CAIRN

Energy for India

Securing Energy Fuelling Growth

2009–10

ANNUAL REPORT & FINANCIAL STATEMENTS

Contents

THE HEADLINES FOR FINANCIAL YEAR 2009-10

The operational activity was largely focused on the development of the Mangala Processing Terminal (MPT) at Barmer, Rajasthan and the crude oil pipeline. The MPT is designed to process crude from the Mangala, Bhagyam and Aishwariya (MBA) fields and will have a capacity to handle 205,000 barrels of oil per day (bopd) of crude with scope for further expansion.

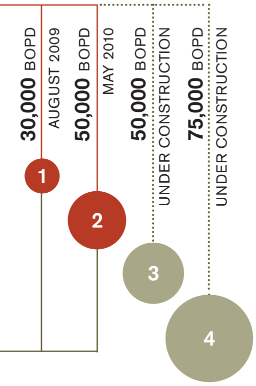
The MPT consists of four processing trains

Train One, with a capacity of 30,000 bopd, was commissioned on 29 August, 2009, with crude oil being trucked to the Kandla port for shipping to both Public Sector Undertaking (PSU) and private refiners.

Train Two, with a capacity of 50,000 bopd, commenced production in May 2010.

Train Three, with a capacity of 50,000 bopd, will be completed by June 2010.

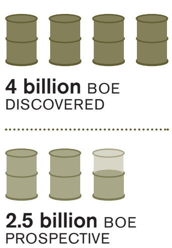
Train Four, with a capacity of 75,000 bopd, is expected to come on stream in CY 2011.



The ~590 km heated and insulated crude oil pipeline from Barmer in Rajasthan to Salaya in Gujarat is complete. Crude oil was introduced into the pipeline in May 2010. By June 2010, it will supply crude to private refiners and to Indian Oil Corporation Limited in early July, 2010.

Sales arrangements are in place for 143,000 bopd of Rajasthan crude.

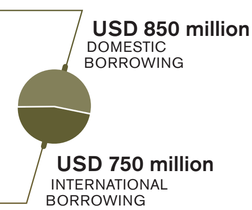
81 wells including six horizontals have been drilled. Horizontal wells tested at an average rate of more than 11,500 bopd, the highest ever production rate for an onshore well in India.

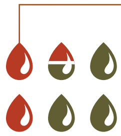


The potential resource base for the Rajasthan block is now estimated to be 6.5 billion barrels of oil equivalent (boe) in place. The discovered resource base has increased from 3.7 billion boe to 4 billion boe in place. As a result of the exploration potential, the prospective resource base is now estimated at 2.5 billion boe in place.

The Rajasthan resources provide a basis for a vision to produce 240,000 bopd, subject to Government of India (GoI) approval and additional investment.

The Rajasthan project is now well funded, with Cairn India having completed the financing arrangements for USD 1.6 billion at competitive pricing — comprising international borrowing of USD 750 million and domestic borrowing of INR 4,000 crore (USD 850 million).





Gross operated production was 69,059 barrels of oil equivalent per day (boepd) and net working interest was 24,957 boepd. This takes into account the Rajasthan production from 29 August, 2009.

Board of Directors

SIR BILL GAMMELL

Chairman and Non-Executive Director

Sir Bill Gammell, 57, holds a BA in Economics and Accountancy from Stirling University and was awarded a knighthood in 2006 for services to the industry in Scotland. He has over 25 years of experience in the international oil and gas industry. He founded Cairn Energy PLC and was appointed Chief Executive on its initial listing in 1988. He is the Chairman and Non-Executive Director of Cairn India Limited and is a member of the Asia Task Force and the UK India Business Council. Sir Gammell, who is an ex-Scotland rugby internationalist, is also Chairman of Winning Scotland Foundation and a Director of Sport Scotland and Glasgow 2014 Limited and a member of the British Olympic Advisory Board.

MR RAHUL DHIR

Managing Director and CEO

Mr Rahul Dhir, 44, joined Cairn India in May 2006 as the Chief Executive Officer and was appointed the Managing Director on 22 August, 2006. He completed his degree in Bachelor of Technology from the Indian Institute of Technology, Delhi. He went on to complete his M.Sc from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania. Mr Dhir started his career as an oil and gas reservoir engineer before moving into investment banking. He has worked at SBC Warburg, Morgan Stanley and Merrill Lynch. Before joining Cairn India, he was the Managing Director and Co-Head of Energy and Power Investment Banking at Merrill Lynch.

MR RICK BOTT

Executive Director and COO

Mr Rick Bott, 50, was appointed as Additional Director on 29 April, 2008 and assumed office of Executive Director and Chief Operating Officer with effect from 15 June, 2008. Mr Bott holds a B.S in Marine Sciences and Masters in Geology from Texas A&M. Mr Bott has global exploration and production experience of more than 21 years and has served in several senior positions in Ocean Egypt Companies, Ocean Yemen Corporation, British Gas, and Tenneco. Before joining Cairn India, he was Vice President of Devon Energy's International Division, responsible for developing and implementing business growth and exploration strategy for assets in 12 countries outside of North America.

MR INDRAJIT BANERJEE

Executive Director and CFO

Mr Indrajit Banerjee, 54,was appointed as an Additional Director on 26 February, 2007 and as the Executive Director and Chief Financial Officer on 1 March, 2007. He graduated from the University of Calcutta with a Bachelor's Degree in Commerce. An associate member of the Institute of Chartered Accountants of India, Mr Banerjee started his career at PriceWaterhouse Coopers in Calcutta in 1979. He has held several senior positions throughout his career, including 17 years at the Indian Aluminium Company, formerly part of the Alcan Group and at Lucent Technologies (India). Before joining Cairn India, he was President-Finance and Planning at Lupin Limited.

MR AMAN MEHTA

Non-Executive and Independent Director

Mr Aman Mehta, 63, is an economics graduate from Delhi University. He was earlier the Chief Executive Officer of HSBC Asia Pacific until 2003. Mr Mehta is currently an independent non-executive director of several public companies in India as well as overseas. Besides this he is also a member of the Advisory Council of INSEAD, France and International Advisory Boards of Prudential Inc., USA and CapitaLand Ltd. of Singapore.

MR NARESH CHANDRA

Non-Executive and Independent Director

Mr Naresh Chandra, 75, holds an MSc. in Mathematics from Allahabad University and is a retired IAS officer.Previously, Mr Chandra was the Chairman of the Committee on Corporate Governance, India's Ambassador to the USA, 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.

DR OMKAR GOSWAMI

Non-Executive and Independent Director

Dr Omkar Goswami, 53, holds a Master of Economics Degree from the Delhi School of Economics. He is a D.Phil. in Economics from Oxford University. He has authored various books and research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate finance, corporate governance, public finance, tax enforcement and legal reforms.

MR EDWARD T STORY

Non-Executive and Independent Director

Mr Edward T Story, 66, is a science graduate from Trinity University, San Antonio, Texas and holds a Masters degree in Business Administration from the University of Texas and has been conferred an honorary Doctorate degree by the Institute of Finance and Economics of Mongolia. He is the Chairman of the North America Mongolia Business Council. Mr Story has more than 40 years of experience in the international oil and gas industry and is the founder, President and Chief Executive Officer of the LSE listed SOCO International PLC.

MS JANN BROWN

Non-Executive Director

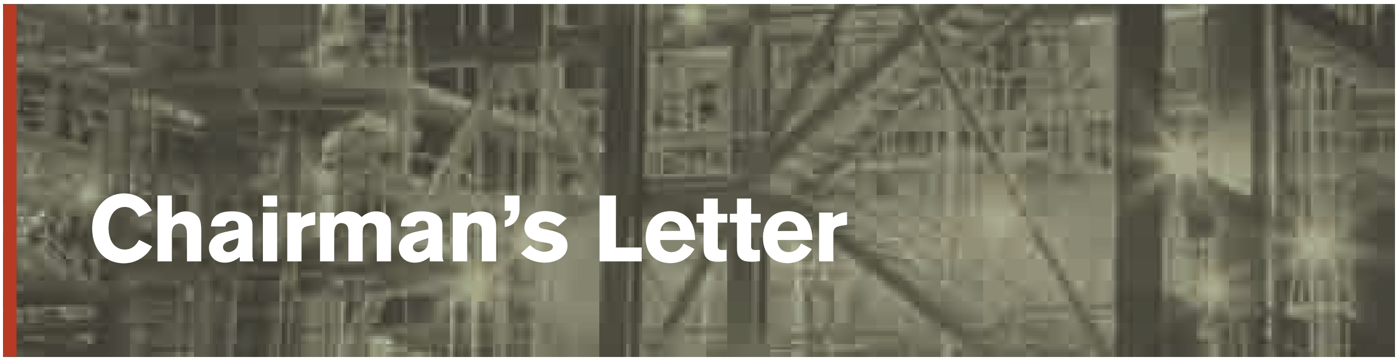
Ms Jann Brown, 55, was appointed Finance Director of Cairn Energy PLC in 2006 and is also a Non-Executive Director of Cairn India Limited. She holds an MA degree from Edinburgh University and joined Cairn Energy PLC in 1998 after a career in the accountancy profession, mainly with KPMG. Prior to her appointment as Finance Director, she served on the Group Management Board for seven years. She is a member of the Institute of Chartered Accountants of Scotland and the Chartered Institute of Taxation. She is the Senior Independent Director of Hansen Transmissions International NV, a Belgian engineering company, which is listed on the London Stock exchange.

MR MALCOLM SHAW THOMS

Non-Executive Director

Mr Malcolm Shaw Thoms, 54, holds a BSc Hons degree in Physics from Edinburgh University. He is an MBA from Heriot-Watt University and is currently trustee of the University of Edinburgh Development Trust. He started his career in the oil industry with Schlumberger and became the manager of their businesses in Qatar and Brunei. He joined Cairn Energy PLC in 1989 and held a number of senior management positions prior to his appointment as Executive Director in 2000. Currently, the Chief Operating Officer of Cairn Energy PLC, Mr Thoms is a Non-Executive Director of Cairn India Limited and has recently been appointed as a Non-Executive Director of Agora Oil & Gas AS.

NIGHT VIEW OF TRAIN ONE FACILITIES AT THE MANGALA PROCESSING TERMINAL



Chairman's Letter

Dear Shareholder,

Your company is helping to play a part in meeting the energy security needs of India with oil and gas production from its operations across the country. While consumption of oil across the globe in the last year has dipped, it continues to rise in India. The International Energy Agency, a policy and research group based in Paris, has forecast in November 2009 that India's energy demand would more than double by 2030. With GDP in India predicted to continue at its current rate the country will need energy to help meet its economic growth. Your company ultimately has the potential to produce more than 20 percent of India's crude output that will go towards meeting the country's energy needs. The development in Rajasthan has a key role to play in the energy security plans of the country.

First oil from Rajasthan in August 2009 and the subsequent flow of crude through the world's longest continuously heated and insulated oil pipeline has been the culmination of a journey of partnership and co-operation between your Company and the Government of India, the Government of Rajasthan, the Government of Gujarat, the Oil and Natural Gas Corporation (ONGC) and other stakeholders.

It was a great honour to have the Honourable Prime Minister of India, Dr Manmohan Singh, inaugurate the Mangala Processing Terminal on 29 August, 2009. It was a proud day for everybody involved in the growth of Cairn India.

Six years on from the major discovery of Mangala in January 2004, the development in Rajasthan is starting to deliver for the government and the people of India. It has been a huge achievement to develop this project in the middle of a desert, and to construct the pipeline from Rajasthan to the coast of Gujarat, which will eventually allow access to 75 per cent of India's refining capacity.

At the peak of construction, more than 16,000 people were involved in building the Mangala Processing Terminal, the pipeline and related infrastructure — making it one of the biggest oil and gas production developments in India in recent years.

When the Rajasthan fields are on production at the current approved peak production plateau rate of 175,000 bopd, Cairn India, along with its joint venture partner ONGC, will account for more than 20 per cent of India's overall oil output. Your Company has a belief and vision that, subject to further investment and approval from the Government of India, the Barmer Basin can produce 240,000 bopd.

The Mangala field is one of the 25 discoveries that have been made in the Barmer Basin, and I look forward to many long years of production as additional fields are appraised, developed and tied in to this world-class infrastructure.

Working effectively with government agencies and partners is fundamental wherever we operate. But the Rajasthan development has meant even more intense and continuous co-operation. The support of the Government of India, the state governments, ONGC, local communities and key contractors has been vital in helping complete this national asset. I would personally like to thank all who have played their part in developing this key project for the country.

With a strong and sustainable cash flow, Cairn India is well positioned for future growth. It is focused on maximising value from the phased development of the Rajasthan resource base in the coming years.

May your Company thrive—and with it, India.

Sir Bill Gammell
Chairman

Managing Director and CEO's Letter

Dear Shareholder,

I write this letter with a sense of fulfilment. The management of Cairn India Limited, with the support of our joint venture partner, ONGC, has delivered its promise of supplying crude oil to our nation.

On 29 August, 2009, Dr Manmohan Singh, the Honourable Prime Minister of India, inaugurated the Company's first oil from the Mangala Processing Terminal at Barmer, and dedicated the field to the nation. Initially, the oil from Train One of up to 30,000 bopd was being trucked to different refineries. In May 2010, Train Two with a capacity of 50,000 bopd was commissioned. In June 2010, the ~590 km heated pipeline from Barmer to Salaya in Gujarat was made operational. As I write, oil is flowing through this pipeline to Indian Oil Corporation and private refiners. And Train Three, with a capacity of another 50,000 bopd, has become operational.

By the time you read this, your Company will be in a position to produce 130,000 bopd from Barmer. By next year, Cairn India's production from Rajasthan will be at 175,000 bopd — or over a fifth of India's crude oil output.

It has been an incredible journey. As I look back over the last two years, it has been the story of a team of committed and dedicated people overcoming one challenge after another.

Think about it: More than 16,000 people working in deserts of Rajasthan and northern Gujarat where the day temperature soars to between 46°C and 51°C. Ensuring each of the many thousand processes and parts were up and ready in time, despite huge infrastructure constraints, was a huge achievement. Consider some of the big elements of the project:

- **Setting up various wells at Mangala,** using the latest technology to get not only the maximum throughput but also the maximum life out of each well
- **Securing the gas supply which is 90 km** away from the Mangala Processing Terminal to fire the boilers to drive the steam turbines at the processing terminal and to heat the pipeline
- **Piping saline water from a sub-surface reservoir** to be used to pump out the crude and to be desalinated, creating steam and drinking water
- **Constructing a state-of-the-art processing terminal at Mangala** with thousands of different elements and equipment — a terminal that can process up to 205,000 bopd, with flexibility for further expansion
- **Creating a massive closed loop system** to conserve and re-use environmental resources in the most energy efficient manner
- **Building a ~590 km continuously heated and insulated 24" pipeline** from Barmer in Rajasthan to Salaya in Gujarat with a terminal at Viramgam and 36 heating stations approximately 18 km apart along the route. The next segment to the coast at Bhogat will follow soon.

That's not all. Consider the kind of cutting edge technologies that your Company has put to use: the drilling of horizontal wells, pad-based drilling, rapid rigs and world-class well designs, enhanced oil recovery, skin effect heat management system using electric heat induction technology to heat the length of the pipeline at a constant temperature above 65°C, hydro-fracturing of less permeable reservoirs, and many others. All these have been tested, modified, optimised and implemented in your Company's Rajasthan project.

These activities — both in the upstream and midstream — cost a great deal of money. The challenge, therefore, was to secure funds at globally competitive rates. At a time when the world was reeling under the financial crisis, your

Company's management succeeded in raising USD 1.6 billion at internationally competitive rates — International borrowing facility of USD 750 million and domestic borrowing facility of INR 4,000 crore (USD 850 million). This has been used to repay the existing debt of USD 850 million and fund the ongoing projects in Rajasthan. It was a great honour that this financing arrangement was awarded the Oil & Gas Deal of the Year (in Asia).

It is one thing to pump and flow the oil, and to finance it; it is yet another to find the buyers. Here too, your Company has performed very well. It has secured approval of multiple delivery points, got the green light for selling to private sector refineries, locked in multiple buyers, achieved a pricing benchmarked to low sulphur international crude at a 10% to 15% discount to Dated Brent, and has already got commitments for 143,000 bopd as of 31 March, 2010.

Thanks to an outstanding job executed by your Company's upstream and midstream teams, the operating expense of Rajasthan — including the pipeline — is estimated at ~USD 5 per barrel. Even after adding the interest and overhead charges, the cost of Rajasthan oil will be in the neighbourhood of USD 10 per barrel. Therefore, under any realistic pricing scenario, your Company should generate returns for all its stakeholders.

Today, it is not enough to be operationally successful and therefore profitable. Companies like ours must consciously strive to meet societal goals. I am proud to say that Cairn India has played a leading role in this front — from the perspective of both the environment and corporate social responsibility. The chapter on Management Discussion and Analysis, a part of this Annual Report gives a summary of your Company's achievements in occupational health, safety and environment (HSE). And a separate chapter on corporate social responsibility (CSR) lists the various initiatives that Cairn India carries out in this regard. I am as satisfied with your Company's HSE and CSR activities as I am with its operations in Rajasthan, Ravva and Cambay.

You will read about all these and more in the chapters that follow. It is now required of me to thank six sets of stakeholders.

- **First,** the Government of India, the Government of Rajasthan and the Government of Gujarat, who have been exemplary in their support
- **Second,** the people, local communities, non-governmental organisations and district authorities in Rajasthan and Gujarat, who have co-operated and worked with us throughout the period
- **Third,** ONGC,our partner in the Rajasthan project, without whose steady and supporting hand little could have been achieved
- **Fourth,** the various suppliers, contractors and contracting companies that helped set up the Mangala Processing Terminal and the pipeline
- **Fifth,** the team leaders and each and every employee of Cairn India, who together ensured that we will overcome all odds and forge ahead
- **And finally,** to you, for your faith in Cairn India's ability to deliver long term value.

It has been a great journey. And it will be even better in the years to come. Stay with us!

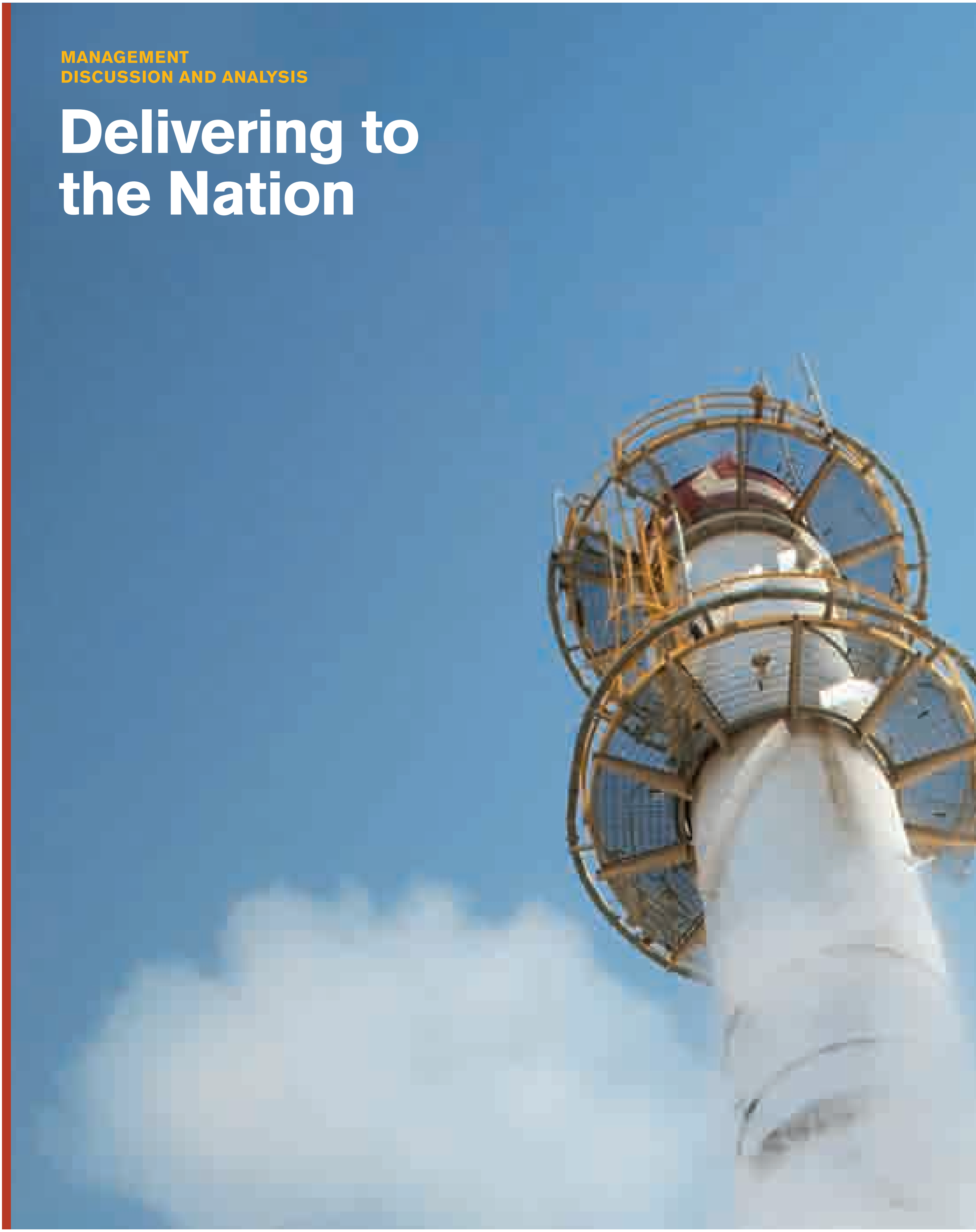
Thank you for your support.

Rahul Dhir
Managing Director and CEO

It has been the story of a team of committed and dedicated people overcoming one challenge after another

MANAGEMENT
DISCUSSION AND ANALYSIS

Delivering to the Nation



29 AUG 2009 was a red-letter day in the history of Cairn India Limited. Dr Manmohan Singh, the Honourable Prime Minister of India, dedicated the Mangala field to the nation and inaugurated the Company's first oil production from the Mangala Processing Terminal at Barmer, Rajasthan in the presence of Shri Ashok Gehlot, the Honourable Chief Minister of Rajasthan and Shri Murli Deora, the Honourable Union Minister for Petroleum & Natural Gas. Crude oil has started flowing through the world's longest continuously heated and insulated pipeline from MPT, in Barmer to Salaya in Gujarat, in preparation of sales to some of the major refineries in India. Soon, Cairn India's production from Rajasthan, at the currently approved rate of 175,000 bopd, will account for more than 20% of India's domestic crude oil production.

