEE BENEFIT EXPENSES

	31 March 2013	31 March 2012
Salaries, wages and bonus	45,589	41,597
Contribution to provident fund	2,028	1,836
Contribution to superannuation fund	1,321	1,126
Employee stock option scheme	2,415	1,290
Gratuity expense (Note 28)	1,023	809
Compensated absences	704	525
Staff welfare expenses	4,721	4,451
	57,801	51,634
Less: Cost allocated to joint ventures	(47,476)	(42,740)
	10,325	**8,894**

22. OTHER EXPENSES

	31 March 2013	31 March 2012
Data acquisition and analysis	874	621
Arbitration costs	65	322
Royalty	1,932	2,259
Production bonus	579	636
Legal and professional fees	18,006	20,101
Loss on commodity hedging contracts (net)	-	9,463
Travelling and conveyance	4,985	4,338
Contract employee charges	4,692	4,018
Rent	3,730	3,219
Rates and Taxes	3,209	2,793
Insurance	1,946	1,753
Repairs and maintenance		
Buildings	1,620	864
Others	4,444	2,721
Miscellaneous expenses	13,112	5,876
	59,194	58,984
Less: Cost allocated to joint ventures	(29,046)	(26,012)
	30,148	**32,972**

23. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE

	31 March 2013	31 March 2012
Depreciation of tangible assets	83,242	68,991
Amortization of intangible assets	2,902	1,995
Less: Cost allocated to joint ventures	(4,139)	(3,064)
	82,005	67,922
Depletion on producing facilities	1,02,587	76,108
	1,84,592	**1,44,030**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

24. FINANCE COSTS

	31 March 2013	31 March 2012
Interest	6,722	10,917
Loan facility and management fees	100	11,222
Bank charges	64	127
Exchange difference to the extent considered as an adjustment to borrowing cost	-	383
	6,886	**22,649**
Less: Cost allocated to joint ventures	(20)	(69)
	6,866	**22,580**

25. CHANGE OF CONTROL OF THE COMPANY

The sale of shares of the Company by Cairn UK Holdings Limited and its holding company, Cairn Energy Plc. to Vedanta Resources Plc. and its subsidiaries (collectively the 'Vedanta group') was completed on 8 December 2011 and it resulted in change of control in the management of the Company from that date. Consequently, royalty paid by Oil and Natural Gas Corporation Limited with respect to the RJ-ON-90/1 block has been treated as cost recoverable, as it was one of the pre-conditions imposed by the Government of India for approving the said transaction of sale of shares, resulting in reduction in revenues and profit in the previous year (₹ 10,285 lacs for the period upto 31 March 2011 was disclosed as an exceptional item).

26. SCHEME OF ARRANGEMENT

The shareholders of the Company had approved a Scheme of Arrangement ('Scheme') between the Company and some of its overseas subsidiaries with an appointed date of 1 January 2010 whereby, the Indian businesses of the said subsidiaries were to be transferred to the Company from the appointed date. The said Scheme had received the approvals of the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay in 2010 and was subsequently approved by other relevant regulatory authorities in October 2012. Post receipt of the requisite approvals, the Company has considered the operations of the said subsidiaries from 1 January 2010 as its own operations and accounted for the same in its books of accounts after making necessary adjustments. The adjustment of ₹ 13,665 lacs relating to the period prior to 31 March 2012, on account of differences in tax rates etc., has been accounted for in the current year.

Further, as per the provisions of the Scheme which had also been approved by the Shareholders of the Company, the Company in its standalone financial statements had adjusted goodwill of ₹ 1,016,703 lakhs against the securities premium account which has consequentially been recorded in the consolidated financial statements as well as result both goodwill and securities premium account are stated lower by ₹ 1,016,703 lakhs each. This accounting, although different from that prescribed under the Accounting Standards, is in confirmity with the accounting principles generally accepted in India, as the same has been approved by the Court and has no impact on the profit for the year.

27. EARNINGS PER SHARE (EPS)

	31 March 2013	31 March 2012
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit for the year as per Statement of Profit & Loss	**12,05,639**	**7,93,774**
(used for calculation of both basic and diluted EPS)		
	No. lacs	**No. lacs**
Weighted average number of equity shares in calculating basic EPS	19,089	19,030
Effect of dilution:		
Stock options granted under employee stock options	29	48
Weighted average number of equity shares in calculating diluted EPS	19,118	19,078
Earnings per equity share in ₹ computed on the basis of profit for the year		
Basic	63.16	41.71
Diluted	63.06	41.61

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

28. GRATUITY

Cairn India Group has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	31 March 2013	31 March 2012
Current service cost	609	471
Interest cost on benefit obligation	216	160
Expected return on plan assets	(172)	(129)
Net actuarial (gain) / loss recognized in the year	370	307
Past service cost	-	-
Net benefit expense	**1,023**	**809**
Actual return on plan assets	176	130