As an Indian listed company, Cairn India is committed to securing energy for the nation

The Mangala field is not the beginning of the involvement with the Indian hydrocarbon sector for Cairn India Limited ('Cairn India', 'CIL', 'Cairn' or 'the Company'). We started in India some 15 years ago with the operating rights of the Ravva block in the Krishna-Godavari basin of Andhra Pradesh. From then on it has been an eventful journey: one of India's fastest discovery to production stories was witnessed in the CB/OS-2 block (in Cambay, off the coast of Gujarat); a doubling of reserves and sustenance of plateau rates in the Ravva block for more than nine years; 25 discoveries in Rajasthan including the landmark Mangala discovery, whose oil now flows to various refineries in the country.

Nor is Mangala the end. In Rajasthan alone, the Company has discovered other fields viz. Bhagyam and Aishwariya, which will be on stream in the near future, and is actively exploring the potential of future developments in the further 22 discoveries, incluing the Barmer Hill tight reservoirs. Cairn is also conducting systematic exploratory work in several other onshore and offshore areas in India and off the coast of Sri Lanka where the Company believes there is significant hydrocarbon potential.

As an Indian listed company, Cairn India is committed to securing energy for the nation — thus fuelling its growth.

In this chapter on Management Discussion and Analysis, we begin with Rajasthan — the MPT, the heated and insulated pipeline, Rajasthan crude sales, enhanced oil recovery and hydrocarbon resources in the area. We then move on to the Company's other operating assets. Thereafter, we discuss exploration. This is followed by the Company's human resources and health, safety and environment. The chapter concludes with internal controls and their adequacy, financial results, business risks and the business outlook. The Company's focus on CSR is outlined in the chapter that follows.

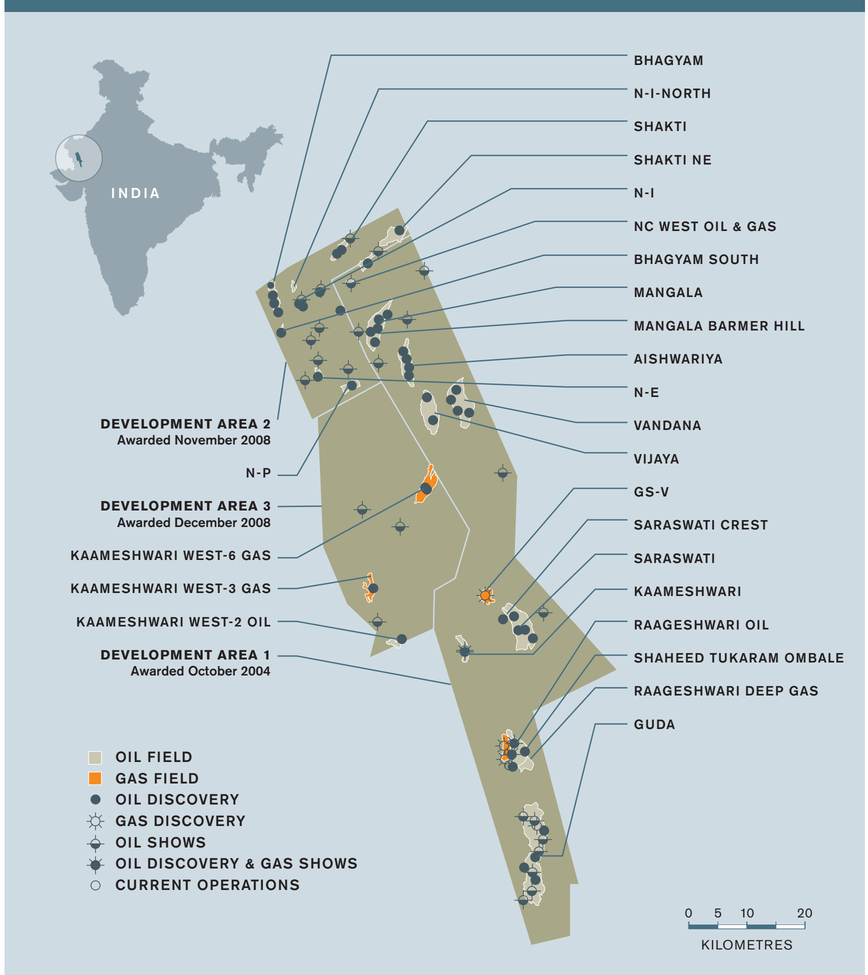
The Rajasthan Project

In essence, the Rajasthan project is about commercialising the world class discoveries, getting the oil and gas production to market and nurturing and enhancing the resource base in the region — thus providing additional supply of energy that is vital for India's growth needs. It involves four sets of activities:

- **Producing crude oil from the three main fields** first Mangala, then Bhagyam and Aishwariya, followed by other fields through the development and operations of the MPT.
- **Flowing crude through the continuously heated and insulated pipeline** from the MPT at Barmer to Bhogat on the coast of Gujarat via Viramgam and Salaya.
- **Enhancing Rajasthan's resources through technology applications** in reservoir development, management, enhanced oil recovery (EOR), focused development efforts in low permeability reservoirs such as the Barmer Hill and the phased development of other fields.
- **Further exploration** in other parts of the Rajasthan block, which is spread over 3,111 km², where the Company believes there are significant prospects.

Cairn came into Rajasthan in the late 1990s, when it acquired an interest in the block RJ-ON-90/1. It soon realised that the area was rich in

The Rajasthan Fields



At the currently approved peak production rate of 175,000 bopd from the MBA fields, Cairn India will contribute more than 20% of India's crude oil production by 2011

Subject to GoI approval and additional investment, the Rajasthan resource base now provides the basis for a vision to produce 240,000 bopd — or 37% more than the currently approved peak production rate, which could ultimately translate to about 35% of India's domestic crude oil production

hydrocarbons and possessed all the key ingredients for successful commercial production. By 2003, Cairn had acquired 100% of the exploration interest and assumed the role of operator of this acreage.

In 2004, the Mangala Field was discovered which is considered to be the largest onshore discovery in India in the last 25 years. This was followed by the key discoveries at Bhagyam and Aishwariya, which along with Mangala, comprise the MBA fields. To date, 25 discoveries have been made in the Rajasthan block.

Cairn India is the operator of the Rajasthan block with a 70% participating interest and its joint venture (JV) partner, ONGC has a 30% participating interest.

The Rajasthan block consists of three contiguous development areas

1 Mangala, Aishwariya, Raageshwari and Saraswati (MARS) fields
2 Bhagyam and Shakti fields
3 Kaameshwari West fields

The commercialisation and development phases have resulted in successive de-risking of the value of these assets by removing the binary risks that were present at the end of the Exploration Phase. Rajasthan is considered a relatively low risk onshore project versus working in the offshore environment with its inherently high costs and operational challenges. The wells are relatively shallow; and the team has a good understanding of the reservoirs through extensive appraisal and development work. The Rajasthan crude can be extracted using industry best practices in oilfield technology; and recovery is expected to be further enhanced through proven tertiary methods, such as EOR.

More than 350 wells and over 40 well pads are currently planned across the Rajasthan fields. At the current approved peak production rate from the MBA fields of 175,000 bopd, Cairn India will contribute more than 20% of India's crude oil production by 2011. Subject to GoI approval and additional investments, the Rajasthan resource base now provides a basis for a vision to produce 240,000 bopd — or 37% more than the currently approved peak production, which could ultimately translate to about 35% of India's domestic crude oil production.

In the first month of operation Train 2 operated at 97% efficiency and confirmed nameplate capacity. To date, both Trains One and Two have together processed over 4 million barrels of crude oil.

THE MANGALA PROCESSING TERMINAL

The Mangala Processing Terminal (MPT) has been designed as a centralised hub facility to handle crude oil production from the MBA fields as well the smaller fields that have been discovered by the Company. It will be able to process 205,000 bopd of crude; and has been designed with sufficient flexibility to be later expanded to process more crude, depending upon the resource potential of the block. The resource base established in the block provides a vision to produce 240,000 bopd, subject to further regulatory approvals and aditional investments.

MPT's Four Oil Processing Trains

Train One Capacity of 30,000 bopd from the Mangala field which was inaugurated by our Prime Minister on 29 August, 2009, and is on stream.

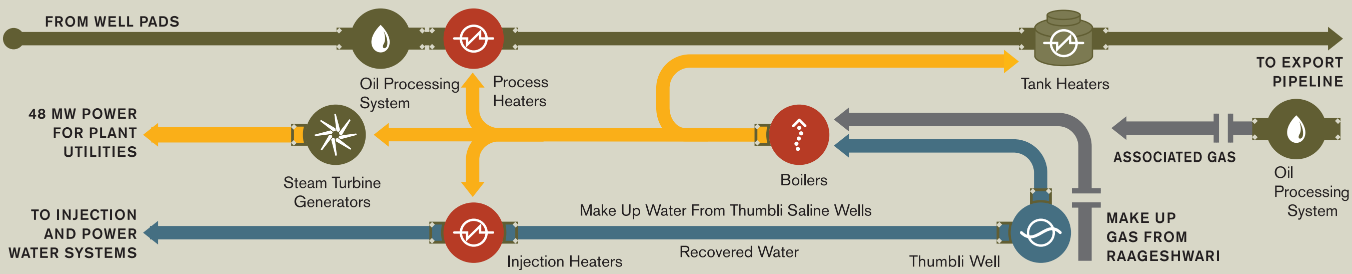
Train Two Capacity of 50,000 bopd, also from the Mangala field, which commenced production in May 2010.

Train Three Capacity of 50,000 bopd is targeted for completion in June 2010 — to access the plateau production from the Mangala field.

Train Four Capacity of 75,000 bopd, designed to accommodate production from Bhagyam and Aishwariya and further expansion, will be commissioned in 2011 .

PANORAMIC VIEW OF THE MANGALA PROCESSING TERMINAL

THE CLOSED LOOP SYSTEM



The MPT uses boilers to produce steam, which drives the turbines to generate power. A closed loop system of steam condensate recovery helps to meet the feed water requirement of boilers and the heating requirement of various process units and also the power fluid for injection into the oil wells. This closed loop system has resulted in efficient power management and in turn, has resulted in lower emissions.

Sub-surface saline water is transported to the MPT by a 20" pipeline from the Thumbli reservoir, which is 22 km from the terminal.

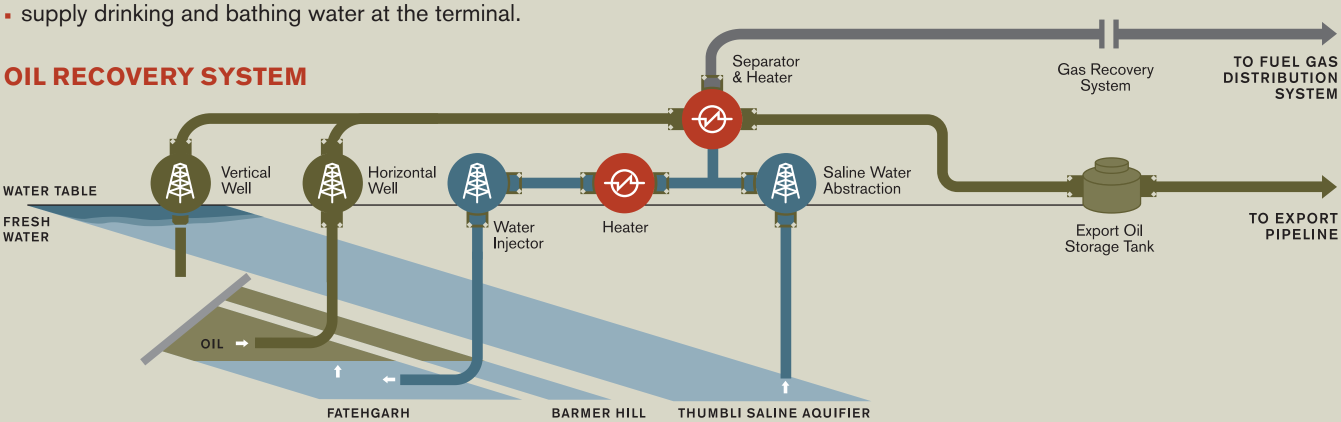
Some of this water is desalinated to:

- feed the five boilers at the MPT to generate steam for heating, drive the turbines to generate electricity as well as to aid water-flooding of the oil reservoirs, and
- supply drinking and bathing water at the terminal.

The remaining saline water, with some steam, is injected into the oil reservoirs for the extraction of crude. Any excess water in this flooding is trapped and re-used.

Gas is needed to fire the boilers to generate steam, which in turn generates the power to heat the waxy crude at an average of 65°C along the pipeline. It comes from the Raageshwari gas field, located some 90 km away from the MPT. The Raageshwari Gas Terminal (RGT), with four gas well pads and 35 wells, is designed to produce dry gas of over 30 million standard cubic feet per day (mmscfd). It is transported via a 12" gas pipeline to the MPT and the gas liquids, or condensate, by a separate 4" pipeline.

OIL RECOVERY SYSTEM



ENVIRONMENT MANAGEMENT AT THE MPT

The MPT facility has been designed to conserve and minimise the impact on the surrounding environment. There is almost zero surface disposal of any solid or liquid waste. The facility meets its water demand from the abundant supply of sub-surface saline water, without any need to draw on scarce freshwater resources of the area. Its energy demands are met by utilising the associated gas produced from the separation of well fluid, backed up by gas from the Raageshwari gas field. Power generation is achieved by using steam as the means to transfer energy in a closed loop cycle — with the medium and low pressure steam being utilised for heating. A closed drainage system routes all hydrocarbon liquid discharges to tanks, from where these circulate back for reprocessing. All vapour emissions from vessels and tanks are directed to the vapour recovery system where these are pressure-conditioned and compressed — to be fed back into the fuel gas system. At the MPT, gas flaring is only done in the case of an emergency. There is also no cold venting of gas at the MPT.

All waste-water, reject water and wash water are routed to the injection water system for re-injection into the oil reservoir. In case of any operational issue — where a specific type of waste water discharge cannot be mingled with the injection stream— there is a provision for solar evaporation ponds and deep dump wells, which can help in the disposal without causing any environmental harm. In addition, there is a dedicated secure landfill facility complying with the national standards on landfill design for the storage and disposal of non-recyclable wastes.

Saline water sourcing

The MPT facility utilises sub-surface saline water to meet its operational and potable water needs. The Thumbli field, 22 km south-east of the MPT, is a massive saline water underground reservoir. The fresh water lens rides over the saline water — and is located 12 km north-west of the saline water abstraction zone. The country's regulatory body has accorded its approval for saline water abstraction after carefully reviewing the results of the detailed modelling study. An extensive and ongoing groundwater monitoring programme is in place to monitor the behaviour of the various aquifer systems in response to the saline water abstraction. The systems are designed to give early warning of any potential issue so that they can be corrected before problems arise.

Freshwater

The freshwater requirements of the MPT are met by desalination of about 4,000 cubic metres of water per day. The reject water from the desalination process is co-mingled with the well injection water — for injecting it back into the oil reservoir. There is no surface discharge of the reject water.

Closed Drain System

A closed drain system routes wastewater and fluids from the various vessels, process units and tanks to a collection tank. Thereafter, this is pumped into an off-spec oil tank for re-circulating to the inlet manifold for processing. All equipment handling hydrocarbon liquids and water containing hydrocarbons are connected to the closed drain system.

Open Drain System

An open drain system collects drain fluids from equipment that is not under pressure and routes it into collection tanks. These fluids are then put back into the process through either the off-spec oil tank or the produced water treatment system.

Vent Gas Recovery Units

Hydrocarbon vapour from the various process units, vessels and tanks, including the crude oil storage tanks, is recovered and fed into a two-stage vapour recovery unit — and fed into the fuel gas system. There will be no venting of hydrocarbons during normal routine operations.

Greenbelt Development

In accordance with our bio-diversity commitments, the development of a greenbelt within the MPT, the pipeline corridors and the well pads is being done keeping in mind that no alien invasive species is introduced. The expertise of a local specialist organisation, The School of Desert Sciences, is being taken for selection of appropriate species and for training of local community for maintaining the greenbelt.

Solid Waste Management System

A common captive landfill disposal site, including a high temperature incinerator facility, is being established within the MPT. The landfill will serve as a disposal facility for all non-recyclable wastes generated from the MPT operation and the associated well drilling programmes. The landfill is segregated into a hazardous waste and a non-hazardous waste section. It is being developed in a phased manner, and will have the capacity to handle waste generated over a 20-year period. It is designed in compliance with international best practices and in line with national laws and guidelines.

Produced Water Treatment and Disposal

Produced water generated from the well fluid phase separation is treated in the Produced Water Treatment Plant to separate any of the carried over sediments and oil traces. This is achieved using an induced gas floatation process. The treated produced water is then re-injected into the oil reservoir. There is no surface discharge of produced water.

Flaring System

The flaring system is provided to safely route the emergency release of hydrocarbons to the Flare Knock-Out drums and then to the flare tips. The flare system will only be required in emergency conditions. The flare tip is located in the High Pressure (HP) Flare Stack at a height of 30 metres to ensure that safe radiation and burnt gas dispersion levels are maintained beyond the exclusion zone.

Rainwater Harvesting

The storm water from the paved areas (i.e. the non-hazardous areas) and rooftops will be routed to a rain water collection tank. Infiltration wells (approximately 20 metres deep) have been built within the tank area so that the water collected in the tank over a certain level will overflow into the infiltration well for recharging the groundwater.

Sewage Treatment Facility

Sewage from the plant and the living quarters are treated in a sewage treatment plant complying with the regulatory standards for land discharge, and then used for greenbelt maintenance. This consists of physical and biological treatment, followed by disinfection. The entire treated sewage is used within the facility, with no surface discharge outside the MPT premises.

Power Generation

Steam is used for power generation and for heating and pumping. It is generated by heating the desalinated water in fuel gas powered boilers. High pressure (HP) steam is used to drive the Steam Turbine Generators (STG) and the steam turbine pumps. Exhaust from the STG is cooled in air cooled condensers at medium pressure (MP) levels. The MP system provides heat for various process heat exchanges, tanks and vessels. The MP condensate passes to the low pressure (LP) steam system. LP steam is used in the de-aerators for the boiler feed water and various utility stations. The waste stream cycle is condensed and fed in to the boiler feed water tank.

The successful test results of the hydro-fracturing campaign in three Raageshwari Deep gas wells indicate the potential for improved frac designs, which could be applied to the low permeability reservoir zones of the Barmer Hill formation in the near future

RAJASTHAN TECHNICAL DEVELOPMENTS

Development drilling and the well completion activities are under way, with three drilling rigs and one completion rig operating in the Mangala development area.

To date, 65 Mangala development wells have been drilled, of which 51 have been completed for initial production. In addition, three EOR pilot wells, 10 Raageshwari Deep Gas wells and three Thumbli water supply wells have also been drilled.

Given the success of its first horizontal well at Mangala — which was tested at an oil production rate of more than 11,500 bopd, the highest ever for an onshore well in India — Cairn India has successfully drilled and completed five more horizontal wells in Mangala. Twenty four Mangala wells are currently producing and other wells will be brought on stream in a staged manner during the ramp-up period.

The results from all the wells drilled to date confirm excellent reservoir quality and the high deliverability potential of the Fatehgarh formation reservoir.

A hydro-fracturing campaign in three Raageshwari Deep gas wells was carried out across 10 gas zones. Following hydro frac treatment, the first Raageshwari deep gas well tested at a gas rate of 15.7 million stand cubic feet per day (mmscfd); and the second well showed a gas rate of 20.9 mmscfd, the highest ever in the field, significantly more than expected. These test results indicate the potential for improved frac designs, which could be applied to the low permeability reservoir zones of the Barmer Hill formation in the near future.

Following are some of the significant technological applications used to develop the Rajasthan resources:

Drilling Engineering, Completions and Operations

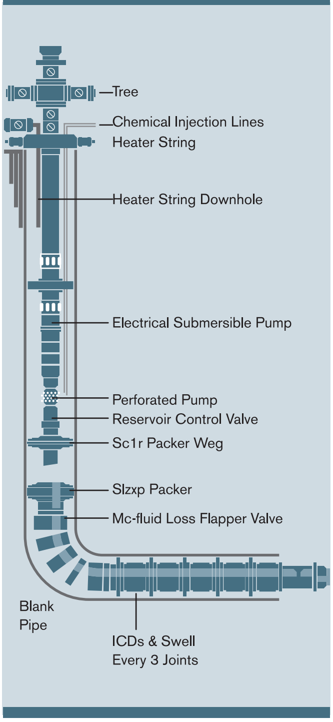
Cairn India is committed to technological excellence with precise execution and top quartile drilling performance. Given below are some of the technological advances and processes that have been implemented leading to increased efficiency in the drilling operations.

Well Type Design

Six different well types have been designed for oil and gas production wells, water source wells and water injection wells. To date, all these well design concepts have been tested and proven to be performing to or above expectations.


RAPID MOBILE SKID MOUNTED "SUPER SINGLES" RIG

Horizontal Well Schematic Representation



Custom Made Rapid Rig Design

Highly mobile skid mounted 'Super singles' of 1000 HP with smaller footprint and self deploying design were custom built for Cairn India. This design allows rigs to move between wells on a pad in a period of five to 10 hours. In fact, the Company achieved a very fast slot-to-slot rig move time of 4.5 hrs on four occasions. By drastically cutting the time of rig movement, the Company should save a minimum of 300-rig days for the planned 350 wells over the life of the asset. It has also helped reduce well construction time: wells of 1,200-1,500 metre depths are being drilled in seven to nine days.

Compact Well Head Design

This was custom designed for Cairn India to facilitate optimal extraction from the field. The design includes the provision for the termination of the heater string, control lines and electrical submersible pump cables. The system has resulted in rig time savings of anywhere between 16 hours and 36 hours per well, depending on the well design.

Custom Mud Design

Cairn India succeeded in using customised synthetic oil based mud system for the Rajasthan drilling applications at almost the same cost as conventional water based mud systems. Installation of a thermo-mechanical Cuttings Cleaner unit in Rajasthan will be a first in India — another example of Cairn India's standing as an innovative and environmentally responsible company.

Turbine and Bit Selection

Conventional usage of Tungsten Carbide Insert (TCI) bits with positive displacement motors has been replaced with the more advanced assembly of impregnated (IMPREG) bits with turbines to drill the Raageshwari fractured basement formations. This has lead to a saving of around USD 360,000 per well. Cairn had earlier pioneered the introduction of the high performance Polycrystalline Diamond Compact (PDC) bits in India.

ICD completion for horizontal wells

Drain hole in horizontal wells have been completed with the latest technology of Inflow Control Devices and Swell Packers in order to slow down water cut, reduce field operating expenses and maximise recoverable reserves. Wells have tested to production rates in excess of 11,500 bopd on self flow and set the record of being highest rate onshore production wells in India.

COMPACT WELL HEAD DESIGN

Coiled tubing heater string

The unique concept of coiled tubing inclusion as heater string in conjunction with the production tubing has been adopted in the production well completions. Heater string is used to circulate heated water in the annulus that addresses the apprehensions on downhole flow assurance posed by the waxy and viscous crude of Rajasthan oilfields.

Pumps and Electrical Submersible Pumps (ESP)

Jet Pumps using hot water as power fluid are planned for artificial lift deviated wells as the water cut rises with time; high rate ESPs are installed in the horizontal wells for artificial lift in the future. Both technologies are set to open up new frontiers in artificial lift technology in India and would be the largest field scale application of the jet pump technology worldwide.

Enhanced Oil Recovery

Enhanced Oil Recovery (EOR) techniques are methods of increasing recovery from oil fields. Historically, EOR has been considered as a tertiary recovery method — to be applied at the later stage of field life after primary and secondary recovery from the reservoirs.

Cairn recognised the potential for EOR at an early stage of development in its MBA fields. The reservoir quality, oil properties and ambient temperature make these fields ideal for the application of chemical flooding EOR methods such as polymer or Alkali Surfactant Polymer (ASP) flooding.

With the viscosity of oil being higher than that of water, the injected water is not able to displace the oil very efficiently, resulting in some bypassed oil under a conventional water flooding scheme. By adding chemicals such as polymers, the injected water attains a viscosity close to that of the oil, which improves the displacement and overall sweep. In addition, the use of alkali and surfactants along with polymer further increase recovery, as these chemicals act like soap and wash off more oil from the reservoir pore spaces.

Studies conducted by two independent laboratories show favourable trial results of 30% to 40% incremental recovery from the application of EOR in the reservoir core-floods. Detailed field scale modelling and simulation studies carried out incorporating the findings of the laboratory evaluation indicate incremental recoveries of 15% from the MBA fields by the application of ASP flooding.

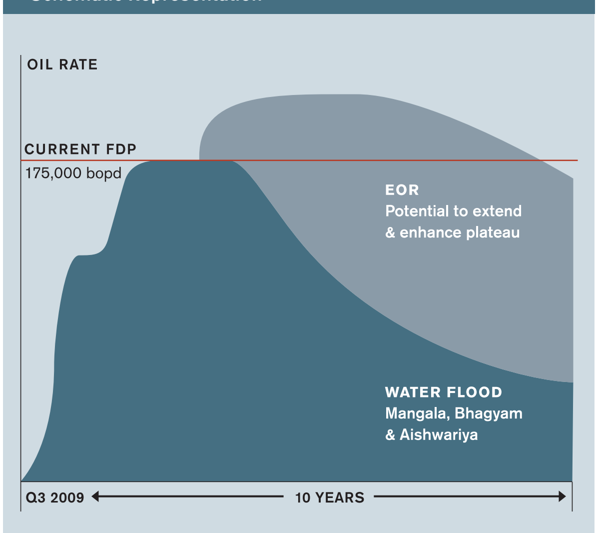
The Company is conducting a field pilot to demonstrate the applicability of EOR in the Mangala field. A 10 well drilling programme is planned and the drilling of the pilot wells has started. Pilot trails will begin this year, initially with water injection and subsequently with polymer and ASP injection. Conditional upon success of the pilot, Cairn India intends to implement chemical flooding on a field scale in Mangala, followed by Bhagyam and Aishwariya. The current assessment of the EOR resource base is more than 300 million barrels (mmbbls) of incremental recoverable oil from the MBA fields.

Cairn India is an active member of a Joint Industry Project (JIP) on chemical EOR. This JIP is supported by approximately 30 Exploration and Production and service companies across the world, which sponsors research in chemical EOR. This initiative shall provide access to the results of the latest technology and research carried out by the industry

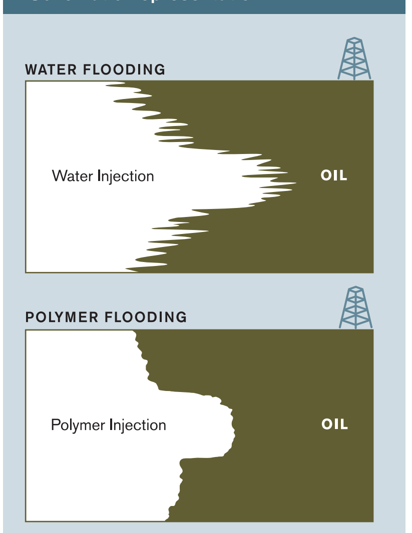
Studies conducted by two independent laboratories show favourable trial results of 30% to 40% incremental recovery from the application of EOR in the reservoir core-floods

The current assessment of the EOR resource base is 15% of STOIIP which amounts to more than 300 million barrels of incremental recoverable oil from the MBA fields

EOR Opportunity in Rajasthan
Schematic Representation



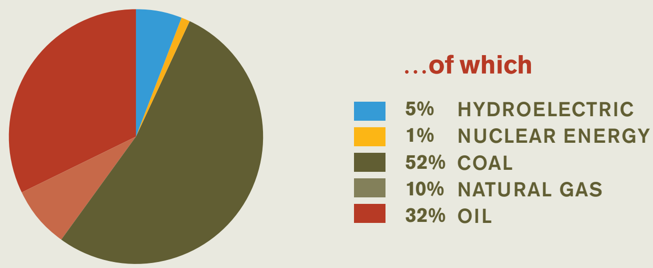
Chemical EOR processes
Schematic Representation



Securing Energy, Fuelling Growth

Energy security is perhaps the most critical challenge for any country, central to its economic development and rapid growth. For India, Cairn's Rajasthan fields will thus play a key role: the combined production from Mangala, Bhagyam and Aishwariya fields are set to contribute more than 20% of India's domestic crude production from CY 2011 .

FY 2009-10 has been a historic year for Cairn India, marking the commencement of production from Mangala. With growth in this stage of the business— a five-fold increase in net production— Cairn's journey of discovery and production in a supply deficient market has begun its transition to becoming a key player in the energy security of the country.

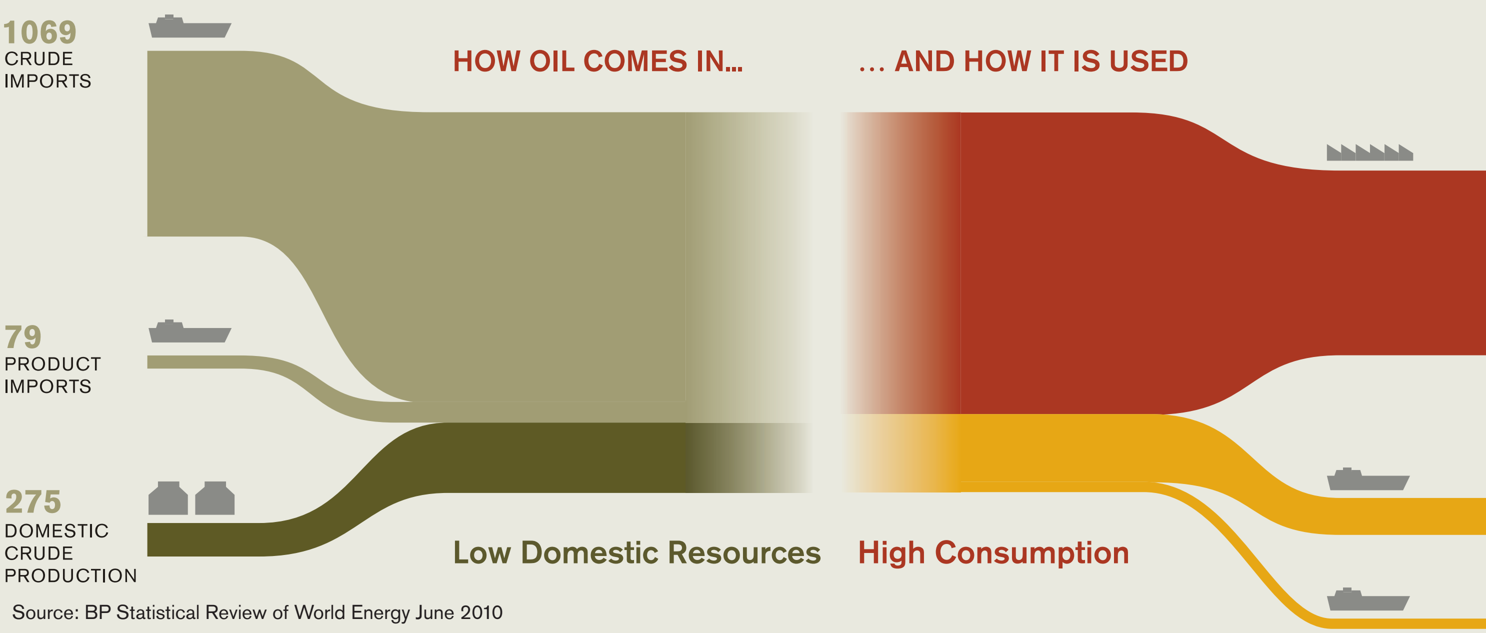


Source: BP Statistical Review of World Energy June 2010

Demand supply gap is met by imports

In spite of India's current oil production of around 0.7 million bopd, the country still remains grossly energy deficient. This makes the country a net importer of most forms of energy, including more than 70% of oil and gas.

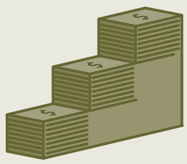
Figures in million barrels per annum



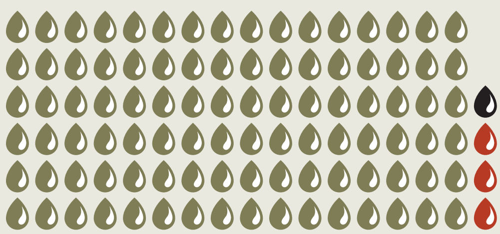
Source: BP Statistical Review of World Energy June 2010

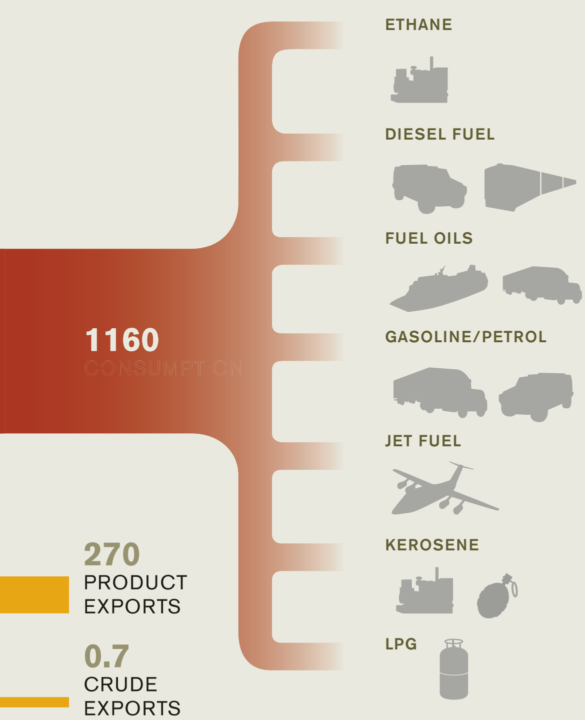
An increase of USD 1 per barrel of oil…

…results in an increase of USD 1 billion in India's import bill



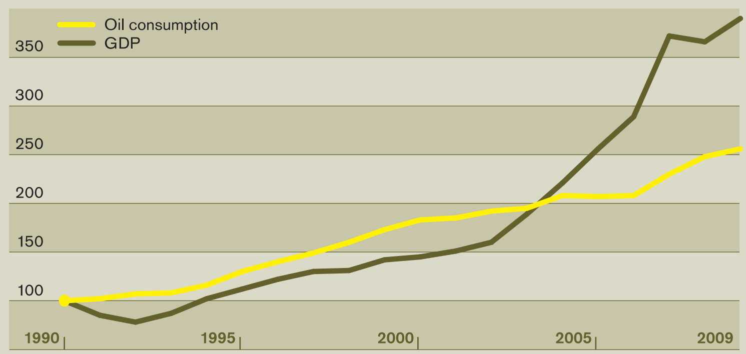
In 2009, India produced 1% (275 mmbbls) of crude oil but consumed 4.2% (1,160 mmbbls) of the world's total produce (21,981 mmbbls)





India's oil consumption is growing with GDP…

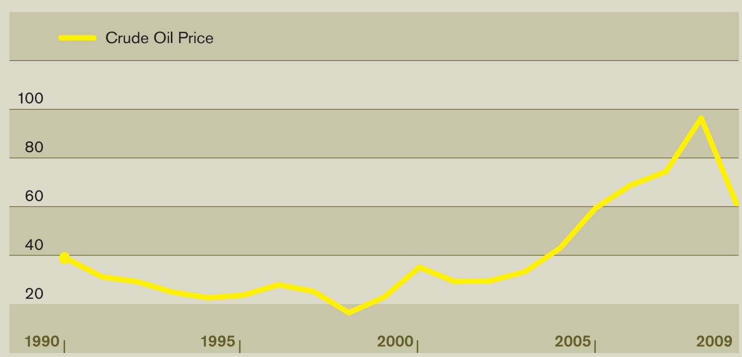
India's oil consumption indexed against GDP, 1990=100



Source: BP Statistical Review of World Energy June 2010

…with long-term oil prices remaining buoyant

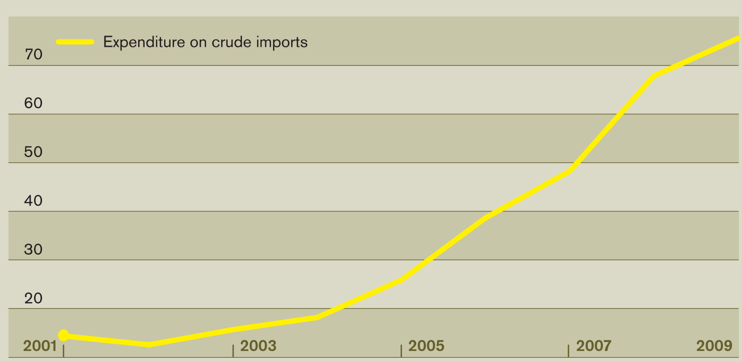
Crude oil price in USD per barrel, 1990–2009



Source: BP Statistical Review of World Energy June 2010

…leading to a huge and growing import bill

India's expenditure on crude imports in USD billion, 2001–2009



Source: BP Statistical Review of World Energy June 2010

Cairn India believes that the Mangala field has a potential to produce up to 150,000 bopd. Moreover, the increased off-take rate from Mangala would have no impact on the ultimate technical recovery from the field

RAJASTHAN HYDROCARBON RESOURCES

Mangala, Bhagyam and Aishwariya

The MBA fields' Stock Tank Oil Initially In Place (STOIIP) is over 2.1 billion barrels with approved Field Development Plans (FDPs) for all three fields. Cairn India believes that production potential from these fields exceeds 210,000 bopd (MBA approved rate of 175,000 bopd, additionally 25,000 bopd from Mangala and 10,000 bopd from Aishwariya) against an approved rate of 175,000 bopd (Mangala 125,000 bopd, Bhagyam 40,000 bopd and Aishwariya 10,000 bopd). The increase in production is subject to regulatory approval.

The Mangala field contains nearly 1,300 mmbbls of STOIIP in the Fatehgarh formation, with nearly 500 mmbbls recoverable through water flood. Development drilling on the field commenced in January 2009, and 65 wells from eight pads have been drilled, with a combination of horizontal wells with screens, deviated producers and monobore water injectors. This represents approximately a third of the wells planned for the field-wide development. Results from these wells have confirmed the geological and reservoir understanding of the field and the STOIIP estimates.

Performance of the horizontal wells has been better than expected, with tested rates greater than 11,500 bopd. Production performance from the more conventional wells has been according to expectations.

Given these encouraging well results, Cairn India believes that the Mangala field has a potential to produce 150,000 bopd. Moreover, the increased off-take rate from Mangala would have no impact on the ultimate technical recovery from the field. This requires further regulatory approvals.

Raageshwari Deep Gas Field

The Raageshwari Deep gas field is designed to supply gas to meet the energy requirements at the MPT and the pipeline. Ten new wells were drilled and completed in addition to the existing three gas producers. Hydraulic fracturing operations have been completed in two wells so far with four to five zones fracced in each well. These fracturing operations have been highly successful with wells having flowed at rates up to 20 mmscfd — which is five times the rates previously achieved from this reservoir.

Saraswati and Raageshwari Fields

The FDPs for both the fields have been approved and both the fields are currently under development.

Barmer Hill and Other Fields

In addition to the MBA, Raageshwari and Saraswati fields, Cairn India has discovered 20 other fields. Including the MBA fields, these contain a gross discovered resource of approximately 4 billion boe of oil and gas in place.

From the development drilling results and further evaluation of the Barmer Hill formation overlying the Mangala and Aishwariya Fatehgarh Formation reservoirs, the Company has identified significantly increased potential in the basin. Fields in other parts of the world with characteristics similar to the Barmer Hill are being developed — and have demonstrated recovery factors of 7%–20%.

As a result of this evaluation, the estimated Barmer Hill (from Mangala and Aishwariya) and other fields gross recoverable resources have more than doubled to 140 mmbbls.

Since the Barmer Hill reservoir is less permeable than the main Fatehgarh formation reservoir, fracturing of horizontal wells is being planned to optimise the well count and deliver high online production rates. A declaration of commerciality for the Barmer Hill has been submitted to the GoI and an FDP is under preparation for submission later this year.

An FDP covering fields in the Kaameshwari West development area has also been submitted to the GoI.

OFF SPEC OIL STORAGE TANKS AT MANGALA PROCESSING TERMINAL

Further Potential: Exploration Upside

There remains a significant and as yet untested prospective resource potential to pursue in the Barmer Basin of the Rajasthan block.

Over the last two years, a full re-evaluation of the Barmer Basin has been undertaken. All 170 exploration and appraisal wells were re-examined, new studies were started and 2,733 km² of 3D seismic data was re-processed and re-interpreted. Cairn India has also acquired over 2.2 km of cores to help gain a better understanding of the geographical and reservoir models. As a result of these studies, the Rajasthan prospect portfolio has increased substantially to 250 mmboe recoverable risked mean prospective resources with an upside potential, equivalent to a most likely in place resource of 2,500 mmboe. Discovering and developing these resources will be an important step in realising the full production potential of Rajasthan.

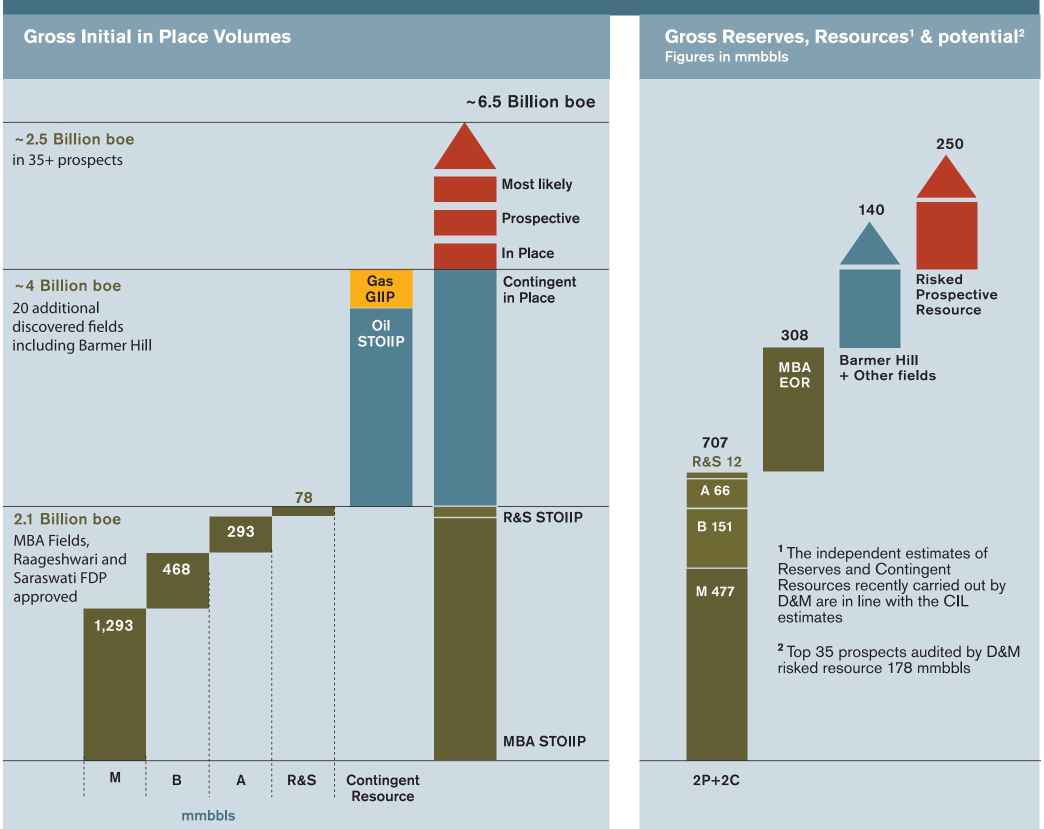
Cairn India drilled two exploration wells in Q4 FY 2010. Both wells found hydrocarbons in the Thumbli reservoir, extending the Shaheed Tukaram Ombale (Raageshwari East-1z) discovery made in 2008. Tukaram-2 found 6m of oil pay and 6m of gas pay whilst Tukaram SE-1 found 11m of oil pay. In addition, 2.5m of oil pay was found in a Dharvi Dungar reservoir, and the deeper well Tukaram-2 also found 15m of gas pay in the Fatehgarh, extending the Raageshwari deep gas resource base.