Balance sheet

Benefit asset/ liability

	31 March 2013	31 March 2012
Present value of defined benefit obligation	3,676	2,698
Fair value of plan assets	2,353	1,860
Plan asset / (liability)	**(1,323)**	**(838)**

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

	31 March 2013	31 March 2012
Opening defined benefit obligation	2,698	2,000
Current service cost	609	471
Interest cost	216	160
Benefits paid	(221)	(241)
Actuarial (gains) / losses on obligation	374	308
Closing defined benefit obligation	**3,676**	**2,698**

Changes in the fair value of plan assets are as follows:

	31 March 2013	31 March 2012
Opening fair value of plan assets	1,820	1,394
Expected return	172	129
Contributions by employer	578	577
Benefits paid	(221)	(241)
Actuarial gains / (losses)	4	1
Closing fair value of plan assets	**2,353**	**1,860**

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

28. GRATUITY CONTINUED

The Group's expected contribution to the fund in the next year is ₹ 939 lacs (31 March 2012: ₹ 576 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2013	31 March 2012
Investments with insurer	100%	100%

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

	31 March 2013	31 March 2012
Discount rate	8.00%	8.00%
Future salary increase	12.00%	10.00%
Expected rate of return on assets	9.45%	9.40%
Employee turnover	5.00%	5.00%
Mortality rate	IALM (1994-96)	LIC (1994-96)

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	3,676	2,698	2,000	1,619	1,084
Plan assets	2,353	1,860	1,394	970	689
Surplus / (deficit)	(1,323)	(838)	(606)	(649)	(395)
Experience adjustments on plan assets	4	1	4	4	31
Experience adjustments on plan liabilities	(374)	(308)	69	(138)	(120)

The Group is maintaining a fund with the Life Insurance Corporation of India (LIC) to meet its gratuity liability. The present value of the plan assets represents the balance available with the LIC as at the end of the year. The total value of plan assets is as certified by the LIC.

29. EMPLOYEE STOCK OPTION PLANS

Cairn India Group has provided various share based payment schemes to its employees. During the year ended 31 March 2013, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2013	8,298,713	9,208,784	30,112,439	3,593,955	758,370
Method of Settlement	Equity	Equity	Equity	Cash	Cash
Vesting Period	Refer vesting conditions below	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	18 months from vesting date	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

Number of options granted till 31 March 2013

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant					
24-Nov-06	8,298,713	-	-	-	-
01-Jan-07	-	1,708,195	3,467,702	-	-
20-Sep-07	-	3,235,194	5,515,053	-	-
29-Jul-08	-	789,567	3,773,856	822,867	324,548
10-Dec-08	-	-	36,040	-	38,008
22-Jun-09	-	-	-	69,750	-
29-Jul-09	-	994,768	5,405,144	1,230,416*	211,362
27-Jul-10	-	584,144	3,027,463	614,999*	93,572
23-Dec-10	-	-	-	23,645	-
26-Jul-11	-	1,006,415	4,733,714	390,654	66,385
23-Jul-12		890,501	4,153,467	441,624	24,495
Total	8,298,713	9,208,784	30,112,439	3,593,955	758,370

* includes 1,69,944 & 2,60,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during previous year.

The vesting conditions of the above plans are as under-

CISMP plan

(A) 6,714,233 options to be vested in the following manner-
- 1/3rd of the options vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges ('admission date'). Listing date was 9 Jan 2007.
- 1/3rd of the options vest 18 months after the admission date.
- 1/3rd of the options vest on achieving 30 days' consecutive production of over 1,50,000 bopd from the Rajasthan Block.

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

CIPOP plan (including phantom options)

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

CIESOP plan (including phantom options)

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

Details of activities under employees stock option plans

CISMP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	Nil	Nil	2,238,077	33.70
Granted during the year	Nil	NA	Nil	NA
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	Nil	2,238,077	33.70
Forfeited / cancelled during the year	Nil	NA	Nil	NA
Outstanding at the end of the year	Nil	NA	Nil	NA
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 131 .50 (31 March 2012: ₹ 131 .50)

Weighted average share price at the date of exercise of stock options is NA (31 March 2012: ₹ 344.15)

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIPOP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,082,340	10.00	2,147,663	10.00
Granted during the year	890,501	10.00	1,006,415	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	221,029	10.00	856,432	10.00
Forfeited / cancelled during the year	246,449	10.00	1,215,306	10.00
Outstanding at the end of the year	1,505,363	10.00	1,082,340	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 213.64 (31 March 2012: ₹ 202.15)
Weighted average share price at the date of exercise of stock options is ₹ 344.46 (31 March 2012: ₹ 338.79)