Technical evaluation work continues to assess existing and new plays in the basin to generate further prospects in Rajasthan.

There remains a significant and as yet untested prospective resource potential to pursue in the Barmer Basin of the Rajasthan block

Technical evaluation work continues to assess existing and new plays in the basin to generate further prospects in Rajasthan

Future Resources and Value Potential: Rajasthan Block



THE PIPELINE AND EXPORT SYSTEM

The 24" heated and insulated pipeline is approximately 670 km long, from the MPT to the terminal at Bhogat on the Gujarat coast. It is the world's longest continuously heated and insulated crude oil pipeline and will have access to more than 75 % of India's refining capacity when the Bhogat terminal is completed in 2011

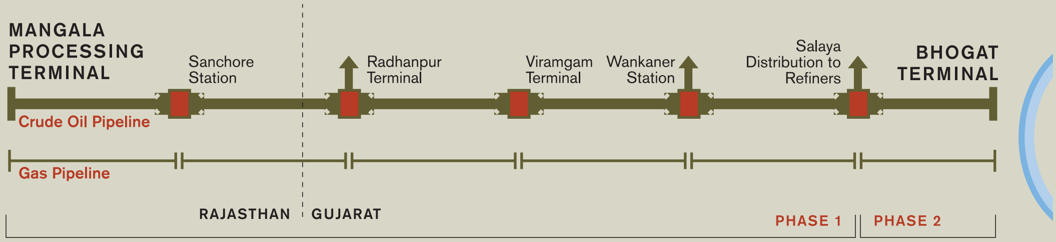
Mangala crude is sweet (low sulphur) and waxy in nature with an API gravity of around 28 degrees and a pour point just over 40°C. In the BP crude assay database, there are around 94 types of crude oil that are heavier than the Mangala crude and 31 that are more viscous. So, while challenging, the properties of the Rajasthan crude are not something that will have any adverse impact on subsequent processing. Though the crude has a high pour point and viscosity due to its waxy nature, its highly paraffinic content makes it an excellent secondary processing feedstock for refiners.

The 24" heated and insulated pipeline is approximately 670 km long, from the MPT to the proposed marine terminal at Bhogat on the cost of Gujarat. It is the world's longest continuously heated and insulated crude oil pipeline and will have access to more than 75% of India's refining capacity when the Bhogat terminal is completed in 2011. About 154 km of the pipeline is in Rajasthan and the rest in Gujarat.

The crude pipeline has an outer diameter of 24" with an 8" pipeline running along it that carries Raageshwari gas, which will be used for power generation. The heating of the pipeline is based on an electric heat induction technology named Skin Effect Heat Management System (SEHMS). Along the length of the pipeline, there are 36 SEHMS heating stations or Above Ground Installations (AGIs). Gas is supplied at each station to generate the power required to heat the pipeline for approximately 9 km on either side of the heating station — to ensure that crude remains constantly heated above 65°C.

In addition, there is an intermediate terminal at Viramgam for storage and further pumping to the coast, including a pigging facility. There are two other pigging stations at Sanchore and Wankaner to insert 'pigs' (pipeline cleaning devices) that are used to clean and inspect the pipeline.

PIPELINE SECTION GETTING READY TO BE BURIED



THE PROJECT IS DIVIDED INTO TWO PHASES

Phase I From MPT to Salaya, in Gujarat, via a storage and pumping terminal at Viramgam (in the district of Ahmedabad). It includes spur lines to connect to private refiners and another spur line at Radhanpur to connect with the Indian Oil Corporation Limited's (IOCL's) Mundra to Panipat crude pipeline.

As on 31 March, 2010, the status of the pipeline was as follows:

- The entire section from MPT to Salaya (~590 km) had been laid below the ground and commissioned.
- The Radhanpur (Gujarat) terminal, including a 22 km long 10" spur line was completed. It was ready for start-up to supply crude to IOCL's Mundra-Panipat crude oil line.
- The Viramgam terminal was completed and is expected to be commissioned by June 2010.

Since then, oil was introduced in the pipeline on 13 May, 2010 in anticipation of sales to refiners.

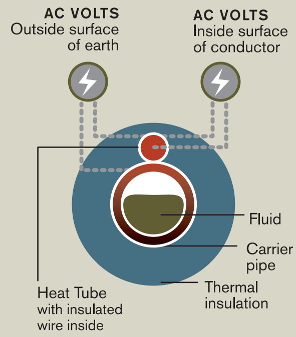
Phase II From Salaya to the Bhogat terminal on the Arabian Sea coast, and a pipeline connecting the terminal to the marine facilities. This Salaya to Bhogat pipeline extension project consists of three main components:

1. Extension of the pipeline with associated heating stations from Salaya to the Bhogat terminal.
2. Coastal crude oil storage terminal at Bhogat.
3. Marine export facilities, consisting of twin 24" sub-sea pipeline connecting the Bhogat terminal to the SPM (Single Point Mooring). The SPM is located ~ 6 km off shore in the Arabian Sea and is equipped to load the AFRAMAX type tankers.

All approvals for the Salaya to Bhogat section have been obtained, and the necessary land purchase completed to allow construction to start. A number of major contracts for construction and long lead equipment and materials have been placed.

Pipeline Route Map

SEHMS
Schematic Representation



Key Technical Details of the Pipeline

670 KMS

Pipeline length
Approximately **670 km**
24" insulated heated oil pipeline
from **Barmer to Bhogat** in Gujarat, via Viramgam

Pipeline material and diameter
Crude oil 24" API 5L X-65 insulated pipeline 90 mm thick polyurethane foam (PUF) insulation and 5 mm thick high density polyethylene (HDPE) wrap
Natural gas 8" API 5L polyethylene (PE) coated pipeline

Crude Oil Storage and handling capacity
Viramgam 10,000 m^3 (~60,000 barrels)
Bhogat 393,512 m^3 (~2.5 million barrels)

Heating stations
36 at a distance of approximately 18 km apart along the pipeline

Standards
Heated oil pipeline with PUF insulation and HDPE wrap. OISD 118, 141, ASME B31.4, API 5L, API 1102, API1104

As of 31 March 2010, sales arrangements with PSU and private refiners for 143,000 bopd were in place

RAJASTHAN CRUDE: SALE CONTRACTS

With Trains One, Two and Three being able to process 130,000 bopd of crude oil at MPT, it is important to understand the sales contracts or arrangements that have been put in place with refineries.

The first step of the sales process was the approval of additional delivery points by the GoI. The approvals were initially for the public sector units—which allowed Cairn India to tie up sales contracts at Viramgam for IOCL's Koyali refinery, and at Radhanpur for delivery to IOCL's Panipat refinery.

In addition, the GoI had, as an interim arrangement, approved an additional Delivery Point at the Kandla port for delivery of crude to the Mangalore Refinery and Petrochemicals Limited (MRPL) and other coastal refineries. During FY 2009-10, six parcels were delivered to MRPL. When the Bhogat terminal along with the marine export facilities is operational, it will be an additional delivery point.

The second step was securing GoI approval to sell the crude to private sector refiners. Here, too, the GoI agreed to allow domestic private refiners to qualify as additional buyers of the Rajasthan crude. Cairn India has been successful in reaching an agreement to supply Mangala crude to private refineries in Gujarat. In FY 2009-10, seven parcels were delivered to the private refiners.

As of 31 March, 2010, sales arrangements for 143,000 bopd were in place (two PSU buyers and two private sector buyers). This has helped set a clear roadmap for aligning sales volume with the production ramp-up. Contracts for additional volumes are expected to be finalised as the production ramps up, subject to GoI approval.

The commercial terms and pricing negotiations for the Rajasthan crude have been concluded with the GoI nominees and domestic private refineries. In accordance with the PSC, this pricing is based on Bonny Light, comparable low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. The implied price realisation represents an average 10% to 15% discount to Dated Brent on the basis of prices prevailing for the year.

Once the Bhogat marine terminal becomes operational, sales to other coastal refineries will be possible, subject to GoI approval.

FUNDING THE RAJASTHAN PROJECT

The Rajasthan project is now well funded, with Cairn India having completed financing arrangements for USD 1.6 billion at competitive pricing. The facility is of a long term nature with tenure of over six years from the time they were contracted in October 2009. Proceeds from this facility have been used to repay the then existing debt of USD 850 million and to fund the ongoing projects in Rajasthan. The financing was arranged through a combination of US Dollars and Indian Rupee borrowing by accessing both domestic and international markets.

International borrowing facility of USD 750 million was provided by a consortium of overseas commercial banks led by Standard Chartered Bank and the International Finance Corporation, a member of the World Bank Group. Domestic borrowing facility of INR 4,000 crore (USD 850 million) was underwritten by the State Bank of India, which later syndicated to other banks and financial institutions, including Canara Bank, Bank of India, Oriental Bank of Commerce,

Crude Price Movement since the discovery of Mangala Field
in USD per barrel

1 Capital Expenditure towards Rajasthan Project in USD billion		
Capital Expenditure	**Gross**	**Net to Cairn**
Exploration (upto 2006)	0.61	0.57
Development		
CY 2007	0.31	0.22
CY 2008 and 2009	1.76	1.23
CY 2010 and 2011 (estimated)	~2.00	~1.40
Financed by		
Net Cash (Net Debt) 31 December, 2009		(0.1)
Existing Debt Facility		1.60
Total		1.50

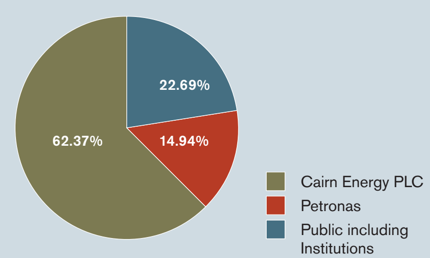
Note: Cash flow from producing assets is an additional source of funds

Bank of Baroda, HDFC Bank and Infrastructure Development and Finance Corporation. With these financing arrangements, Cairn India is well funded to execute the Rajasthan project.

This financing is innovative in that:

- It uniquely accesses two separate lending markets on different terms for the same project
- It is one of the largest fully underwritten deals of this size in the oil and gas sector after the 2008 financial crisis
- It is one of the largest 'Reserve Base Lending' deals completed in India to date

Shareholding Structure
As on 31 March, 2010



This financing deal was awarded the 'Oil & Gas Deal of the Year' for Asia Pacific region by Project Finance International (part of the Thomson Reuters group).

The completion of the financing underscores the robustness of the Rajasthan project and the lenders' confidence in Cairn India's ability to deliver.

In March, 2010, Cairn India was awarded the 'AAA' rating by the Credit Analysis and Research Limited (CARE) for its INR 4,000 crore domestic borrowing facility. The 'AAA' rating reinforces the credit worthiness of the project.

As always, the Company has an ongoing dialogue with various international and domestic institutions to review its financing options, so as to create even greater financial flexibility by securing competitively priced long term debt. In this, the guiding principle is to secure terms that enhance long term shareholder value. **Table 1** gives the financial details: capital expenditure versus financing.

During the year, PETRONAS International Corporation Ltd (PICL), the overseas arm of Petroliam Nasional Berhad (PETRONAS), acquired from Cairn Energy PLC 43.6 million shares in Cairn India, representing a 2.3% stake and taking the total holding of PICL in the Company to 14.94%.

A Scheme of Arrangement between the Company and some of its wholly owned subsidiaries, to be effective from 1 January 2010, had been approved earlier by our shareholders. The Scheme of Arrangement has been approved by the Hon'ble High Court of Madras but is pending approval from the Hon'ble High Court of Bombay and other regulatory authorities. Pending receipt of such approvals, no accounting impact of the scheme has been given in the financial statements. After the implementation of the scheme, the Company will directly own the Indian businesses, which are currently owned by some of its wholly owned subsidiaries.

The Rajasthan project is now well funded, with Cairn India having completed financing arrangements for USD 1.6 billion at competitive pricing

This financing deal was awarded the 'Oil & Gas Deal of the Year' for Asia Pacific region by Project Finance International

The Ravva block's direct operating cost per barrel is amongst the lowest in the world

Originally estimated to produce 101 million barrels of crude oil, Ravva has now produced more than 225 million barrels of crude oil

Ravva Offshore Facilities
Schematic Representation

Other Producing Assets

PKGM-1 BLOCK (RAVVA FIELD)
Krishna Godavari Basin, Andhra Pradesh
Cairn India ownership 22.5% and the operator

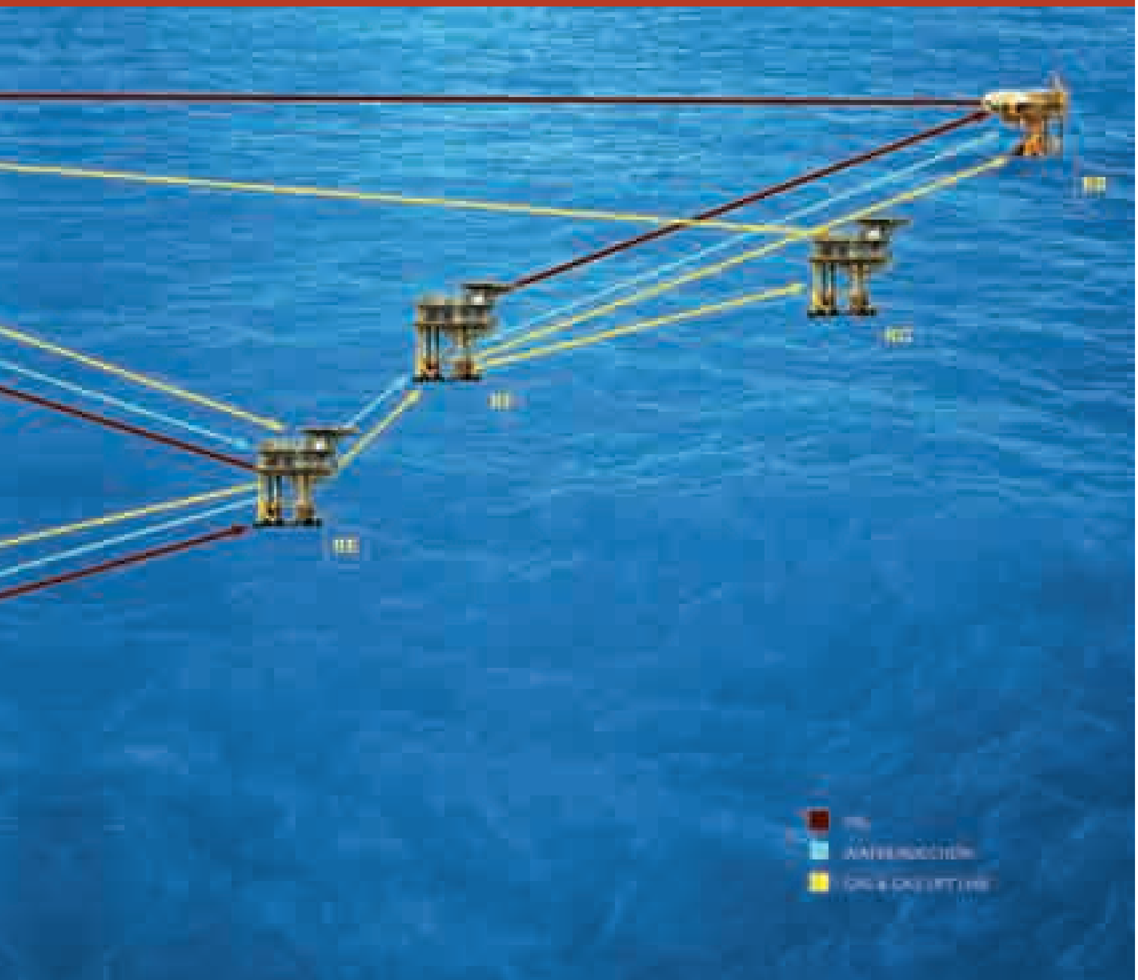
The Ravva oil and gas field in the Krishna-Godavari Basin was developed in partnership with ONGC, Videocon and Ravva Oil, working under a PSC that runs until 2019.

Currently, eight unmanned offshore platforms are being operated. A 225-acre onshore processing facility at Surasaniyanam processes natural gas and crude oil from the Ravva field. The Ravva onshore terminal operates at an internationally recognised environmental standard (ISO 14001), and has the capacity to handle 70,000 bopd oil, 95 mmscfd of natural gas and 110,000 barrels per day of injection water. The terminal also has the capacity to store one million barrels of crude oil onshore.

Ravva completed 15 years of continuous operations on 28 October, 2009. The field direct operating expense for the Ravva block is amongst the lowest in the world. The low-cost operating base has been achieved by focusing on life-cycle planning, continuous monitoring, control of operational costs and the innovative application of operating technologies.

The average gross production from the Ravva field for FY 2009-10 was 40,718 boepd — comprising an average oil production of 32,786 bopd and average gas production of 48 mmscfd.

Originally estimated to produce 101 million barrels of crude oil, Ravva has now produced more than 225 million barrels. Cairn India is confident of the field's considerable remaining reserve potential and of producing more oil from this block. The Company and its joint venture partners have completed a 4D seismic acquisition campaign to identify bypassed oil zones within the field and the scope of further reserve addition through future infill drilling.



CB/OS-2 Milestones

JUN 1998
Production sharing contract signed

MAY 2000
Lakshmi oil and gas field discovery

JAN 2001
Gauri oil and gas field discovery
Ambe oil and gas field discovery

OCT 2002
Lakshmi gas field developed and gas production commmenced; discovery to production in only 28 months

FEB 2004
CB-X onshore discovery

APR 2004
Gauri development and gas production commenced

APR 2005
Onshore and offshore facilities certified for ISO 14001; 2004 standards

NOV 2005
Gauri field development
First oil from Gauri

JAN 2006
Oil production up to 3,000 bopd

JUN 2007
CB-X field development completed and gas sales commenced

FEB 2008
Oil production up to 6,000 bopd

MAY 2009
Upgraded oil processing capacity to 10,000 bopd
CB/OS-2 onshore and offshore facilities certified for OHSAS 18001:2007 standards

DEC 2009
GBA agreement signed and sales commenced

CB/OS-2 BLOCK
Cambay Basin, Western India
Cairn India ownership 40% and the operator

Cairn is the operator for this block and the PSC signed in 1998 with ONGC and Tata Petrodyne Limited as partners, runs until 2023.

In 2002, gas production commenced from the Lakshmi gas field in the CB/OS-2 Block in the Cambay offshore basin in the Gulf of Khambat on the west coast of India. The Gauri offshore gas field was discovered in 2001 and came on stream in 2004. CB-X, a marginal gas field in the transition zone of the block was in production between June 2007 and August 2009. The Lakshmi and Gauri fields commenced production of oil in addition to gas in 2005.

The 82-acre onshore processing facility at Suvali is certified to ISO 14001 and OSHAS 18001 standards. It has the capacity to process 150 mmscfd of natural gas and 10,000 bopd of crude oil.

The application of advanced geophysical tools has helped map thin oil sands which are beyond normal seismic resolution capability. These techniques have transformed the CB/OS-2 block from a predominantly gas field to an oil field through the discovery of an oil leg. Tubing sand screens were used for the first time in the Cambay Basin as a sand control measure. The Cambay asset has witnessed the use of several cutting-edge technologies which have increased throughput at a lower unit cost.

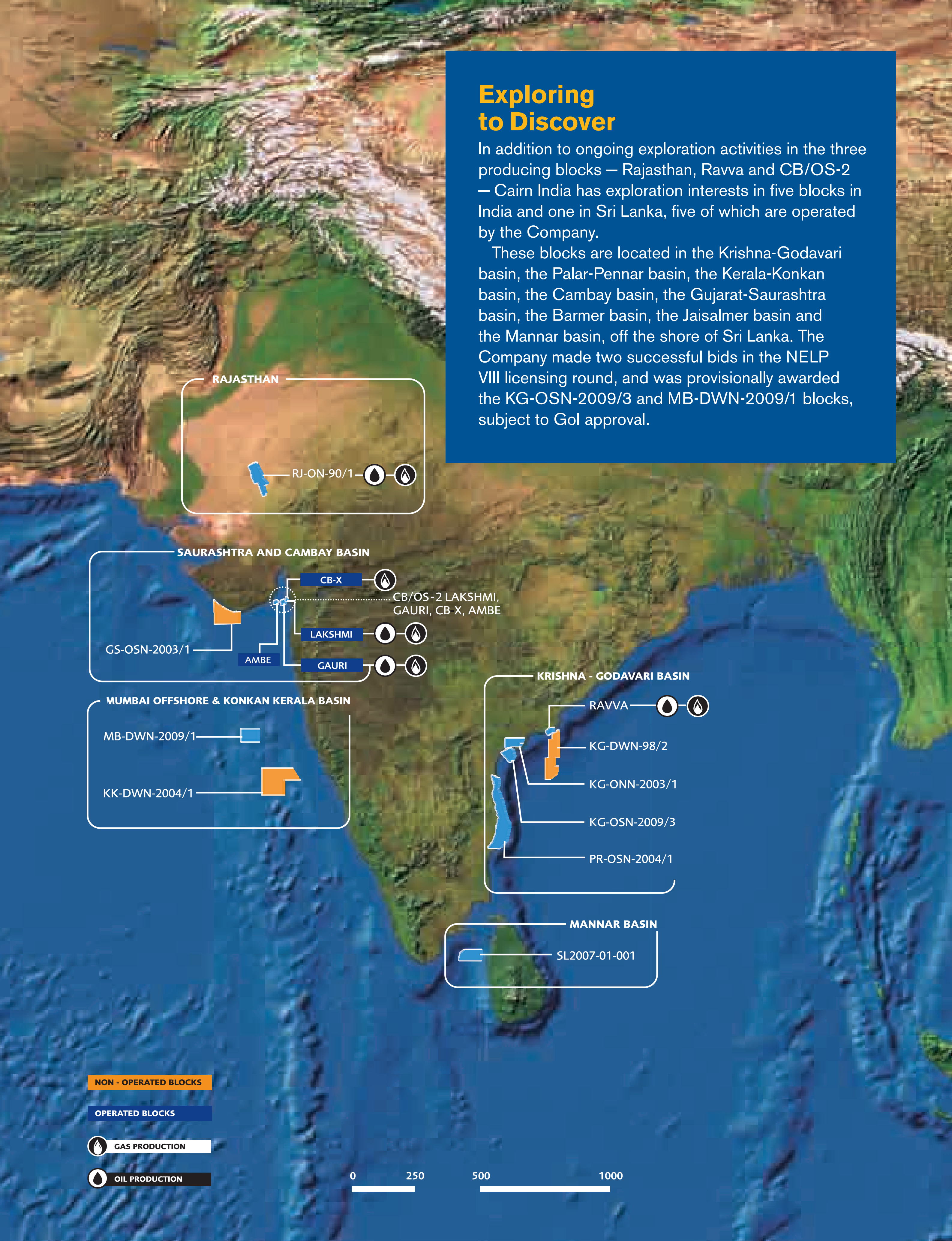
Cairn India signed a Term Sheet agreement to produce Gauri share of GBA (Gas Balancing Agreement – for sharing of gas from the shared reservoir formation) gas through the Hazira facilities in December 2009. The gas production and sales also commenced in the same month. This is a first of its kind arrangement in the country which showcases the Company's commitment to produce gas in the most economical manner and contribute to the nation's energy security.

The average gross production from the CB/OS-2 block for FY 2009-10 was 13,480 boepd consisting of an average oil / condensate production of 9,060 bopd and an average gas production of 26 mmscfd.

Exploring to Discover

In addition to ongoing exploration activities in the three producing blocks — Rajasthan, Ravva and CB/OS-2 — Cairn India has exploration interests in five blocks in India and one in Sri Lanka, five of which are operated by the Company.

These blocks are located in the Krishna-Godavari basin, the Palar-Pennar basin, the Kerala-Konkan basin, the Cambay basin, the Gujarat-Saurashtra basin, the Barmer basin, the Jaisalmer basin and the Mannar basin, off the shore of Sri Lanka. The Company made two successful bids in the NELP VIII licensing round, and was provisionally awarded the KG-OSN-2009/3 and MB-DWN-2009/1 blocks, subject to GoI approval.



East coast of India

Krishna Godavari Basin

Cairn holds a strong position in the Krishna Godavari basin with both existing production from Ravva and prospective onshore and offshore acreages. Cairn India's commitment to this basin was further consolidated with the award of the sought-after KG-OSN-2009/3 block in the NELP VIII bid round, subject to GoI approval.

Krishna Godavari Basin— PKGM-1 (RAVVA FIELD)

Cairn India Ownership 22.5%
Operator Cairn

A major review of the block-wide additional potential is being undertaken. A review of contingent resources was completed in early 2009, resulting in small but significant additions to the resource base, although further drilling will be required to monetise these. A second study to assess the additional undiscovered potential within the field, both in untested deeper horizons and in adjacent structures, is ongoing and is expected to add new exploration prospects. Further evaluation of the commerciality of these prospects is required.

Krishna Godavari Basin— KG-ONN-2003/1

Cairn India Ownership 49%
Operator Cairn

The Company has finalised five prospects and the drilling of the first of these wells (Nagaram-1) commenced in February 2010 and was plugged and abandoned in March 2010. The second well (Daliparu-1) commenced drilling in the same month. Drilling of the remaining wells is expected to be completed by early Q3 CY 2010.

Krishna Godavari Basin— KG-DWN-98/2

Cairn India Ownership 10%
Operator ONGC

The northern area of this PSC is now in an appraisal phase, following completion of the exploration period. The first of three wells commenced drilling in December 2009 and encountered low saturation gas. Two further wells are expected to be drilled by end Q2 CY 2010, as part of the future plan for commercial development of this discovered oil and gas resource. The southern area appraisal period was completed in December 2009, with the declaration of commerciality submitted to the DGH.

Palar-Pennar Basin— PR-OSN-2004/1

Cairn India Ownership 35%
Operator Cairn

This block, covering 9,400 km^2, is located contiguous to discoveries in Krishna-Godavari and Cauvery basins. Following interpretations of 3,100 line km of offshore 2D seismic data, an 800 km^2 of 3D seismic data was acquired in Q1 CY 2010 in preparation for a drilling campaign planned for the Q1 CY 2011.

Rajasthan

Jaisalmer Basin—RJ-ONN-2003/1

Cairn India Ownership 30%
Operator ENI

The operator completed the first exploration well in mid-2009, which encountered a sequence of low reservoir quality Mesozoic and older rocks of limited hydrocarbon potential. The operator held discussions with the Directorate General of Hydrocarbons (DGH) regarding the remaining work of its programme commitments. The block has now been relinquished by Cairn.

Other Indian Acreage

Kerala-Konkan Basin KK-DWN-2004/1

Cairn India Ownership 40%
Operator ONGC

A 3,840 line km 2D seismic programme was completed in 2009 and following interpretation of the data, 300 km^2 of 3D acquisition is being planned.

Gujarat-Saurashtra basin Block GS-OSN-2003/1

Cairn India Ownership 49%
Operator ONGC

The offshore well GSA-1 was plugged and abandoned in Q1 CY 2010.

Cairn India also completed its work programme commitments in the Ganga Valley exploration blocks (GV-ONN-2002/1 and GV-ONN-2003/1) and Vindhyan basin block (VN-ONN-2003/1). The Company has since relinquished its interests in these blocks.

Moving Beyond India

Sri Lanka, Mannar Basin— SL 2007-01-001

Cairn Lanka 100%
A wholly owned subsidiary of Cairn India

Cairn Lanka (Private) Limited, a wholly owned subsidiary of Cairn India, acquired 1,750 km^2 3D seismic data in the Mannar Basin in Sri Lanka between December 2009 and January 2010. The programme fulfils the commitment of 1,450 km^2 of 3D seismic data acquisition. The Mannar basin is an under-explored frontier basin, with both structural and strati-graphic plays.

The 3D seismic data is currently being processed. A detailed Metocean study has recently commenced in preparation for the exploration drilling of three wells planned to commence in Q2 CY 2011.

Human Resources

Cairn provides an environment that encourages initiative, innovation and rewards performance to foster "High Performance"

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

To build a sound and growing business in a difficult and complex industry, Cairn India needs people with world-class capabilities.

The Company's talent base has steadily increased, witnessing almost a three-fold growth in manpower over the last three years. The Company is now 1,068 people strong with an average age of 36 years and an average work experience of 13 years. It is, thus, a young yet experienced company.

Various initiatives to nurture talent were launched during the year, the key amongst them being:

- Creation of multiple platforms for learning
- Encouraging lateral placements and cross functional expertise
- Leadership development
- Continuation of competency management framework buildup

During the year, special emphasis was given to leadership development, targeting the Company's senior management through its 'Star Trek' programme.

Cairn's aggressive growth in FY 2009-10, and heightened activity for delivery of the Mangala project, scaled up the human resource needs for the organisation. This was managed by reducing cycle time to hire while giving greater emphasis on the quality of potential employees. A total of 360 people were hired during the year, including 16 graduate engineer trainees from colleges in Rajasthan.

One of the landmark achievements was managing a workforce of more than 16,000 at the Rajasthan and Gujarat sites during the peak of construction activity. The work was conducted adhering to strict safety standards and the people were trained on HSE practices to ensure that Cairn India's safety policies were strictly complied with. Attention to details such as induction and training of the contractor's workers, innovative safety compliance reward programmes and proper shelter and water were a part of the initiatives employed by the Company. There is more on this in the next section.


COLLABORATION AND SAFE WORKING PRACTICES ARE A PART OF THE CAIRN CULTURE

Health, Safety and Environment

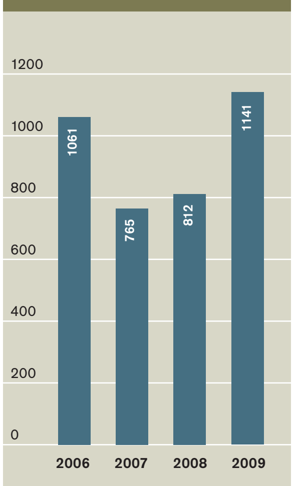
The Company's policies on Health, Safety and Environment (HSE) are clear: no harm to people and no adverse impact on the environment and the communities in which it operates. Hence, the priorities were excellence in construction safety, minimising the environmental impact of activities, including those carried out by contractors, and continuing to improve HSE across all our assets.

HEALTH AND SAFETY

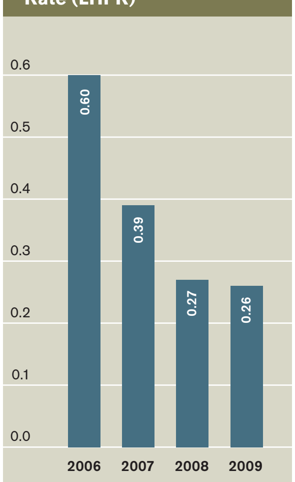
The safe execution and commissioning of projects in the upstream and midstream projects were significant challenges for Cairn India during the year. It employed a number of contractors at various work sites to execute the projects. Around 16,000 workers contributed approximately 63 million man-hours, which enabled Cairn India to achieve significant progress in the project schedule.

The Company has achieved global industry top quartile performance in Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Incident Frequency Rate (TRIFR) during the year. It has registered 42 million man-hours continuously without any lost-time injury, which is a world class performance by any standard.

NOx Emissions in Tonnes



Lost Time Injury Frequency Rate (LTIFR)



HSE Training

- More than 50,000 contract workers were trained on HSE induction; more than 10,000 went through the HSE road shows at MPT; and over 6,000 workers were covered under HSE training in the midstream project.
- Efforts to increase road safety awareness for employees and contractors continued through in-house and external training resources.
- Around 700 Cairn staff attended road safety and defensive driving training programmes at the Gurgaon offices, while another 300 did so at the Company's assets and project sites.

Cairn Incident Management System

The Cairn Incident Management System was launched in September 2009 for better reporting and investigation of incidents and near-misses. It is based on a user-friendly integrated process for reporting, investigation and tracking preventative actions until satisfactory closure and sharing of the lessons learned. The software tool was developed in-house. It handles all incidents, accidents and near-misses that require either a summary or detailed analysis.

Crude Oil Transportation

Adhering to road safety guidelines and ensuring HSE compliance by contractors engaged in crude transportation by road tankers were major challenges. A safety management system including road risk survey, tanker specifications, driver competency, inspection and an emergency response plan were set up, and all relevant personnel were trained on the effective implementation of the system.

Vehicles operating for Cairn India travelled some 32 million km during the year, which amounts to circumnavigating the earth around 800 times. Cairn India has achieved a remarkable performance in road safety, measured as MVAFR (Motor Vehicle Accident Frequency Rate). This was at 1.16 per million km driven, which is well below the international and national benchmarks for the industry.

Contractors HSE Performance Improvements

Although significant efforts were put in place to maintain safe working at the project sites, our contractors suffered three fatalities and four lost-time injuries during the year.

In order to improve contractor performance, Cairn India has taken the following corrective actions:

- A performance-oriented manual on contractor HSE requirements has been released
- There is more rigorous screening of contractors before engaging them
- Setting up and communicating expectations and risk based targets for contractors
- Creating ownership and oversight of HSE compliance by Cairn India's line managers and supervisors
- Having financial incentives/penalties for HSE performance of suppliers/contractors

Process Safety

To ensure safety of existing assets, Cairn India has established an internal integrated audit assurance programme. It includes a review of health, safety, environment and quality of individual assets, and their compliance to the Company's own standards as well as various applicable statutory regulations. A multi-disciplinary internal team was involved in the process of review and assurance and sharing best practices

ENVIRONMENT FRIENDLY MODES OF TRANSPORT ARE ENCOURAGED IN THE PROCESSING FACILITIES

across assets. A total of six integrated audits were conducted, apart from walk-through inspections and ISO-14001 and OHSAS-18001 surveillance audits.

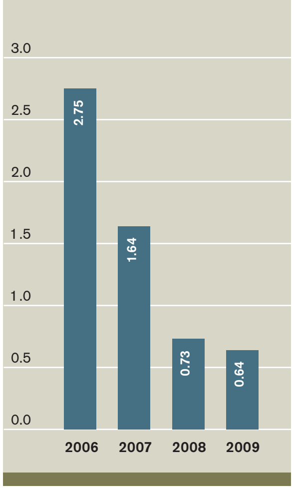
Ensuring safety of personnel, assets and environment during the commissioning of various projects was one of the major achievements during the year. Cairn India has established a gated process, including compliance verification of new facilities in the Rajasthan project including the upstream, MPT and the pipeline facilities. A Compliance and Assurance Team (CAT) was constituted. It visits the new facilities and verifies process safety compliance and readiness for start-up besides ensuring availability of updated standard operating procedures. Emergency response procedures were upgraded and tested for their effectiveness in the course of periodic emergency drills at all operating and project sites throughout the year.

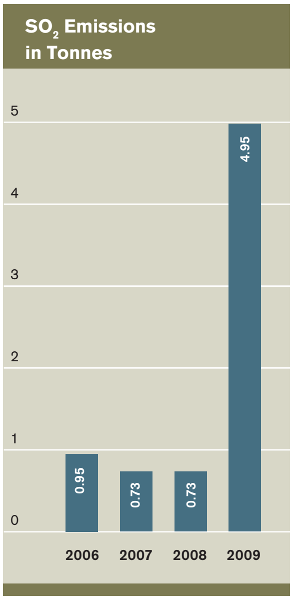
Occupational Health

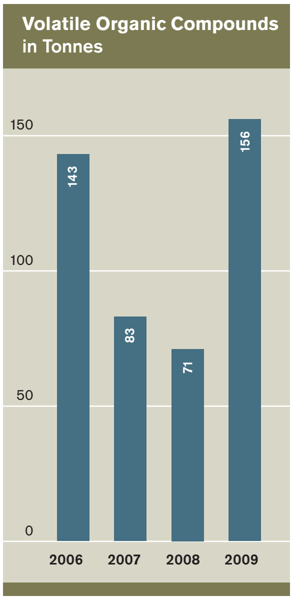
During the year, a number of initiatives were taken by the occupational health team. A H1N1 prevention campaign was launched throughout the Company and its contractors to prevent the spread of the virus. Travellers were screened medically before permitting them inside the facilities or offices. Alerts were issued on alternate days throughout the outbreak. In addition, a major campaign was launched to prevent heat stress at all the Company's sites and assets. Various precautionary measures were taken to avoid heat stress related illnesses. Bottled water was distributed to the contractor workers at sites; and shades were provided for their rest during hot day periods.

Periodic occupational and exposure surveys were conducted at all operating sites in conformance with regulatory requirements. Medical coverage was provided across all the Company's assets and project work sites.

Total Recordable Incident Frequency Rate (TRIFR)







ENVIRONMENT

Cairn India recognises the responsibility to minimise the environmental impact from its activities. It has worked closely with the project development contractors in reducing construction related environmental impacts. The challenges of proactively managing the situation during the construction phase of the MPT and the pipeline project was accomplished through active support and in partnership with the contractors.

Procedures were developed by Cairn India highlighting the environmental issues to be tackled along with the environment management plan. The contractors then developed bridging documents to align their operational process controls for effective implementation at site. Training on environmental awareness as well as job specific training was provided to all workers at site. Cairn India subscribes to the International Finance Corporation (IFC) performance standards.

Independent third party audits were conducted on a quarterly basis to verify effectiveness of compliance to the IFC standards. Gaps identified during the audits were addressed and closed.

In Sri Lanka, an environmental impact assessment study was conducted for the planned seismic surveys. The report was approved by the Sri Lankan authorities. Ecological surveys were conducted at the river crossings along the Barmer-Salaya pipeline route, and an environmental management plan developed and implemented to avoid any adverse impact on aquatic ecology.

Energy Conservation Initiatives

Several initiatives were taken for conservation of energy, some of which are listed below:

At Ravva

- Solar street lighting poles were installed resulting in reduction in usage of 615 units of conventional energy.

- All conventional water heaters were replaced with solar water heaters, thus reducing energy consumption by 40,000 units per annum.
- 18 conventional HPSV street light lamps were replaced with LED lamps in plant street lighting systems.

At the Gurgaon office

Several energy conservation initiatives have resulted in saving of 350,342 units of electricity, thus reducing the office's carbon footprint. These included:

- Ensuring that all except the emergency lights are turned off after working hours and on holidays
- Air handling units are started at 7 am and turned off when the employees have left office
- Lights in empty cubicles are turned off after 6 pm
- On working days, lights are turned on only by the employees when they arrive on duty

PERFORMANCE HIGHLIGHTS

Environmental management plans developed during various assessments of the Rajasthan development project have been consolidated into a comprehensive Environmental and Social Management Plan document.

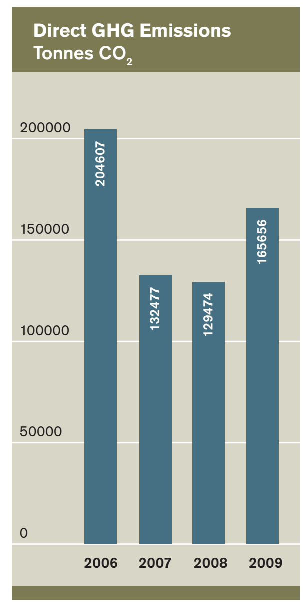
At Ravva, a de-bottlenecking project was undertaken to achieve the targeted produced water re-injection. This has enabled significant reduction in ground water consumption, and reduced effluent discharge to the sea.

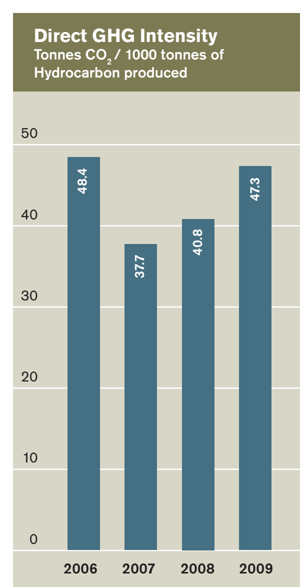
The Company regularly monitored air emission sources and the ambient air quality, and was able to maintain emission levels within regulatory standards. During construction activities in Rajasthan, dust suppression was carried out through sprinkling of treated sewage.

Green House Gas (GHG) emissions were within targets set at the beginning of the year notwithstanding a rise in energy use. GHG emissions intensity was 47.32 tonnes of CO_2 per 1,000 tonnes of hydrocarbon produced, which was slightly higher than previous year (40.8) due to decline in crude production from the Ravva field.

Organic waste convertors were installed and operated at the Rajasthan construction site for composting all food waste into manure, which is being used for greenbelt development.

In the midstream project, a management plan was developed and implemented for protection of the top soil. The top soil after excavation was stored in a manner to avoid erosion with runoff. After lowering of the pipeline sections top soil was refilled in the trenches.





Internal Controls and their Adequacy

During FY 2009-10, Cairn India further developed the use of the SAP system, which enhanced the Company's internal control environment. The intranet portal use was extended and enhancements were made to the business risk management system in line with best practices.

The review of management processes by third party consultants started in 2008 and continued in 2009. This has resulted in further improvements to business systems and processes.

Cairn India's processes and financial activities are subjected to independent audits; by internal as well as statutory auditors. The implementation of the recommendations arising from all audit reports is regularly monitored by the senior management

ACHIEVEMENTS DURING FY 2009-10

BUSINESS RISK MANAGEMENT PROCESS

The Cairn India Business Risk Management System, which aims to systematically identify and document business risks, their significance and the appropriate controls to mitigate them, has been implemented for all activities.

OPERATING POLICIES AND PROCEDURES

Policies have been disseminated to appropriate departments / functions, as considered essential by senior management. Procedures have been revised and put in place in many areas. The process is still ongoing and will be completed and put in place by the end of CY2010. Cairn India's operational activities have been subjected to audits and peer reviews. Implementation of the recommendations arising from all audit reports is regularly monitored by senior management.

LEGAL AND COMMERCIAL PROCEDURES

These have been actively disseminated throughout the Company. A process is ongoing to ensure that policies and procedures are in place for all key activities. A Legal Compliance Management System has been developed to track regulatory compliance requirements. Internal audit procedures for the Legal Department are being developed, and will be completed in CY 2010.

CODE OF BUSINESS ETHICS

The Cairn India Code of Business Ethics has been distributed throughout the Company in FY 2009-10. The staff has accepted the provisions of the Code.

FINANCIAL AND MANAGEMENT REPORTING

Financial policies, standards and delegations of authority have been disseminated to appropriate senior management for further dissemination to staff within their departments. Procedures to ensure conformance with the policies, standards and delegations of authority have been put in place covering all activities. Periodic assessment of the accuracy and reliability of the budget and forecast model with respect to actual results have been implemented. Cairn India's processes and financial activities are subjected to independent audits — by internal as well as statutory auditors. The implementation of the recommendations arising from all audit reports is regularly monitored by the senior management. Internal and statutory audit reports and findings, including comments by management, are regularly placed before the Audit Committee of the Board of Directors.

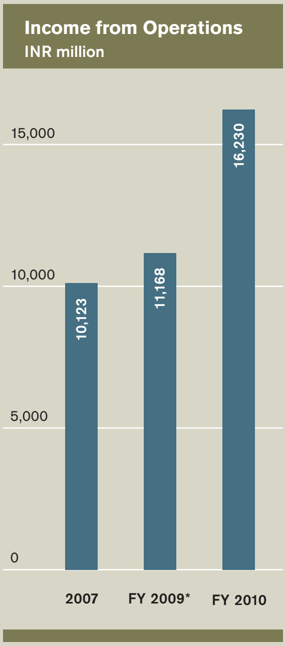
PERFORMANCE SETTING AND MEASUREMENT

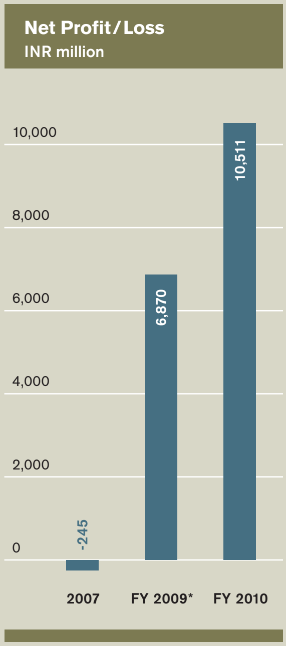
Objectives and Key Performance Indicators have been drawn up to meet the business plans and work programme. A system is in place to monitor and report on the progress to the Executive Committee and the Board of Directors.