CIESOP Plan	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	13,963,416	278.49	12,730,726	246.00
Granted during the year	4,153,467	326.85	4,733,714	327.75
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	2,621,017	223.86	2,384,498	201.94
Forfeited / cancelled during the year	1,524,050	320.70	1,116,526	280.31
Outstanding at the end of the year	13,971,816	298.51	13,963,416	278.49
Exercisable at the end of the year	4,135,249	228.10	2,640,232	205.23

Weighted average fair value of options granted on the date of grant is ₹ 135.23 (31 March 2012: ₹ 126.64)
Weighted average share price at the date of exercise of stock options is ₹ 331.27 (31 March 2012: ₹ 337.97)

CIPOP Plan – Phantom options	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise Price in ₹	Number of options	Weighted average exercise Price in ₹
Outstanding at the beginning of the year	1,038,206	10.00	1,347,429	10.00
Granted during the year	441,624	10.00	820,886	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	672,114	10.00
Forfeited / cancelled during the year	606,141	10.00	457,995	10.00
Outstanding at the end of the year	873,689	10.00	1,038,206	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 329.69 (31 March 2012: ₹ 341.23)
Weighted average share price at the date of exercise of stock options is NA (31 March 2012: ₹ 310.07)

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIESOP Plan – Phantom options	31 March 2013		31 March 2012	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	263,711	278.79	381,578	253.96
Granted during the year	24,495	326.85	66,385	327.75
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	152,002	227.00
Forfeited / cancelled during the year	246,231	275.21	32,250	329.94
Outstanding at the end of the year	41,975	327.86	263,711	278.79
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 141.17 (31 March 2012: ₹ 149.89)
Weighted average share price at the date of exercise of stock options is NA (31 March 2012: ₹ 308.30)

The details of exercise price for stock options outstanding as at 31 March 2013 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	1,505,363	1.83	10.00
CIESOP Plan	143-331.25	13,971,816	1.04	298.51
CIPOP Plan – Phantom options	10.00	873,689	1.37	10.00
CIESOP Plan – Phantom options	326.85-331.25	41,975	1.72	327.86

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

CIPOP Plan	10.00	1,082,340	2.00	10.00
CIESOP Plan	143-331.25	13,963,416	1.01	278.49
CIPOP Plan – Phantom options	10.00	1,038,206	1.40	10.00
CIESOP Plan – Phantom options	240.05-331.25	263,711	0.96	278.79

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 2013	31 March 2012
Total Employee Compensation Cost pertaining to share-based payment plans	2,415	1,290
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	1,198	454
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	1,217	836
Equity settled employee stock options outstanding as at year end	1,712	1,098
Liability for cash settled employee stock options outstanding as at year end	1,390	1,249
Deferred compensation cost of equity settled options	2,625	1,900
Deferred compensation cost of cash settled options	1,147	2,361

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

Inputs for Fair valuation of Employees Stock Option Plans

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

Variables – CIPOP		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the date of grant (₹)	322.60	326.85
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	46.39%	44.25%
Risk free rate	8.37%	8.18%
Time to maturity (years)	3.12	3.12
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	316.80	320.98

Variables – CIESOP		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the date of grant (₹)	322.60	326.85
Vesting date	26-Jul-14	23-Jul-15
Vesting %	100.00%	100.00%
Volatility	46.39%	44.25%
Risk free rate	8.37%	8.18%
Time to maturity (years)	6.50	6.50
Exercise price (₹)	327.75	326.85
Fair Value of the options (₹)	190.16	188.87

Variables – CIPOP Phantom		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price/fair value of the equity shares on the date of grant (₹)	272.45	272.45
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	28.32%	28.87%
Risk free rate	7.70%	7.75%
Time to maturity (years)	1.32	2.31
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	263.42	264.09

Variables – CIESOP Phantom		
Grant date	**26-Jul-11**	**23-Jul-12**
Stock Price of the equity shares on the reporting date (₹)	272.45	272.45
Vesting date	26-Jul-14	23-Jul-15
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	28.32%	28.87%
Risk free rate	7.70%	7.75%
Time to maturity (years)	1.32	2.31
Exercise price (₹)	327.75	326.85
Fair Value of the options (₹)	26.11	47.01

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

29. EMPLOYEE STOCK OPTION PLANS CONTINUED

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

Impact of Fair Valuation Method on net profits and EPS

In March 2005, the Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	31 March 2013	31 March 2012
Profit as reported	1,205,639	793,774
Add: Employee stock compensation under intrinsic value method	2,415	1,290
Less: Employee stock compensation under fair value method	(7,246)	(6,019)
Proforma profit	1,200,808	789,045
Earnings Per Share in ₹		
Basic		
- As reported	63.16	41.71
- Proforma	62.91	41.46
Diluted		
- As reported	63.06	41.61
- Proforma	62.81	41.36

30. LEASES

Finance lease: as lessee

Fixed assets include office equipments and leaseholds improvements obtained under finance lease. The lease term is for 3 to 6 years and renewable for further period/years at the option of the Cairn India Group. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements and there are no subleases.

31 March 2013	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	-	-	-
Due in a period between one year and five years	-	-	-
Due after five y ears	-	-	-
Total	**-**	**-**	**-**

31 March 2012	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	191	184	7
Due in a period between one year and five years	-	-	-
Due after five years	-	-	-
Total	**191**	**184**	**7**

Note: The interest rate on finance lease ranges from 3.77 % to 14.61%

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

30. LEASES CONTINUED

Operating Lease: as lessee

Cairn India Group has entered into operating leases for office premises and office equipments, some of which are cancellable and some are non-cancellable. The leases have a life of 3 to 6 years. There is an escalation clause in the lease agreements during the primary lease period. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents. The information with respect to non cancellable leases are as under:

Particulars	31 March 2013	31 March 2012
Lease payments made during the year	393	449
Within one year of the balance sheet date	343	288
Due in a period between one year and five years	236	397
Due after five years	-	-

31. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship	
Related parties where control exists	
Holding / Ultimate holding company	Vedanta Resources Plc. (w.e.f. 8 Dec 2011)
	Vedanta Resources Holdings Limited (w.e.f. 8 Dec 2011)
	Volcan Investments Limited (w.e.f. 8 Dec 2011)
	Cairn UK Holdings Limited (upto 7 Dec 2011)*
	Cairn Energy Plc. (upto 7 Dec 2011)*
* from 8 December 2011 to 2 July 2012 Cairn Energy Plc. and Cairn UK Holdings Limited only had significant influence over the Company. They ceased to be a related party w.e.f. 2 July 2012.	
Related parties with whom transactions have taken place	
Fellow subsidiaries	Capricorn Energy Limited, UK (upto 7 Dec 2011)**
	Cairn Energy Search Limited, UK (upto 7 Dec 2011)**
	Sterlite Industries (India) Limited (w.e.f. 8 Dec 2011)
	Sesa Goa Limited (w.e.f. 8 Dec 2011)***
	Twin Star Mauritius Holdings Limited (w.e.f. 8 Dec 2011) ***
	Sesa Resources Limited (w.e.f. 8 Dec 2011)
** from 8 December 2011 to 2 July 2012 they were related parties being the subsidiaries of Cairn Energy Plc.	
*** also has significant influence over the Company.	
Key management personnel	P. Elango, Whole Time Director and Interim Chief Executive Officer (from 1 September 2012)
	Rahul Dhir, Managing Director and Chief Executive Officer (upto 31 August 2012)
	Indrajit Banerjee, Executive Director and Chief Financial Officer (upto 23 August 2011)
	Winston Frederick Bott Jr., Executive Director and Chief Operating Officer (upto 15 June 2011)

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

31. 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 2013	31 March 2012
Reimbursement of expenses to related party	Cairn Energy Plc.	-	13
	Sterlite Industries (India) Limited	150	11
	Total	**150**	**24**
Expenses incurred on behalf of related party	Cairn Energy Plc.	-	42
	Capricorn Energy Limited	-	31
	Total	-	**73**
Shares issued including premium and stock option charge	Indrajit Banerjee	-	49
	Rahul Dhir	-	2,827
	Total	-	**2,876**
Dividend Paid	Sesa Goa Limited	17,557	-
	Twin Star Mauritius Holdings Limited	36,944	-
	Sesa Resources Limited	1,635	-
	P. Elango	9	-
	Total	**56,145**	**-**
Remuneration	Rahul Dhir	1,066	5,177
	Winston Frederick Bott Jr.	-	478
	Indrajit Banerjee	-	92
	P. Elango	116	-
	Total	**1,182**	**5,747**

In addition to the above remuneration, incentives and bonus of ₹ 641 lacs (31 March 2012: ₹ 310 lacs), Nil (31 March 2012: ₹ 813 lacs) and Nil (31 March 2012: ₹ 164 lacs) were paid to Rahul Dhir, Winston Frederick Bott Jr. and Indrajit Banerjee respectively. Remuneration to the key management personnel does not include provisions made for gratuity and leave benefits, as the same is determined on an actuarial basis for the Cairn India Group as a whole. However, a sum of Nil (31 Mar 2012: ₹ 8 lacs) was paid to Indrajit Banerjee towards leave benefits on cessation of employment.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2013	31 March 2012
Other current liabilities including trade payables	Capricorn Energy Limited	-	202
	Sterlite Industries (India) Limited	14	10
	Total	**14**	**212**
Loans & Advances	Cairn Energy Plc.	-	53

32. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Cairn India Group's share of Joint Ventures' Exploration activities and Development activities – ₹ 21,020 lacs (31 March 2012: – ₹ 3,847 lacs) and ₹ 136,722 lacs (31 March 2012: – ₹ 87,427 lacs) respectively.