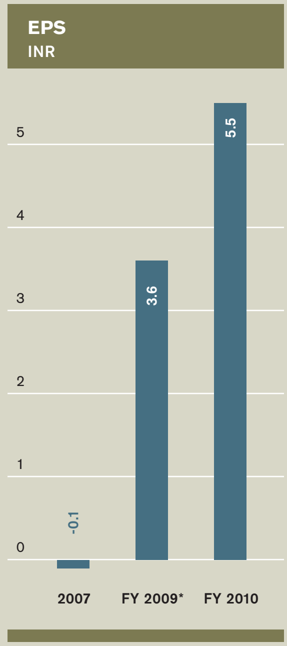
BUSINESS CONTINUITY

Emergency response and management plans are in place for all operations. The IT Disaster Recovery Plan was implemented in FY 2009-10. The Gurgaon Office Business Continuity Plan is well developed. Final release will be by April 2011. Business Continuity Plans for all other assets and locations will be in place by end of CY 2010.

Abridged Financials







* Figures normalised for 12 months

Following the alignment of the Company's financial year with India's tax year the results of the current accounting period cover 12 months as opposed to the 15 months period last year. One cannot thus readily compare the results over the two successive periods. Table 2 provides the consolidated audited results.

2 Consolidated Profit and Loss Account for the Year ended March 31, 2010
All amounts are in INR Million, unless otherwise stated

	Year ended March 31, 2010	For 15 months ended March 31, 2009
Income from operations	16,230	14,327
Total Income	20,307	19,837
Total Expenditure	8,511	7,197
Earnings before Depreciation Interest and Tax (EBIDTA)	11,796	12,640
Finance Cost	148	63
DD&A	1,485	2,698
Profit before taxation	10,163	9,879
Profit for the year / period	**10,511**	**8,035**
Paid up Equity Share Capital (face value of Rs.10 each)	18,970	18,967
Reserves excluding Revaluation Reserves	319,250	308,668
Earnings Per Share (in INR)		
Basic	5.54	4.31
Diluted	5.52	4.28
Public shareholding		
Number of Shares	713,730,341	669,824,025
Percentage of Public Shareholding	37.62%	35.32%

FINANCIAL HIGHLIGHTS

For the Financial Year 2009–2010

Profit After Tax at INR 10,511 million (USD 222 million)

Operating revenues at INR 16,230 million (USD 342 million)

The average oil price realisation was USD 68.2 per bbl, the average gas price realisation was USD 4.2 per mscf; average price realisation per boe was USD 60.9

Cash available as on 31 March, 2010 was INR 26,313 million (USD 583 million); loan drawn down to 31 March, 2010 against the loan facility of USD 1.6 billion was INR 33,867 million (USD 751 million)

Gross cumulative Rajasthan development capex spend USD 2,292 million, of which USD 934 million was spent during FY 2009-10

Completed financing of USD 1.6 billion facility in October 2009 through a unique combination of USD 750 million international borrowing and a domestic borrowing of INR 4,000 crore (USD 850 million)

The USD 1.6 billion financing deal was awarded the "Oil & Gas Deal of the Year" for Asia Pacific region by Project Finance International. The Company's domestic borrowing programme was given "AAA" by CARE for an aggregate amount of INR 4,000 crore (USD 850 million)

Company and some of its wholly owned subsidiaries are undertaking a Scheme of Arrangement. After the approval and implementation of the scheme, the Company will directly own the Indian businesses, which are currently owned by some of its wholly owned subsidiaries.

Business Risks

Given the nature of oil and gas exploration and production, managing risks is an essential component of our business at Cairn India. The senior employees and the Board of Directors are aware of the risks faced by the Company; and the management takes steps when needed to mitigate such risks to the best possible extent, for example:

Cairn India is well placed to deal with low crude oil prices through operational cost advantages. The operational expense for existing operations at Ravva and CB/OS-2 is USD 2.10 per barrel; and the Rajasthan operational expense including the pipeline is estimated at approximately USD 5 per barrel. Thus, the Company should generate shareholder value even at lower crude oil prices

The strong promoter support, low financial gearing and increasing cash flows should only improve the financial health of the organisation

1. What if global crude oil prices crash to below USD 40 per barrel?

The past year saw crude oil prices stabilise in the USD 70 per barrel range with some upward movement. Energy researchers believe that the demand for energy will continue to increase in FY 2011. The Secretariat of the Organisation of Petroleum Exporting Countries (OPEC) states that, in all likelihood, crude prices of USD 70 per barrel is longer term equilibrium—and a level that ought to encourage exploration and production of crude oil.

However, a lowering in crude prices can never be ruled out. The only way to deal with it is through operational cost advantages for which Cairn India is well placed. The operational expense for existing operations at Ravva and CB/OS-2 is USD 2.10 per barrel; and the Rajasthan operational expense including the pipeline is estimated at approximately USD 5 per barrel. Thus, the Company should generate shareholder value even at lower crude oil prices.

2. What if Train Four at the MPT is delayed?

Train One at MPT was commissioned on 29 August, 2009 followed by Train Two in May 2010. This will be followed by the commissioning of Train Three with a capacity of 50,000 by end June 2010. At the moment, Train Four is the focus of Cairn India's project activities at the MPT, and all efforts are towards adhering to timelines. As of today, the Company plans to complete Train Four in CY 2011 to support the ramp up of production to the FDP approved rate of 175,000 bopd.

3. What if crude oil sales are not aligned to the capacity created at MPT?

As of now, the MPT has the capacity to process 130,000 bopd of crude, which can support the Mangala approved peak production rate of 125,000 bopd. The Company targets to achieve this rate during H2 CY 2010. Hence, it sees no misallocation between sales arrangements and production capacity at present.

Cairn India is in discussion with existing buyers to enhance volumes, and with other refiners in the country to place orders for the Rajasthan crude. In securing new buyers, the Company has received consistent support from the GoI. It, therefore, expects to finalise more allocations in line with Train Four coming into operation in CY 2011 — when the MPT could produce up to 205,000 bopd, subject to GoI approval.

4. What if Cairn ran out of funds for the Rajasthan project?

The capability to secure the USD 1.6 billion facility in difficult times demonstrates the capacity of Cairn India to financially secure the Rajasthan development. The strong promoter support, low financial gearing and increasing cash flows should only improve the financial health of the organisation. Moreover, lower operating costs of the pipeline in comparison with trucking will reduce transport costs significantly. The Company continues to explore possibilities for additional financing — if necessary and available at terms that can enhance long term corporate value.

OUTLOOK

MBA targeted to reach its current approved peak production level of 175,000 bopd in CY 2011.

The gross operated production of the Company is expected to increase from 69,059 bopd in FY 2009–10 to more than 200,000 bopd in FY 2011–12 with more than 400% increase in the working interest.

CAUTIONARY STATEMENT

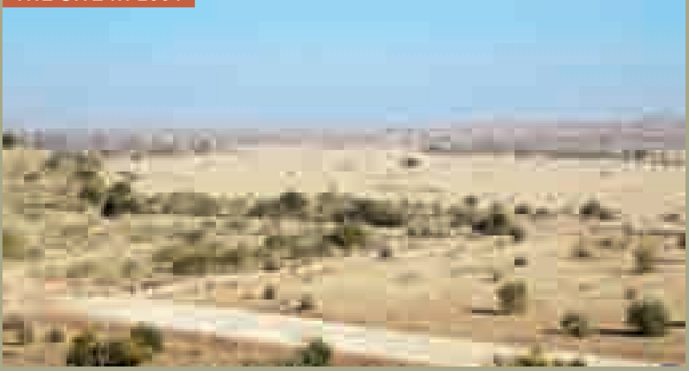
Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or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

INSIDE THE EXPORT OIL STORAGE TANK DURING THE CONSTRUCTION PHASE AT MANGALA PROCESSING TERMINAL

Delivering To The Nation

1995	1999	2001	2003	2004
MAY PSC signed between SIPD and GoI	DEC Cairn farmed in for 27.5%	NOV Saraswati discovery	FEB Raageshwari discovery JUN Cairn acquired 100%	JAN Mangala discovery MAR Aishwariya discovery AUG Bhagyam discovery

THE SITE IN 2004



Mangala Processing Terminal

THE CONCEPT TAKING SHAPE

STATE-OF-THE-ART MOBILE RIGS

The World's Longest Continuously Heated and Insulated Pipeline

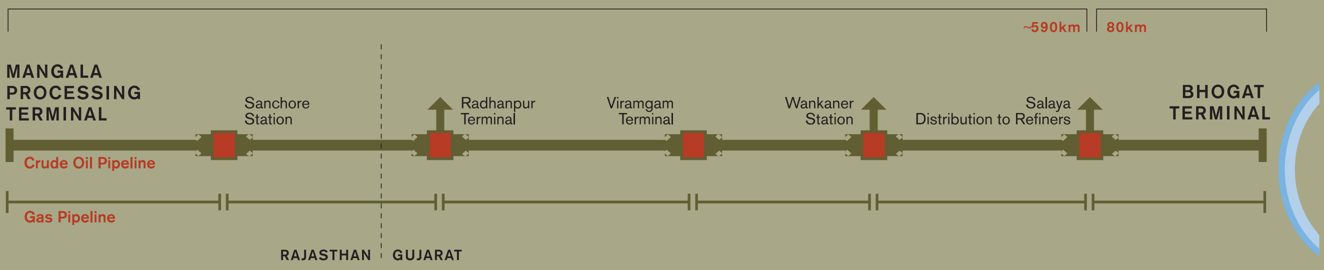
Cairn and ONGC JV (India)	670 km
LUKOIL Oil Company (Russia)	160 km
Pertamina (Indonesia)	115 km
LUKOIL Oil Company (Russia)	39 km
Aktua Oil (Kazakhstan)	20 km

2005	2006	2007	2008	2009	2010
OCT Cairn submits development plans to GoI for its oil fields	Cairn's final concept of pipeline with a single 24" crude oil line and a parallel gas pipeline to feed gas to heating stations every ~18 km **JAN** Raageshwari Deep gas and NE field discovery	**APR** First letter of approval from GoI to shift delivery point on the pipeline to the coast	**JUN** Work on the pipeline formally commenced **DEC** Raageshwari East 1z discovery ONGC agrees to share cost of USD 900 million pipeline to Gujarat Substantial RoU for pipeline obtained in Gujarat	**FEB** RoU for pipeline also obtained for Rajasthan **AUG** Hon'ble Prime Minister of India dedicated Mangala field to the nation. Production commences from Mangala	**MAY** Crude oil introduced into the pipeline

TRAIN ONE AT MPT

CONSTRUCTION OF THE STORAGE TANKS

CURRENT NIGHT VIEW OF THE MPT



Corporate Social Responsibility

OVERVIEW

Global organisations are expected not only to make a difference to the economic development and stability in their countries of operation but also play a key role in the social and environmental development of the region.

Cairn India has taken a lead in this direction by developing linkages, relationships and interfaces between “business” and “society”. CSR is an integral part of the business process and strategy at Cairn from exploration to development and production. We aim to make a difference where we operate through our ideology of “Respect, Relationships and Responsibility”.

Respect

People are Cairn India’s key asset and the attitude of the Cairn team is critical to its business culture. Cairn’s entrepreneurial spirit is underpinned by a depth of knowledge and a strong set of cultural core values, including integrity, social and environmental responsibility, teamwork, nurturing of individual creativity, risk management and developing alliances with key partners.

Relationships

These are the key to developing any business and Cairn India’s success in the region for more than a decade would not have been possible without the consistent support of all stakeholders, from governments, regulators and JV partners to the people living near our sites. The level of support and understanding on the ground is something we have worked hard to bring about in our business development activities and we are proud of what we have achieved — and continue to achieve — wherever we operate.

Responsibility

Cairn India is operating in many areas that face economic, social and environmental challenges. It has the responsibility to understand these CSR challenges, identify the potential impact of its activities and, through engaging with stakeholders, look for opportunities for mutual benefit.

OBJECTIVES

Strategic

Designed to establish best practices in the field of CSR and chartering a new path for others to follow.

COMMUNITY ENGAGEMENT PROGRAMMES IN PROGRESS

CSR HIGHLIGHTS

IFC linkage programme– 1,065 trainees trained in employment programmes

Self-employment programme 361 women from project affected areas trained in handicraft and key chain making

Lives of more than 12,000 villagers touched through **Mobile Health Van** project

More than 10,000 farmers connected through SMS service of **Reuters Market Light**

Dairy Project collected more than 0.5 million litres of milk and generated more than INR 6.9 million as revenue (USD 0.1 million)

External

Aimed towards a positive engagement with the external stakeholders to enlist support for CSR initiatives and derive a vision striking a balance with the expectation and needs of external stakeholders.

Internal

Directed towards seeking active participation of internal stakeholders, namely employees, investors and supply chain members.

FOCUS AREAS

Cairn India is committed to the Millennium Development Goals (MDG). As we become an increasingly significant player in the energy sector, we will continue to leverage our CSR activities and bring the benefits of energy development to the communities.

We focus on inclusive growth by fostering social capital through our health and education initiatives and creating access to opportunities and resources through our economic development and infrastructure support initiatives.

Infrastructure

We recognise the role of infrastructure in the macro development perspective and work closely with local administration and communities surrounding our areas of operations be it in Ravva, Rajasthan or Suvali to aid and improve existing infrastructure facilities From building roads to improve access to the project site and water harvesting structures in Rajasthan, providing health infrastructure and sanitation facilities in Ravva, Andhra Pradesh, we have tried to seamlessly merge our social responsibility initiatives with different stages of our business development.

Economic Development

In a bid to create a conducive environment for improved income generating opportunities, more than 1000 trainees were provided with employment training for the year under review with 70% being linked to various employment opportunities at the conclusion of the programme. These programmes also include training for semi skilled persons wherein 80% of the 115 trainees started their own enterprise. Close to 400 women have been trained in handicrafts making, majority from project affected families with market linkage of local exporters and contractors provided to approximately 70% for the year under review. Our dairy initiatives which have positively impacted the lives of more than 800 families continued its success through the year gone by. Approximately 0.5 million litres of milk collection was generated with revenue of INR 6.9 million (USD 0.1 million) for the year under review.

Cairn India has tied up with Thomson Reuters to provide agricultural market intelligence to 10,000 farmers along the pipeline route.

Corporate Social Responsibility
Creating values for stakeholders

The information is collated from around 1000 different markets on 250 different types of crops and weather forecast from 2500 locations. Agri kiosks as a single-window service for all pre-harvest and post-harvest requirements of farmers along with farming inputs from 10 corporate houses are being set up in association with Multi Commodity Exchange of India Limited (MCX) and the Department of Post. For the year under review, three such centres catering to 70 villages and 2500 households have been set up.

Education

Initial activity during the exploration phase was centred around providing educational aids to setting up educational infrastructure like buildings, computer rooms, text books and so on. Now a long term approach is being adopted. The focus is to improve the quality of education imparted through innovation like "Theatre in Education" and "English Relay" sessions aimed at enriching classroom experience. As part of the same initiative, to inculcate a culture of learning and reading, the Company set up 40 libraries in Rajasthan and 20 in Gujarat under the "Room to Read" initiative.

Health

Our health initiatives have touched more than 12,000 lives for the year under review, directly and indirectly. While mobile health vans help augment and support healthcare facilities, health awareness camps and activities help improve the health seeking behaviour of the villagers. Almost 100 villages have availed of the mobile health van facilities in Rajasthan and Gujarat. More than 10 awareness camps attended by nearly 3000 villagers were organised during the year.

WE ENCOURAGE THE USE OF INNOVATIVE METHODS TO IMPART EDUCATION

PARTNERING FOR SUCCESS

We build different levels of partnership looking at the local needs and deliver highend programme towards improving lives. Here are some of our key partnerships and programmes:

International Finance Corporation (IFC)

IFC is a part of the World Bank group that provides investment and advisory services to the private sector in developing countries. The Cairn-IFC Linkage Programme with the support of the Government of Rajasthan aims at maximising the development impacts of Cairn's investments in Barmer.

Thomson Reuters

This partnership offers localised, customised and personalised information on agriculture to farmers on their mobile phones. The model is one of the six initiatives supported and recognised by United Nations Development Programme (UNDP) as part of its Millennium Development Goals.

Helpage India

The Helpage alliance with Cairn is based on providing preventive and curative healthcare to communities in Gujarat and Rajasthan.

MCX and Dept of Post, GoI

MCX is the fourth largest derivatives exchange in Asia and sixth largest commodity exchange in the world. The postal department of Government of India has the largest postal network in the world. The partnership aims to reach out to the 40,000 farmers along the pipeline route.

Room to Read India Trust

A global network which has benefitted four million children in nine countries with their innovative model of infotainment through libraries.

Society to Uplift Rural Economy

One of the oldest and most renowned non-profit organisation working in the Barmer region with the local community for more than six decades.

Report on Corporate Governance

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

Board of Directors

COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD

As on 31 March, 2010, the Board comprised 10 Directors, including seven non-executive Directors, four of whom are also independent. In terms of the Securities and Exchange Board of India's (SEBI's) revised Clause 49 of the Listing Agreement, the Company is required to increase the number of independent Directors to at least half the strength of the Board. It is actively engaged in the process of inducting two more independent Directors with requisite expertise. It intends to have half of the Board comprising independent Directors before the end CY 2010.

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

The Board has three executive Directors, namely Messrs. Rahul Dhir, Indrajit Banerjee and Rick Bott. The executive Directors have been appointed for a term of five years, except Mr Rick Bott, who has a three-year contract.

The composition of the Board as on 31 March, 2010 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. Moreover, none of the Directors is related to the other, or to any other employee of the Company.

During the period under review, Mr Philip Tracy ceased to be an alternate Director to Sir William B. B. Gammell effective 26 May, 2009,

1 Composition of the Board
As on 31 March, 2010

S. No.	Name of the Director	Executive/ Non-Executive	No. of other Directorships		Memberships / Chairmanships of Board-level Committees**	
			Indian	Others*	Member	Chairman
1	Sir William B.B. Gammell	Chairman, Non-Executive Director	-	29	-	-
2	Ms Jann Brown	Non-Executive Director	-	41	1	-
3	Mr Malcolm Shaw Thoms	Non-Executive Director	-	26	-	-
4	Mr Aman Mehta	Non-Executive Independent Director	6	4	3	3
5	Mr Naresh Chandra	Non-Executive Independent Director	16	3	9	1
6	Dr Omkar Goswami	Non-Executive Independent Director	11	1	7	2
7	Mr Edward T. Story Jr	Non-Executive Independent Director	-	1	2	-
8	Mr Rahul Dhir	Managing Director and CEO	-	5	1	-
9	Mr Indrajit Banerjee	Executive Director and CFO	-	29	-	-
10	Mr Rick Bott	Executive Director and COO	-	-	-	-

Notes
* Directorships in companies registered in other jurisdictions (listed, unlisted and private limited companies).
** Only the Audit Committee and the Shareholders' / Investors' Grievance Committee of Indian public limited companies have been considered

2	Directors' Attendance Record for year ended 31 March, 2010		
Name	**No. of meetings held during the period the Director was on Board**	**No. of meetings attended**	**Presence at the last AGM**
Sir William B. B. Gammell *	8	7	Yes
Ms Jann Brown*	8	7	Yes
Mr Rahul Dhir	8	8	Yes
Mr Malcolm Shaw Thoms*	8	7	Yes
Mr Aman Mehta	8	8	Yes
Mr Naresh Chandra	8	8	Yes
Dr Omkar Goswami	8	7	Yes
Mr Indrajit Banerjee	8	8	Yes
Mr Rick Bott	8	8	Yes
Mr Edward T. Story Jr*	8	4	No

Note * Also participated in the proceedings of one Board Meeting through audio conference.

and was re-appointed in the same post effective 27 May, 2010.

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

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

NUMBER OF BOARD MEETINGS AND THE ATTENDANCE OF DIRECTORS

During the year ended 31 March, 2010, the Board of Directors met eight times on: 27 May, 2009, 29 July, 2009, 18 August, 2009, 22 October, 2009, 29 October, 2009, 9 December, 2009, 28 January, 2010 and 25 March, 2010. The maximum gap between any two meetings was less than three months.

Table 2 gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the year ended 31 March, 2010.

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 20 September, 2007.

During the year under review, 65,845 options were granted to Mr Indrajit Banerjee under the Cairn India Performance Option Plan, 2006 (CIPOP). These were granted on the basis of his performance in contributing to business results, organisational strength and market position of the Company and criticality of the role assigned. The vesting period is minimum three years, subject to the fulfilment of performance conditions in the Plan. The exercise period is three months from the date of vesting of options.

In addition, 155,341 cash options were granted to Mr Rick Bott under the Phantom Performance Option Plan.

No options were exercised by the executive Directors during the year under review.

SHAREHOLDING OF NON-EXECUTIVE OR INDEPENDENT DIRECTORS

Sir William B. B. Gammell, Ms Jann Brown and Mr Malcolm Shaw Thoms, who are non-executive Directors of the Company, hold one equity share each in the Company as nominees of Cairn UK Holdings Limited. Apart from this, none of the non-executive or independent Directors holds any equity shares or convertible instruments of the Company.

CODE OF CONDUCT

The Board of Directors has laid down a 'Code of Business Ethics' which is applicable to everyone in the Cairn India Group including employees, contractors and Directors. Details of the Code are available at www.cairnindia.com. All Directors and senior management have affirmed compliance with the Code for the year ended 31 March, 2010.

COMMITTEES OF THE BOARD

Audit committee

The Company has an adequately qualified Audit Committee. As on 31 March, 2010, the Committee comprised five non-executive Directors: Mr Aman Mehta (Chairman), Mr Naresh Chandra, Ms Jann Brown, 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 Indrajit Banerjee, Executive Director and CFO, Mr Raj Agarwal, Partner, S. R. Batliboi and Co., and Mr Raman Sobti, Director, KPMG, are invitees to the meetings of the Audit Committee. Ms Neerja Sharma, Company Secretary is the Secretary to the Committee. During the year ended 31 March, 2010, the Audit Committee met five times: on 27 May, 2009, 29 July, 2009, 29 October, 2009, 28 January, 2010 and 25 March, 2010. The attendance record of the Audit Committee is given in **Table 4.** Mr Aman Mehta, Chairman of the Audit Committee, was present at the Company's last AGM held on 18 August, 2009.

Shareholders' / Investors' Grievance Committee

As on 31 March, 2010, the Committee comprised three Directors: Dr Omkar Goswami (Chairman), Mr Edward T. Story and Mr Rahul Dhir. Mr Story was co-opted to the Committee as a member in place of Mr Naresh Chandra with effect from 29 October, 2009.

The Chairman of the committee is an independent Director. Ms Neerja Sharma, Company

3 Directors' Remuneration
For the year ended 31 March, 2010 (in INR)

Name	Salary	Perquisites	Bonus & Performance incentives	Retirement Benefits	Commission	Sitting Fee	Total
Sir William B. B. Gammell	-	-	-	-	-	-	-
Ms Jann Brown	-	-	-	-	-	-	-
Mr Rahul Dhir[1]	34,995,023	67,616,900	28,812,876	4,201,892	-	-	**135,626,691**
Mr Indrajit Banerjee[2]	13,207,800	-	12,644,829	1,425,612	-	-	**27,278,241**
Mr Rick Bott[3]	23,969,235	68,736,308	6,497,197	2,887,725	-	-	**102,090,465**
Mr Malcolm Shaw Thoms	-	-	-	-	-	-	-
Mr Aman Mehta[4]	-	-	-	-	-	340,000	**340,000**
Mr Naresh Chandra[4]	-	-	-	-	-	340,000	**340,000**
Dr Omkar Goswami[4]	-	-	-	-	-	320,000	**320,000**
Mr Edward T. Story Jr	-	-	-	-	-	160,000	**160,000**

Notes
[1] Mr Rahul Dhir's salary as stated above includes salary from Cairn Energy India Pty Limited of INR 133,226,691
[2] Mr Indrajit Banerjee's salary as stated above includes salary from Cairn Energy India Pty Limited of INR 25,478,241. He was also paid an ex-gratia amount of INR 25,478,362.
[3] Mr Rick Bott's salary as stated above includes salary from Cairn Energy India Pty Limited of INR 100,890,465. He was also paid a milestone linked bonus of INR 62,653,500.
[4] Mr Aman Mehta, Dr Omkar Goswami and Mr Naresh Chandra were paid a remuneration of INR 586,375 each from Cairn Energy Holdings Limited, Cairn Energy Hydrocarbons Limited & Cairn Energy Asia Pty Limited, respectively, in their capacity as directors in these subsidiary companies.

4 Attendance Record of Audit Committee
For the year ended 31 March, 2010

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	5	5
Mr Naresh Chandra	Independent Director	Member	5	5
Dr Omkar Goswami	Independent Director	Member	5	4
Ms Jann Brown	Non-executive Director	Member	5	5
Mr Edward T Story	Independent Director	Member	5	4

5 Complaints Received and Attended
During the year ended 31 March, 2010

Nature of Complaint	No. of Complaints		
	Received	Attended	Pending
Non-receipt of refund orders / revalidation / demat credit	23	23	NIL
Referred by SEBI	10	10	NIL
Referred by Stock Exchanges	-	-	NIL
Received from investors	44	44	NIL
Non-receipt of the Annual Report	11	11	NIL
Total	**88**	**88**	**NIL**

Secretary, is the Compliance Officer of the Company and the Secretary of the Committee. The Committee met once during the financial year on 25 March, 2010. Dr Omkar Goswami and Mr Rahul Dhir attended the said meeting. The Company has appointed Link Intime India Private Limited as the Registrar and Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily. The status of complaints received during the 12-month period ended 31 March, 2010 by the Registrar and Share Transfer Agent is given in **Table 5**.

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, 2010, the Remuneration Committee comprised five non-executive Directors: Mr Naresh Chandra (Chairman), Sir William B.B. Gammell, Mr Malcolm Shaw Thoms, Mr Aman Mehta and Dr Omkar Goswami. Three of these members were independent Directors. Ms Neerja Sharma, Company Secretary, is the Secretary to the Committee.

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

Within the terms of the agreed policy, the Committee determines the entire individual remuneration packages for the executive Directors. The Committee is also responsible for overseeing the Company's share option schemes and long term incentive plans, including determining the eligibility for benefits and approving total annual payments.

During the year ended 31 March, 2010, four meetings of the Remuneration Committee were held: on 27 May, 2009, 29 July, 2009, 29 October, 2009 and 25 March, 2010. The attendance record of the Remuneration Committee is given in **Table 6.**

Nomination Committee

As on 31 March, 2010, the Nomination Committee comprised five Directors: Sir William B.B. Gammell (Chairman), Mr Rahul Dhir, Ms Jann Brown, Mr Malcolm Shaw Thoms and Mr Edward T. Story.

The functions of the Nomination Committee are:

- Reviewing the structure, size and composition of the Board, and make recommendations to the Board with regard to changes, if any.
- Evaluating the balance of skills, knowledge and experience of the Board and, in light of this

evaluation, preparing a description of the role and capabilities required for particular appointments.
- Identifying and nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise.
- Reviewing time required from each non-executive Director, and assessing whether s(he) has given sufficient commitment to the role.
- Considering succession planning taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed from members of the Board in the future.
- Ensuring that on appointment to the Board, the non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee

6 Attendance Record of Remuneration Committee
For the year ended 31 March, 2010

Name	Position	Status	No. of meetings held	No. of meetings attended
Mr Naresh Chandra	Independent Director	Chairman	4	4
Sir William B.B. Gammell	Non-Executive Director	Member	4	4
Dr Omkar Goswami	Independent Director	Member	4	4
Mr Aman Mehta	Independent Director	Member	4	4
Mr Malcolm Shaw Thoms	Non-Executive Director	Member	4	4

7 Details of Directorship and Committee Positions held in other Companies

S. No.	Name of Director	Name of the Company in which Directorship held	Committee Chairmanship*	Committee Membership*
1	Mr Rahul Dhir	Cairn India Holdings Limited		
		CIG Mauritius Holding Pvt. Ltd.		
		CIG Mauritius Pvt. Ltd.		
		Cairn Lanka (Pvt.) Ltd.		
		Sunborne Energy Holdings LLC		
2	Mr Indrajit Banerjee	Cairn Energy Holdings Limited		
		Cairn Energy Hydrocarbons Limited		
		Cairn Exploration (No. 2) Limited		
		Cairn Exploration (No. 4) Limited		
		Cairn Exploration (No. 6) Limited		
		Cairn Exploration (No. 7) Limited		
		Cairn Energy Gujarat Block 1 Limited		
		Cairn Energy Discovery Limited		
		Cairn Petroleum India Limited		
		Cairn Energy Cambay B.V.		
		Cairn Energy India West B.V.		
		Cairn Energy Gujarat B.V.		
		Cairn Energy India Holdings B.V.		
		Cairn Energy Group Holdings B.V.		
		Cairn Energy Netherlands Holdings B.V.		
		Cairn Energy Gujarat Holding B.V.		
		Cairn Energy India West Holding B.V.		
		Cairn Energy Cambay Holding B.V.		
		Cairn Energy Australia Pty Limited		
		CEH Australia Limited		
		Cairn Energy Asia Pty Limited		
		Cairn Energy Investments Australia Pty Limited		
		Wessington Investments Pty Limited		
		Sydney Oil Company Pty Limited		
		Cairn Energy India Pty Limited		
		CEH Australia Pty Limited		
		CIG Mauritius Holding Pvt. Ltd.		
		CIG Mauritius Private Limited		
		Cairn Lanka (Pvt.) Limited		

Note * Only Audit and Shareholders'/Investors' Grievance Committees included service and involvement outside Board meetings.

Management

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURES

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

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

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for its management and staff. The Code lays down guidelines which advise management and staff on procedures to be followed and disclosures to be made while dealing with shares of the Company, and cautions them on the consequences of violations.

RISK MANAGEMENT

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

CEO / CFO CERTIFICATION

The CEO's and 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, 2010 is enclosed at the end of this chapter.

SUBSIDIARY COMPANIES

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

Shareholders

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

Mr Rahul Dhir

Mr Rahul Dhir, 44, joined Cairn India in May 2006 as the Chief Executive Officer and was appointed the Managing Director on 22 August, 2006. He completed his degree in Bachelor of Technology from the Indian Institute of Technology, Delhi. He went on to complete his M.Sc from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania. Mr Dhir started his career as an oil and gas reservoir engineer before moving into investment banking. He has worked at SBC Warburg, Morgan Stanley and Merrill Lynch. Before joining Cairn India, he was the Managing Director and Co-Head of Energy and Power Investment Banking at Merrill Lynch.

Mr Indrajit Banerjee

Mr Indrajit Banerjee, 54,was appointed as an Additional Director on 26 February, 2007 and as the Executive Director and Chief Financial Officer on 1 March, 2007. He graduated from the University of Calcutta with a Bachelor's Degree in Commerce. An associate member of the Institute of Chartered Accountants of India, Mr Banerjee started his career at PriceWaterhouse Coopers in Calcutta in 1979. He has held several senior positions throughout his career, including 17 years at the Indian Aluminium Company, formerly part of the Alcan Group and at Lucent Technologies (India). Before joining Cairn India, he was President-Finance and Planning at Lupin Limited.

The directorships and committee positions held by these two Directors as on 31 March, 2010 are detailed in **Table 7**.

MEANS OF COMMUNICATION

Financial Results

The Company intimates un-audited as well as 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.

News Releases, Analyst Presentation, etc.

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

Website

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

GENERAL BODY MEETINGS

The Company in its brief history has had three AGMs and four Extraordinary General Meetings (EGMs). The forthcoming AGM is scheduled to take place on 15 September, 2010. The desired details in respect of general meetings are given in **Table 8.**

SPECIAL RESOLUTIONS PASSED IN THE LAST THREE YEARS

At AGMs

At the AGMs held on 20 September, 2007 and 25 June, 2008, the following special resolutions were passed:

20 September, 2007

- Keeping register of members and other related documents
- Consent of shareholders for issue of further securities
- Payment of commission to non-executive Directors

25 June, 2008

- Keeping register of members and other related documents

At EGMs

At the EGMs held on 8 September, 2006, 21 September, 2006, 17 November, 2006 and 16 April, 2008, the following special resolutions were passed:

8 September, 2006

- Investment in shares of Cairn India Holdings Limited

21 September, 2006

- Amendment in the memorandum of association of the Company
- Amendment in the articles of association of the Company
- Appointment of non-retiring Directors
- Issue of equity shares of the Company on a private placement basis
- Issue of equity shares of the Company by an initial public offering
- Increase in the limit of foreign institutional investment in the Company
- Investment in the shares of Cairn India Holdings Limited

17 November, 2006

- Appointment of Chief Executive Officer of the Company
- Employee stock option plans
- Amendment in the articles of association of the Company
- Remuneration of non-executive Directors

8 Location and time of general meetings

Financial Year	Location of the meeting	Date	Time
AGMs			
2006	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai	20 September, 2007	11:00 AM
2007	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai	25 June, 2008	11:00 AM
2008-09	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai	18 August, 2009	11:00 AM
EGMs			
2006	50 Lothian Road, Edinburgh	08 September, 2006	03.00 PM
2006	50 Lothian Road, Edinburgh	21 September, 2006	02.00 PM
2006	50 Lothian Road, Edinburgh	17 November, 2006	02.15 PM
2008	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai	16 April, 2008	02.30 PM

16 April, 2008

- Allotment of the equity shares of the Company on preferential basis

RESOLUTIONS PASSED THROUGH POSTAL BALLOT LAST YEAR

During the year under review, the Company passed two resolutions through postal ballot, as per the details provided below:

1. Special resolution for shifting of registered office from the State of Maharashtra to the State of Rajasthan

All members on the books as of 29 May, 2009 were sent a postal ballot form along with postage pre-paid business reply envelope. All replies received up to close of working hours on 11 July, 2009 were considered. All postal ballot forms were kept in the control of the scrutiniser, Mr Sunil K Grover, a practicing Company Secretary. The postal ballots were opened on 12 July, 2009 under the scrutiny of Mr Grover, and the result of postal ballot was declared by the Chairman of the proceedings on 17 July, 2009 at registered office of the Company. **Table 9.1** shows the details of the voting pattern.

2. Special resolution for utilisation of the share premium account, not exceeding INR 15,000 crore, of the Company to adjust the goodwill arising pursuant to the Scheme of Arrangement between Cairn India Limited, Cairn Energy India Pty Limited, Cairn Energy India West B.V., Cairn Energy Cambay B.V. and Cairn Energy Gujarat B.V. and their respective shareholders & creditors.

All members on the books as of 8 January, 2010 were sent a postal ballot form along with postage pre-paid business reply envelope. All replies received up to close of working hours on 24 February, 2010 were considered. All postal ballot forms were kept in the control of the scrutiniser, Mr Nesar Ahmad, a practising Company Secretary. The postal ballots were opened on 25 February, 2010 under the scrutiny of Mr Ahmad, and the result of postal ballot was declared by the Chairman of the proceedings on 2 March, 2010 at the registered office of the Company. **Table 9.2** shows the details of the voting pattern.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49 except with respect to composition of the Board as stated earlier in this chapter, which it intends to comply with fully in the course of CY 2010.

Non-Mandatory Requirements

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

Audit qualifications — The Company's financial statements are free from any qualifications by the Auditors.

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

Whistleblower Policy — During the year under review, 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.

9.1 Voting Result of Special Resolution passed through Postal Ballot

Number of valid postal ballot forms received	8,432
Votes in favour of the resolution	1,468,110,709
Votes against the resolution	68,855
Resolution passed by % of valid votes received	99.99

9.2 Voting Result of Special Resolution passed through Postal Ballot

Number of valid postal ballot forms received	6,218
Votes in favour of the resolution	577,867,631
Votes against the resolution	40,909
Resolution passed by % of valid votes received	99.70

Additional Shareholder Information

ANNUAL GENERAL MEETING

Date 15 September, 2010
Time 11:00 AM
Venue:Rangsharda Auditorium,
K C Marg, Bandra Reclamation,
Bandra West, Mumbai-400050

FINANCIAL CALENDAR

For the year ended 31 March, 2010, results were announced on

- 29 July, 2009: First quarter
- 29 October, 2009: Second quarter
- 28 January,2010 : Third quarter
- 27 May, 2010 :Fourth (last) quarter and the financial year's results

For the year ending 31 March, 2011, results will be announced by

- Last week of July 2010: First quarter
- Last week of October 2010: Half yearly
- Last week of January 2011: Third quarter
- Last week of May 2011: Fourth quarter and full financial year's results.

BOOK CLOSURE

The dates of book closure are from Wednesday, 8 September, 2010 to Wednesday, 15 September, 2010, inclusive of both days.

LISTING

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The annual listing fee for the financial year 2010-11 has been paid to BSE and NSE. The stock codes are given in **Table 1** below.

MARKET PRICE DATA

Table 2 and **Chart A** give the details.

DISTRIBUTION OF SHAREHOLDING

Tables 3 and 4 list the distribution of the Shareholding and Shareholding pattern of the Company by size and by ownership class as on 31 March, 2010. Further details of top twenty shareholders are given in **Table 5**.

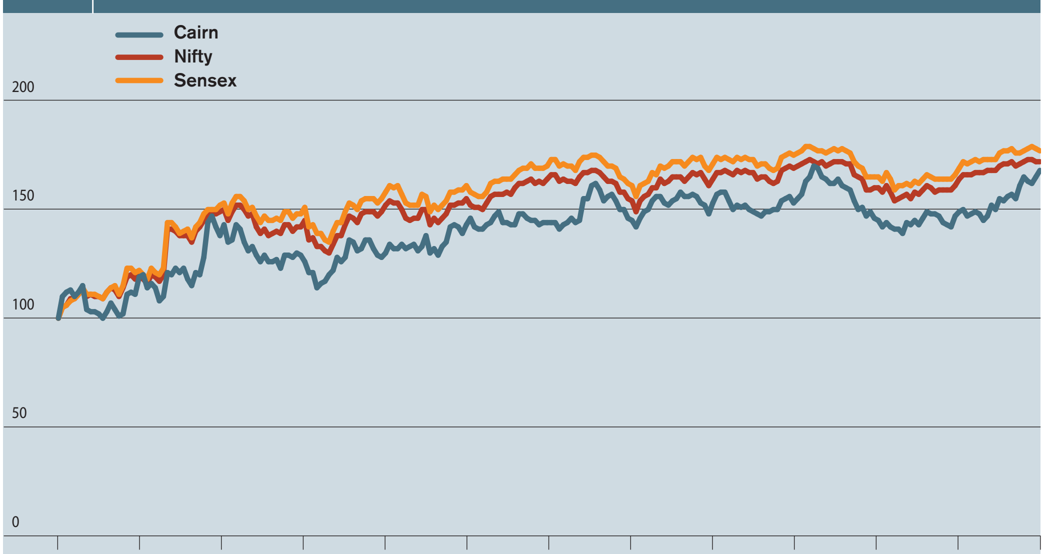
1	Stock Exchange codes
Name of the Stock Exchange	**Stock Code**
The National Stock Exchange of India	CAIRN
Bombay Stock Exchange Limited	532792

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

During the year ended 31 March, 2010 at the BSE and the NSE

Months	BSE			NSE		
	High	Low	No. of Shares traded	High	Low	No. of Shares traded
April 2009	214.0	178.5	13,869,825	211.6	178.5	71,683,250
May 2009	239.9	192.0	49,252,984	240.5	190.5	164,417,628
June 2009	273.7	220.0	31,626,399	274.0	220.1	144,248,354
July 2009	252.0	201.0	17,376,062	252.0	200.6	79,285,187
August 2009	272.5	230.0	17,168,054	272.5	232.1	64,997,559
September 2009	275.25	253.5	11,576,332	275.5	253.2	55,393,930
October 2009	301.45	253.25	12,239,989	301.0	252.6	55,763,961
November 2009	288.0	254.0	7,365,798	288.9	254.2	37,112,191
December 2009	294.9	265.7	7,828,273	300.1	266.1	39,358,739
January 2010	310.0	258.3	10,288,360	310.0	258.0	59,917,270
February 2010	273.4	248.0	7,718,586	274.0	248.1	46,265,139
March 2010	307.8	261.9	9,884,708	307.6	261.4	62,073,392

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 2009-10, i.e.1 April, 2009

3 Distribution of Shareholding
As on 31 March, 2010

Number of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shares
Up to 5,000	243,914	99.55	41,283,100	2.18
5,001-10,000	360	0.15	2,608,352	0.14
10,001-20,000	173	0.07	2,423,262	0.13
20,001-30,000	87	0.03	2,181,380	0.11
30,001-40,000	52	0.02	1,804,181	0.09
40,001-50,000	37	0.01	1,688,050	0.09
50,001-100,000	90	0.04	6,500,488	0.34
100,001 and above	309	0.13	1,838,485,319	96.92
Total	**245,022**	**100**	**1,896,974,132**	**100**

4 Shareholding Pattern by Ownership
As on 31 March, 2010

		No. of Equity Shares Face Value INR 10/- Each	Shares Held (%)
A. PROMOTER HOLDING			
Indian Promoters		-	-
Foreign Promoters		1,183,243,791	62.38
Persons acting in concert		-	-
B. NON-PROMOTER HOLDING			
A	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	90,434,695	4.77
B	Foreign Institutional Investors	194,051,172	10.23
C	Public	43,757,767	2.31
D	Mutual Funds	53,758,180	2.83
E	NRI (Repatriable)	1,069,150	0.05
F	NRI (Non-Repatriable)	380,995	0.02
G	Bodies Corporate	35,457,071	1.87
H	Foreign Bodies Corporate	290,481,473	15.31
I	Clearing Member	1,536,702	0.08
J	Directors/relatives	2,776,156	0.15
K	Trusts	26,980	-
Grand Total		**1,896,974,132**	**100.00**

DEMATERIALISATION OF SHARES

As on 31 March, 2010, 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, 2010 are given in **Table 6**.

DETAILS OF FUNDING OBTAINED IN THE LAST THREE YEARS

The Company's Initial Public Offering (IPO) of 328,799,675 equity shares, which closed on 15 December, 2006, was fully subscribed aggregating INR 52,608 million at the issue price of INR 160. The Company also placed INR 33,547 million through a pre-IPO placement and exercised its Green Shoe Option for 13,085,041 shares. The total proceeds aggregated INR 88,249 million.

The Company made a preferential issue of 113,000,000 equity shares to Petronas International Corporation Ltd and Orient Global Tamarind Fund Pte Ltd. amounting to INR 25,345.9 million on 22 April, 2008. The shares were issued at a premium of INR 214.30 per share.

During the year under review, the Company has received INR 20,363,110 as subscription amount, pursuant to exercise of stock options granted to employees.

During the financial year ended 31 March, 2010, the Company borrowed USD 750 million from a consortium of overseas commercial banks led by Standard Chartered and International Finance Corporation. Further, a domestic

5 Top Twenty Shareholders

As on 31 March, 2010

S.No.	Name	No. of Equity Shares	Shares Held (%)
1	Cairn UK Holdings Limited	1,183,243,785	62.38
2	Petronas International Corporation Limited	283,431,438	14.94
3	Life Insurance Corporation of India	46,672,794	2.46
4	LIC of India - Market Plus	14,271,145	0.75
5	Europacific Growth Fund	12,812,190	0.68
6	LIC of India Market Plus – 1	12,154,468	0.64
7	Merrill Lynch International Investment Fund	11,745,952	0.62
8	ICICI Prudential Life Insurance Company Ltd	10,359,774	0.55
9	International Finance Corporation	7,050,035	0.37
10	Schroder International Selection Fund Emerging Asia	6,751,530	0.36
11	New World Fund Inc	6,587,000	0.35
12	Barclays Capital Mauritius Limited	5,702,763	0.30
13	PRU India Equity Open Limited	5,663,234	0.30
14	Norges Bank A/C Government Petroleum Fund	5,556,960	0.30
15	State Bank of India (Equity)	5,222,170	0.28
16	LIC of India Money Plus	5,211,809	0.27
17	Franklin Templeton Investment Funds	4,554,429	0.24
18	Metlife India Insurance Company Limited	4,377,029	0.23
19	Societe Generale	4,144,345	0.22
20	SBI Life Insurance Co. Limited	4,126,623	0.22

6 Outstanding ESOPs

ESOP Scheme	No. of outstanding options	Last date for exercise	Exercise Price (INR)
CIESOP	1,981,770	31 December, 2016	160.00
	3,915,607	19 September, 2017	166.95
	3,502,555	28 July, 2018	227.00
	18,388	9 December, 2018	143.00
	5,227,889	28 July, 2019	240.05
CIPOP*	168,382	31 March, 2010	10.00
	777,496	19 December, 2010	10.00
	714,237	28 October, 2011	10.00
	966,715	28 October, 2012	10.00
CISMP	2,238,077	18 months after the vesting date, which will occur on Company achieving 30 days' consecutive production of over 150,000 bopd from the Rajasthan Block	33.70
Total	**19,511,116**		

Note * The vesting period is a minimum of three years, subject to the fulfilment of performance conditions as defined in the Plan. The exercise period is three months from the date of vesting of options. The last date of exercise in case of CIPOP is considered on the assumption that the options shall vest after three years of their grant. If all the outstanding stock options granted get vested and exercised, the number of equity shares will increase by 19,511,116.