Other commitments

Cairn India Group's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - ₹ 20,285 lacs (31 March 2012: – ₹ 40,807 lacs).

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

33. CONTINGENT LIABILITIES

a. Ravva Joint Venture Arbitration proceedings : Base Development Cost

Ravva joint venture had received a claim from the Director General of Hydrocarbons (DGH) for the period from 2000-2005 for USD 166.4 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Company's share will be USD 37.4 million (approximately ₹ 16,880 lacs) [31 March 2012: USD 37.4 million (approximately ₹ 16,880 lacs)] plus potential interest at applicable rate (LIBOR plus 2% as per PSC).

This claim relates to the Indian Government's allegation that the Ravva JV had recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV had also allowed these excess costs in the calculation of the Post Tax Rate of Return (PTRR). Joint venture partners initiated the arbitration proceedings and Arbitration Tribunal published the Award on 18 January 2011 at Kuala Lumpur, allowing Claimants (including the Company) to recover the Development costs spent to the tune of USD 278 million and disallowed over run of USD 22.3 million spent in respect of BDC along with 50% legal costs reimbursable to the Joint venture partners. High Court of Kuala Lumpur dismissed Government of India's (GOI) application of setting aside the part of the Award on 30 August 2012 with costs. However, GOI's counsel served notice of appeal filed before Court of Appeal against the High Court's order.

b. Service tax

The Company has received five show cause notices from the tax authorities in India for non payment of service tax as a recipient of services from foreign service providers, against which replies have already been filed before the authorities.

These notices cover periods from 1 April 2006 to 31 March 2011. A writ petition has been filed with Chennai High Court challenging the scope of some services in respect of first show cause notice (1 April 2006 to 31 March 2007).

Should future adjudication go against the Company, it will be liable to pay the service tax of approximately ₹ 11,248 lacs (31 March 2012: ₹ 11,248 lacs) plus potential interest of approximately ₹ 9,013 lacs (31 March 2012: ₹ 6,603 lacs), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company is operator.

c. Tax holiday on gas production

Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

The Company filed a writ petition to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately ₹ 24,317 lacs (31 March 2012: ₹ 24,258 lacs).

d. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 664 Lacs (31 March 2012: ₹ 165 Lacs) plus penalty and interest which the Company has contested before the Deputy Commissioner. The Company believes that this levy is not constitutionally valid and its writ petition in this regard is pending before the Honorable Rajasthan High Court.

ii) Other claims against the Company not acknowledged as debts amounts to ₹ 1,500 lacs (31 March 2012: Nil).

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (d) above are not probable and accordingly no provision has been considered necessary there against.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

34. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Cairn India Group has taken USD put/₹ call options aggregating to Nil (31 March 2012: USD 5,150 lacs, equivalent to ₹ 243,000 lacs) and forward contracts for sale of Nil (31 March 2012: USD 100 lacs, equivalent to ₹ 5,032 lacs).

Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet date

Particulars	31 March 2013	31 March 2012
Trade receivables	228,519	149,684
Investments	1,024	1,423
Cash and bank balances	547,879	558,593
Other assets	8,503	31,289
Loans and advances	264,027	236,855
Other current liabilities including trade payables	142,165	64,837

35. The Board, subject to the approval of shareholders, has appointed Mr. P. Elango, Interim Chief Executive Officer, as a Whole Time Director of the Company with effect from 21 January 2013.

36. OIL & GAS RESERVES AND RESOURCES

Cairn India Group's gross reserve estimates are based on forecast production profiles over the remaining life of the field, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The management's internal estimates of hydrocarbon reserves and resources at the year end is as follows-

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net working interest proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Rajasthan MBA Fields	2,193	2,090	636	636	445	445
Rajasthan MBA EOR	-	-	270	308	189	216
Rajasthan Block Other Fields	2,005	2,088	181	178	126	125
Ravva Fields	681	690	50	70	11	16
CBOS/2 Fields	209	182	20	13	8	5
Other fields*	553	792	130	426	93	99
Total	**5,641**	**5,842**	**1,287**	**1,631**	**872**	**906**

*31 March 2012 includes KG-DWN-98/2, participating interest of which was sold during the year.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

36. 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 (mmstb)	Gas (bscf)	Oil (mmstb)	Gas (bscf)
Reserves as of 1 April 2011*	304.60	20.17	138.94	20.17
Additions / revision during the year	59.96	2.21	94.10	2.21
Production during the year	35.92	7.22	35.92	7.22
Reserves as of 31 March 2012**	**328.64**	**15.16**	**197.12**	**15.16**
Additions / revision during the year	(3.33)	8.98	31.00	7.57
Production during the year	45.74	5.56	45.74	5.56
Reserves as of 31 March 2013***	**279.57**	**18.58**	**182.38**	**17.17**

* Includes probable oil reserves of 55.93 mmstb (of which 26.7 mmstb is developed) and probable gas reserves of 9.45 bscf (of which 9.45 bscf is developed)

** Includes probable oil reserves of 87.03 mmstb (of which 51.39 mmstb is developed) and probable gas reserves of 6.40 bscf (of which 6.40 bscf is developed)

*** Includes probable oil reserves of 74.07 mmstb (of which 35.76 mmstb is developed) and probable gas reserves of 11.06 bscf (of which 9.70 bscf is developed)

mmboe = million barrels of oil equivalent
mmstb = million stock tank barrels
bscf = billion standard cubic feet
1 million metric tonnes = 7.4 mmstb
1 standard cubic meter =35.315 standard cubic feet
MBA = Mangala, Bhagyam & Aishwarya
EOR = Enhanced Oil Recovery

37. SEGMENTAL REPORTING

Business segments

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

Geographical segments

Cairn India Group's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The figures appearing in these financial statements relate to operations in the Indian sub-continent except for an unsuccessful exploration expenditure of ₹ 7,267 lacs (31 March 2012: Nil) incurred in South Africa.

Notes to Consolidated Financial Statements Continued

FOR THE YEAR ENDED 31 MARCH 2013

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

38. PREVIOUS YEAR FIGURES

Cairn India Group has reclassified and regrouped the previous year figures to confirm to this year's classification.

As per our report of even date

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

per Raj Agrawal
Partner
Membership No. 82028

Place: Gurgaon
Date: 22 April 2013

For and on behalf of the Board of Directors

Navin Agarwal
Chairman
DIN 00006303

P. Elango
Interim CEO and
Whole Time Director
DIN 06475821

Aman Mehta
Director
DIN 00009364

Sudhir Mathur
Chief Financial Officer

Neerja Sharma
Director-Risk Assurance &
Company Secretary

Financial Information of Subsidiary Companies

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

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8 February 2011 and 21 February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries is given below:

Sr. No.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding Investments in Subsidiaries)	Details of Investment	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed dividend
1	Cairn Exploration (No.7) Limited	-	(154)	9	9	-	-	-	(165)	-	(165)	NIL
2	Cairn Exploration (No.4) Limited	-	3	3	3	-	-	-	(0)	-	(0)	NIL
3	Cairn Exploration (No.2) Limited	-	(339)	3	3	-	-	-	(324)	-	(324)	NIL
4	Cairn Energy Discovery Limited	20	(134)	-	-	-	-	-	(47)	-	(47)	NIL
5	Cairn Energy Hydrocarbons Limited	213,995	659,917	1,344,800	1,344,800	379	Mutual Funds	832,338	566,442	(2,938)	569,380	NIL
6	Cairn Energy Petroleum India Limited	-	-	-	-	-	-	-	-	-	-	NIL
7	Cairn Energy Holdings Limited	190,268	(190,759)	3,127	3,127	124	Mutual Funds	(23)	182	-	182	NIL
8	Cairn Energy Netherlands Holdings B.V.	535	(340)	264	264	89	Mutual Funds	-	(101)	-	(101)	NIL
9	Cairn Energy Group Holdings B.V.	394	(225)	173	173	6	Mutual Funds	-	(8)	-	(8)	NIL
10	Cairn Energy India Holdings B.V.	8	5	13	13	12	Mutual Funds	-	4	-	4	NIL
11	Cairn Energy Gujarat Holding B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
12	Cairn Energy Gujarat B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
13	Cairn Energy India West Holding B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
14	Cairn Energy India West B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
15	Cairn Energy Cambay Holding B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
16	Cairn Energy Cambay B.V.	8	(8)	-	-	-	-	-	-	-	-	NIL
17	Cairn Energy Australia Pty Limited	369,608	(369,612)	260	260	79	Mutual Funds	-	(205)	-	(205)	NIL
18	CEH Australia Limited	63,457	-	-	-	-	-	-	-	-	-	NIL
19	CEH Australia Pty Limited	63,457	-	-	-	-	-	-	-	-	-	NIL
20	Cairn Energy Asia Pty Limited	200,285	(200,246)	39	39	10	Mutual Funds	-	25	-	25	NIL
21	Wessington Investments Pty. Limited	1,945	(1,945)	-	-	-	-	-	-	-	-	NIL
22	Cairn Energy Investments Australia Pty Limited	224,191	(224,191)	-	-	-	-	-	-	-	-	NIL
23	Sydney Oil Company Pty. Limited	209,921	(209,921)	-	-	-	-	-	-	-	-	NIL
24	Cairn Energy India Pty Limited	-	1	1	1	-	Mutual Funds	-	(1,376)	-	(1,376)	NIL
25	Cairn India Holdings Limited	355,554	871,565	1,227,142	1,227,142	326	Mutual Funds	-	531,000	-	531,000	NIL
26	Cairn Energy Gujarat Block 1 Limited	-	674	803	803	-	-	-	(69)	-	(69)	NIL
27	Cairn Exploration (No.6) Limited	-	(5)	7	7	-	-	-	(7)	-	(7)	NIL
28	Cairn Lanka Private Limited	82,974	(61,329)	57,297	57,297	-	-	-	(31,594)	-	(31,594)	NIL
29	CIG Mauritius Holding Pvt Limited	94,855	(107)	94,748	94,748	-	-	-	(20)	-	(20)	NIL
30	CIG Mauritius Private Limited	94,737	(69)	83,014	83,014	-	-	-	(16)	-	(16)	NIL
31	Cairn South Africa Proprietary Limited	217	(7,294)	159	159	-	-	-	(7,294)	-	(7,294)	NIL

Exchange Rate As on 31 March 2013, 1 USD = ₹ 54.39

For and on behalf of the Board of Directors

Navin Agarwal Chairman, DIN 00006303

Aman Mehta Director, DIN 00009364

P. Elango Interim CEO and Whole Time Director, DIN 06475821

Neerja Sharma Director-Risk Assurance & Company Secretary

Place: Gurgaon Date: 22 April 2013

Glossary

2D, 3D, 4D	Two Dimensional, Three Dimensional, Four Dimensional
2P	Proved plus Probable
3P	Proved plus Probable and Possible
ADR	American Depository Receipt
AGM	Annual General Meeting
AS	Accounting Standard
ASP	Alkali Surfactant Polymer
bcf	billion standard cubic feet
bnbbls	billion barrels
bnboe	billion barrels of oil equivalent
Board	The Board of Directors of Cairn India Limited
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
BSE	Bombay Stock Exchange Ltd
CAGR	Compounded Annual Growth Rate
CEA	Central Environmental Authority
CEC	Cairn Enterprise Centre
CEIL or CEIPL	Cairn Energy India Pty Limited
CIESOP	Cairn India Employee Stock Option Plan
CIG	Cairn India Group
CIHL	Cairn India Holdings Limited
CIL or The Company	'Cairn India', 'Cairn India subsidiary', 'the Company' refers to Cairn India and its subsidiary(ies).
CIMS	Cairn Incident Management System
CIPOP	Cairn India Performance Option Plan
CISMP	Cairn India Senior Management Plan
CO_2	Carbon Dioxide
CPT	Central Processing Terminal, Mangla
CR	Corporate Responsibility
CRMS	Corporate Responsibility Management System
CSR	Corporate Social Responsibility
CY	Calendar Year
DCS/SCADA	Distributed Control Systems/Supervisory Control and Data Acquisition
D&M	DeGolyer and MacNaughton
DA	Development Area
DGH	Directorate General of Hydrocarbons
DGMS	Directorate General of Mines Safety
E & P	Exploration and Production
EGM	Extraordinary General Meeting
EIA	Environmental Impact Assessment
EMP	Environment Management Plan
EMS	Environment Management System
EOR	Enhanced Oil Recovery
EPS	Earnings per share
ERP	Emergency Response Plan
ESOP	Employee Stock Option Plan
EUR	Expected Ultimate Recovery
FBT	Fringe Benefit Tax
FDP	Field Development Plan
FY	Financial Year
FY2012	Financial Year ending 31 March, 2012
FY2013	Financial Year ending 31 March, 2013
FY2014	Financial Year ending 31 March, 2014
GDR	Global Depository Receipt
GHG	Green House Gas
GIIP	Gross Initial In-Place
GoI	Government of India
H1	First Half
HIIP	Hydrocarbons Initially In Place
HSE	Health, Safety and Environment
HSEA	Health, Safety, Environment & Assurance
ICAI	Institute of Chartered Accounts of India
IFRS	International Financial Reporting Standards
INR	Indian Rupees
IPO	Initial Public Offering
ISO	International Organisation for Standardization
JV	Joint Venture
Km	Kilometre
Km^2	Square Kilometre
KPI	Key Performance Indicator
LIBOR	London Inter Bank Offered Rate
LTI	Loss Time Injury
LTIFR	Lost Time Injury Frequency Rate
LTIP	Long Term Incentive Plans
MARS	Mangala, Aishwariya, Raageshwari and Saraswati
MAT	Minimum Alternate Tax
MBA	Mangala, Bhagyam and Aishwariya
MBARS	Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati

Glossary

MDP	Mangala Development Pipeline
MEPA	Marine Environment Protection Agency
ML	Mining Lease
mmbbls	million barrels
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
MoPNG	Ministry of Petroleum and Natural Gas
MW	Mega Watt
MWh	Mega Watt Hour
NARA	National Aquatic Resources Research and Development Agency
NCD	Non-convertible debentures
NELP	New Exploration Licensing Policy
NGO	Non-Governmental Organisation
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
OCS	Outer Continental Shelf
OGP	International Association of Oil & Gas Producers
OHSAS	Occupational Health & Safety Advisory Services
OISD	Oil Industry Safety Directorate
ONGC	Oil and Natural Gas Corporation Limited
OSCP	Oil Spill Contingency Plan
PAT	Profit After Tax
PEL	Petroleum Exploration License
PMS	Performance Management System
PSC	Production Sharing Contract
PRS	Production Reporting System
PSU	Public Sector Undertaking
PTRR	Post Tax Rate of Return
PWRI	Produced Water Re Injection
Q	Quarter
QMS	Quality Management System
R&D	Research and Development
RoU	Right of Use
SBPL	Salaya-Bhogat Pipeline
SEBI	Securities and Exchange Board of India
SEHMS	Skin Effect Heat Management System
SPM	Single Point Mooring
STOIIP	Stock Tank Oil Initially in Place
TRCFR	Total Recordable Case Frequency Rate
US$	United States Dollar
WAT	Wax Appearance Temperature

Notes

Notes

COMPANY INFORMATION

BOARD OF DIRECTORS

Navin Agarwal (Chairman)
Tarun Jain
Priya Agarwal
Naresh Chandra
Dr. Omkar Goswami
Aman Mehta
Edward T Story
P. Elango (Interim Chief Executive Officer & Whole Time Director)

BOARD COMMITTEES

Audit Committee

Aman Mehta (Chairman)
Naresh Chandra
Dr. Omkar Goswami
Edward T Story
Tarun Jain

Remuneration Committee

Naresh Chandra (Chairman)
Aman Mehta
Dr. Omkar Goswami
Navin Agarwal
Tarun Jain

Nomination Committee

Navin Agarwal (Chairman)
Tarun Jain
Edward T Story

Shareholders'\Investors' Grievance Committee

Dr. Omkar Goswami (Chairman)
Edward T Story
Tarun Jain

DIRECTOR RISK ASSUARANCE & 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 I Deutsche Bank
Citibank I JP Morgan Chase Bank N.A.
HDFC Bank I ICICI Bank

STOCK EXCHANGES LISTED ON

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Tel +91 22 2272 1233/4
Fax +91 22 2272 1919

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra (E),
Mumbai- 400 051
Tel +91 22 2659 8100-8114
Fax +91 22 2659 8120

REGISTERED OFFICE

101, West View
Veer Savarkar Marg
Prabhadevi
Mumbai 400 025, India
Tel +91 22 2433 8306
Fax +91 22 2431 1160

CORPORATE OFFICE

3rd & 4th Floors, Vipul Plaza
Suncity, Sector 54
Gurgaon 122 022, India
Tel +91 124 459 3000
Fax +91 124 288 9320

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West)
Mumbai 400 078, India

RECOGNITION

The Company was adjudged the fastest-growing energy company in the world at the Platts Top 250 Energy Company Awards 2012.

The Company won 16 awards in the 26th Mines Safety week 2012 under the aegis of Directorate General of Mines Safety (DGMS), Ajmer.

Raageshwari Oil Mine won the runners up award at the National Safety Awards (Mines), 2010 held by GoI last year for Lowest Injury Frequency Rate per lakh Man Shifts in Oil Mines Category.

Ravva asset won the Platinum Award under the FICCI Safety Excellence Awards for Manufacturing 2012.

Cairn India won PetroFed's "Oil & Gas Pipeline Transportation – Company of the Year 2012"award.

Cairn India won the Golden Peacock Award for Excellence in Corporate Governance for 2012

Cairn India was honoured with 4 EDGE awards for demonstrating best use of technology. EDGE (Enterprises Driving Growth and Excellence) is an initiative by the reputed IT magazine Information Week.

Cairn India won CMO Asia Award 2012 for best practices in Corporate Social Responsibility.

Cairn India won 3 ET NOW Talent & HR Leadership awards - Organisation with Innovative HR practices, Best Talent Management Strategy and CHRO of the year.


CRISIL
RESEARCH

Portfolio Credit Quality Analysis

Very Good
Portfolio Credit Quality

Cairn India Limited

CRISIL Research certifies that for the **Financial Year 2012-13**, the overall credit quality of Cairn India Limited's treasury portfolio of fixed income investments has been consistently evaluated as **'Very Good'** (highest safety from credit default on CRISIL's 4 point scale).

Sandeep Sabharwal
Senior Director, Capital Markets
CRISIL Research

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