7 Status of Equity Shares lying in the Suspense Account

S. No.	Particulars	No. of Shareholders	No. of Shares
1	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 April, 2009	72	12,495
3	No. of shareholders who approached for transfer of shares from suspense account during the 12 months period ended 31 March, 2010	15	2,135
4	No. of shareholders to whom shares were transferred from suspense account during the 12 months period ended 31 March, 2010	15	2,135
5	Aggregate number of shareholders and the outstanding shares in the suspense account as on 31 March, 2010	57	10,360

borrowing of INR 4,000 crore was also underwritten by SBI, who had syndicated the facility to other banks and financial institutions.

SHARE SUSPENSE ACCOUNT

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

SHARE TRANSFER SYSTEM

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

ADDRESS FOR INVESTOR CORRESPONDENCE

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 25946970
Fax +91 22 25946969

Or

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

E-Mail investor.complaints@cairnindia.com
Tel +91 124 2703000
Fax +91 124 2889320

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

INVESTOR RELATIONS

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

OPERATIONAL LOCATIONS

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

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

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 CEO & CFO

THE BOARD OF DIRECTORS

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

Dear Sirs,
We, Rahul Dhir, Chief Executive Officer, and Indrajit Banerjee, 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, 2010 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, 2010.

Rahul Dhir	**Indrajit Banerjee**
Managing Director & CEO	Executive Director & CFO

Date 27 May, 2010
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 31 March, 2010, 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, subject to the fact that the proportion of the independent directors to the total strength of the Board being 40% is less than the minimum prescribed limit of 50%, the Chairman of the Board being related to the promoter of the Company in terms of clarification dated 23 October, 2008 issued by the Securities Exchange Board of India, 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 & ASSOCIATES**
Firm registration number: 101049W
Chartered Accountants

per **Sanjay Vij**, Partner
Membership No.: 95169

Place Gurgaon
Date 27 May, 2010

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report on the business and operations of the Company and the Audited Financial accounts for the year ended 31 March, 2010.

FINANCIAL HIGHLIGHTS

In INR million

	Standalone		Consolidated	
	For the financial year ended		For the financial year ended	
	31 March, 2010 (Twelve months)	31 March, 2009 (Fifteen months)	31 March, 2010 (Twelve months)	31 March, 2009 (Fifteen months)
Total Income	1,634	2,980	20,307	19,837
Total Expenditure	2,367	1,860	10,143	9,958
Profit/(loss) before tax	(734)	1,121	10,163	9,879
Taxes	(44)	578	(348)	1,844
Profit/(loss) after tax	(689)	542	10,511	8,034

The consolidated statements provide the results of Cairn India Limited together with those of its subsidiaries for the financial year ended 31 March, 2010.

DIVIDEND

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

CHANGES IN CAPITAL STRUCTURE

During the financial year under review, 306,316 equity shares of INR 10/- each were allotted on exercise of Employee Stock Options by the employees of the Company or of its subsidiaries. Accordingly, the issued and paid up capital of the Company has increased to INR 18,969,741,320 divided into 1,896,974,132 equity shares of INR 10/- each.

Subsequent to the close of the financial year, the Company allotted 239,288 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 18,972,134,200 divided into 1,897,213,420 equity shares of INR 10/- each

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

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

UTILISATION OF IPO PROCEEDS

The Company has fully utilised INR 88,249 million raised from its maiden offer to the public.

EMPLOYEE STOCK OPTION SCHEMES

Your Company has established share incentive schemes viz., Cairn India Senior Management Plan (CISMP), Cairn India Performance Option Plan (CIPOP) and Cairn India Employee Stock

Option Plan (CIESOP) pursuant to which options to acquire shares have been granted to select employees and Directors of the Company and its subsidiaries. The Company also has cash awards option plan (phantom stock options) for expatriate employees of the Company and its subsidiaries.

During the year, stock/cash options have been granted to the executive Directors and employees of the Company or of its subsidiaries. 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 disclosed in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and set out in Annexure I to this Report.

During the period under review, 306,316 equity shares of INR 10/- each were allotted pursuant to the exercise of the stock options.

SUBSIDIARY COMPANIES

As on 31 March, 2010, the Company had 31 subsidiaries including indirect subsidiaries. All these companies are beneficially owned 100% by Cairn India Limited.

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

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Company has obtained exemption from the Ministry of Corporate Affairs, Government of India from attaching the accounts of its subsidiaries to the Company's Annual Accounts for the financial year ended 31 March, 2010. The accounts of the subsidiaries are available for inspection by members on any working day at the Registered Office of the Company between 10 am and 12 noon. Members interested in obtaining copies are entitled to receive them on specific request. A statement pursuant to the approval under Section 212(8) of the Companies Act,1956, in respect of subsidiary companies forms part of the annual report.

SCHEME OF ARRANGEMENT

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

The Scheme has since been approved by the Hon'ble High Court of Judicature at Madras on 1 April, 2010. The matter is currently pending for final hearing before the Hon'ble High Court of Bombay.

DIRECTORS

Mr Philip Tracy ceased to be an alternate director with effect from 26 May, 2009. He was again appointed as an alternate Director to Sir William B. B. Gammell effective 27 May, 2010. Mr Rahul Dhir and Mr Indrajit Banerjee, directors of the Company, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment. A brief profile of the above-named directors forms part of the Corporate Governance report.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. A detailed report on the Corporate Governance and Management Discussion and Analysis Report, together with a certificate from Statutory Auditors forms an integral part of this report and are set out as separate sections in this annual report.

AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, auditors of the Company, retire at the conclusion of the ensuing annual gen-eral meeting but do not offer themselves for re-appointment. The Company has recieved a requisition to appoint M/s S.R Baltiboi & Co., Chartered Accountants, as the Statutory Auditor of the Company. Consequently a consent letter and certificate from M/s S.R Baltiboi & Co., Chartered Accountants stating that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956 has also been received. The Audit Committee in its meeting held on 27 May, 2010 has also recommended the appointment of M/s S. R. Batliboi & Co., as Statutory Auditors of the Company. Your directors also recommend their appointment.

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 at the Registered Office of the Company.

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:

1 In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
2 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, 2010 and of the profit of the Company for the year ended 31 March, 2010
3 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
4 The annual accounts have been prepared on a going concern basis

CORPORATE SOCIAL RESPONSIBILITY

Your Company is a responsible corporate citizen, and strives to give back to the community it operates in. A detailed report on CSR efforts of the Company forms part of this annual report.

LISTING

The Company has paid the annual listing fee for the year 2010-2011 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 concerted efforts and dedicated service of all employees, which contributed to the continous growth and 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

Sir William B.B. Gammell
Chairman

Place Gurgaon
Date 27 May, 2010

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 2009 - March 2010	Nil	994,768	5,405,144
2.	The Pricing Formula	Rs. 33.70 per Share	Rs. 10 per Share	Price determined by the Remuneration Committee but not less than the fair market value of a share on the date of grant
3.	Options Vested during April 2009 - March 2010	NIL	359,369	2,142,525
4.	Options Exercised during April 2009 - March 2010	NIL	190,983	115,333
5.	Total number of Shares arising as a result of exercise of options during April 2009 - March 2010	NIL	190,983	115,333
6.	Options lapsed during April 2009 - March 2010	NIL	1,377,051	1,557,846
7.	Variation of terms of options	None	None	None
8.	Money realized by exercise of options during April 2009 – March 2010	NIL	1,909,830	18,453,280
9.	Total number of options in force as on 31 March 2010	2,238,077	2,626,830	14,646,209
10.	Employee wise details of options granted during the year to:			
	(i) Senior Managerial Person	None	Indrajit Banerjee 65,845 Manu Kapoor 77,130 S V Nair 68,953 P Elango 53,290 Santosh Chandra 52,474	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	Narayanan P S 67,747 Venkatesan T K 57,394 Ajay Gupta 51,099	None
	(iii) Identified employees who were granted options during any 1 year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	None	None	None
11.	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of options calculated in accordance with Accounting Standard 20	(0.36)	(0.36)	(0.36)
12.	(i) Method of calculation of employee compensation cost		Intrinsic Value Method	
	(ii) Difference between the employee compensation cost so computed at 12(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options (Rs. in thousands)		390,521	
	(iii) The impact of this difference on profits and on EPS of the Company			
	Profit after Tax (PAT) (Rs. in thousands)		(689,534)	
	Less: Additional employee Compensation cost based on fair value (Rs. in thousands)		390,521	
	Adjusted PAT (Rs. in thousands)		(1,080,055)	
	Adjusted EPS Basic (Rs.)		(0.57)	
	Adjusted EPS Diluted (Rs.)		(0.57)	
13	Weighted-average exercise prices of options granted during April 2009 - March 2010	NA	10	240.05
	Weighted-average fair value of each option outstanding as on 31 March 2010	135.50	200.23	110.99

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	7.05%	7.77%	8.13%
(ii)	expected life (in years)	2.45	3.12	6.50
(iii)	expected volatility	44.08%	37.90%	40.14%
(iv)	expected dividends	NA	NA	NA
(v)	price of the underlying Share in market at the time of option grant	160	183.04	199.73

ANNEXURE II

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

CONSERVATION OF ENERGY

Energy conservation measures taken

As a responsible Corporate Citizen and in adherence to our climate change strategy, we are continuously taking effective steps to conserve energy and to reduce methane and other Green House Gas (GHG) emissions, wherever feasible. GHG emissions in 2009 were within targets set at the beginning of the year notwithstanding a rise in energy use.

Cairn India recognises the responsibility to minimise environmental impact from its activities. The challenges of proactively managing environmental issues during the construction phase of the MPT and the pipeline project have been successfully achieved through active support and in partnership with the contractors.

The Company regularly monitored air emission sources and the ambient air quality, and was able to maintain emission levels within regulatory standards in 2009.

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:

At Ravva

- Solar street lighting poles were installed, which resulted in the reduction in usage of 615 units of conventional energy.
- All conventional water heaters were replaced with solar water heaters as a result of which energy consumption was reduced by 40,000 units per annum.
- 18 conventional high pressure sodium street light lamps were replaced with LED lamps in plant street lighting systems.

At the Gurgaon office

Several energy conservation initiatives at Cairn India's Gurgaon office have resulted in saving of around 350,000 units of electricity, thus reducing the office's carbon footprint. These include:

- Ensuring that all except the emergency lights are switched off after working hours and on holidays.
- Efficient and judicious use of energy efficient lights and air handling units.

Additional investments and proposals being implemented for conservation of energy

Additional funds were allocated during the year for energy conservation measures. New technologies were absorbed & adapted to reduce the carbon foot print of the Company like installation of wind mills and solar arrays on platforms, solar water heaters and LED street lights, wherever feasible.

TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Research & Development (R&D)

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

Cairn has been actively pursuing the application of EOR (Enhanced Oil Recovery) technology in the Mangala, Bhagyam and Aishwariya Fields. Core flood studies have been carried out in 2 independent laboratories in order to determine the efficiency of the various chemical flood processes like polymer injection and alkali-surfactant-polymer (ASP) flooding. Studies are ongoing in research institutes with a view to optimise the chemical formulations that could increase oil recovery in these fields using minimum of chemical quality. In-house simulation & modelling work has also been carried out to determine the efficiency at field level. A field scale EOR pilot implementation is already underway to take the application of this technology from lab to a restricted area in the field.

Re-injection of produced water separated at the Ravva terminal, back into the reservoir helps reduce discharge of waste water to sea and abstraction of ground water for injection purposes. Produced Water Re-Injection (PWRI) has been designed and implemented to treat and handle a maximum capacity of 45,000 barrels of water per day. The PWRI was successfully commissioned in Q2 2008 and is presently re-injecting 50% of the produced water.

Various other technology absorption, adaption and innovation initiatives/methods like Rapid Rig for drilling wells, customised well designs, multi well pad approach, Rotary steerable/Logging While Drilling technology, customised compact well head equipment, usage of high cost synthetic oil based mud system on onshore drilling applications, horizontal well technology, sand control technology integral
with sleeve devices, hydraulic fracturing technology, Sand Jet Perforating, Micro seismic for frac modelling, multiphase metering technology were taken/used for the development & drilling of the oil fields in Rajasthan.

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. 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.

Cairn's study with the National Geophysical Research Centre (NGRI) on salinity changes of ground water sets an example of 'good industry practice'. We are reassured that our operation in Ravva does not have an adverse impact on ground water and the environment.

Expenditure on R&D

Details outlined in the Table below.

in INR

No.	Particulars	Amount
1	Capital	962,452
2	Recurring	-
3	Total	962,452
4	Total R&D expenditure as a % of total turnover	0.05%

Note These are consolidated numbers for the Twelve months period ended 31 March, 2010

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

India imports approximately 75% of its oil and gas requirement and in this situation, the export of crude oil and natural gas, which are the main products of Cairn are not relevant in this sector.

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 policy of the Indian Government. At peak production rate, Rajasthan block is expected to contribute more than 20% of domestic crude oil production.

Foreign exchange used and earned

During the period ended 31 March, 2010, the Company earned INR 32.04 million and incurred expenditure of INR 188.82 million in foreign exchange.

For and on behalf of the Board of Directors

Sir William B.B. Gammell
Chairman

Place Gurgaon
Date 27 May, 2010

Auditors' Report

TO THE MEMBERS OF CAIRN INDIA LIMITED

1 We have audited the attached Balance Sheet of Cairn India Limited ('the Company') as at 31 March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3 The attached financial statements include Company's share of net assets, expenses and cash flows aggregating to INR 4,031 thousand, INR 529,058 thousand and INR Nil thousand respectively in the unincorporated joint ventures not operated by the Company or its subsidiaries, the accounts of which have been audited by the auditors of the respective unincorporated joint ventures and relied upon by us.

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

5 Further to our comments in the Annexure referred to above, we report that:

i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

iv In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

v On the basis of the written representations received from the directors, as on 31 March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a in the case of the balance sheet, of the state of affairs of the Company as at 31 March, 2010;

b in the case of the profit and loss account, of the loss for the year ended on that date; and

c in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration number: 101049W
Chartered Accountants
per **Sanjay Vij**, Partner
Membership No.: 95169

Place Gurgaon   Date 27 May, 2010

Annexure referred to in paragraph 4 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 substantial disposal 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 carried out at the end of the year.

(iii) (a-d) As informed, 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. Therefore the provisions of clause 4(iii) (b), (c) and (d) of the Order are not applicable to the Company.

(e-g) As informed, 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. Therefore the provisions of clause 4(iii) (f) and (g) of the Order are not applicable to the Company.

(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, fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company. Since the Company has not started commercial production in any of its oil and gas blocks, it has not sold any goods.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(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 and nature of its business.

(viii) The Company has not commenced commercial production in any of its oil and gas blocks. Accordingly, the provisions of clause 4(viii) of the Order are not applicable to the Company.

(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, wealth-tax, service tax, cess and other material statutory dues applicable to it. Further, since the Central Governent has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same. The provisions relating to employees' state insurance, sales tax, customs duty and excise duty are not applicable to the Company.

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

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

Auditors' Report

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the 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 a financial institution or bank. The Company has not issued any debentures.

(xii) According to the information and explanations given to us and based on the documents and records produced to 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 did not have any outstanding debentures during the year.

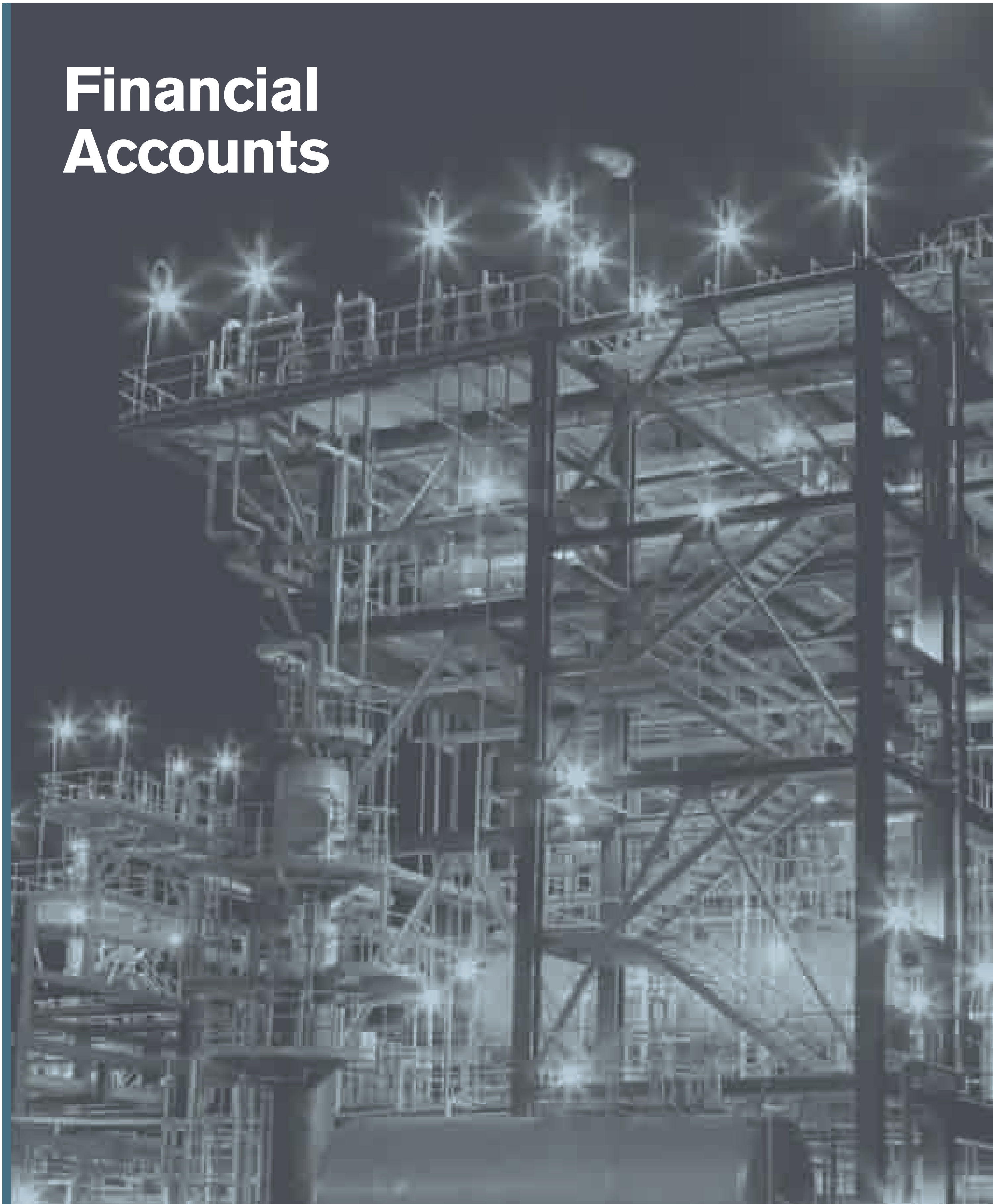
(xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.

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

For S.R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No.:95169

Place Gurgaon **Date** 27 May, 2010

Financial Accounts



Balance Sheet

AS AT MARCH 31, 2010

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

	Schedules	As at March 31, 2010		As at March 31, 2009	
Sources of Funds					
Shareholders' funds					
Share capital	1		18,969,741		18,966,678
Stock options outstanding	2		463,978		388,978
Reserves and surplus	3		301,161,222		301,090,274
Loan funds					
Secured loans	4		13,450,000		-
			334,044,941		**320,445,930**
Application of Funds					
Fixed assets	5				
Gross cost		1,055		974	
Less: Accumulated depreciation / amortisation		869		365	
Net book value			**186**		**609**
Exploratory work in progress	6		242,074		540,299
Investments	7		331,290,939		292,253,966
Current assets, loans and advances					
Inventories	8	9,831		-	
Sundry debtors	9	15,728		17,942	
Cash and bank balances	10	1,927,862		27,632,762	
Other current assets	11	12,360		633,645	
Loans and advances	12	829,151		220,814	
		2,794,932		**28,505,163**	
Less: Current liabilities and provisions					
Current liabilities	13	1,480,662		1,076,734	
Provisions	14	30,062		315,373	
		1,510,724		**1,392,107**	
Net current assets			**1,284,208**		**27,113,056**
Profit and loss account			**1,227,534**		**538,000**
			334,044,941		**320,445,930**
Notes to accounts	20				

The schedules referred to above and the notes to accounts form an integral part of the balance sheet.
As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

Place Gurgaon Date 27 May, 2010

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Profit and Loss Account

FOR THE YEAR ENDED MARCH 31, 2010

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

	Schedules	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Income			
Revenue from operating activities		32,040	37,331
Other income	15	1,601,580	2,943,072
		1,633,620	**2,980,403**
Expenditure			
Staff costs	16	175,929	212,519
Data acquisition and pre exploration cost		33,860	36,235
Administrative expenses	17	302,959	793,554
Unsuccessful exploration costs	6	1,191,194	813,568
Depreciation/Amortisation	5	504	365
Finance costs	18	662,806	3,446
		2,367,252	**1,859,687**
Profit/(Loss) before taxation		**(733,632)**	**1,120,716**
Current tax		44,000	543,800
Fringe benefit tax (refer note no. 14 in schedule 20)		(88,098)	34,509
Profit/(Loss) for the year/period		**(689,534)**	**542,407**
Add: Accumulated losses at the beginning of the year / period		(538,000)	(1,080,407)
Deficit carried forward to balance sheet		**(1,227,534)**	**(538,000)**
Earnings/(Loss) per share in INR	19		
Basic		(0.36)	0.29
Diluted (current year considered anti-dilutive)		(0.36)	0.29
[Nominal value of shares INR 10]			
Notes to accounts	20		

The schedules referred to above and the notes to accounts form an integral part of the profit and loss account.
As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

Place Gurgaon Date 27 May, 2010

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2010

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

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Cash flow from operating activities		
Profit/ (loss) for the year/period	(733,632)	1,120,716
Adjustments for:		
- Employee compensation expense (stock options) - net of exceptional gains	39,385	(33,325)
- Interest income	(1,266,573)	(1,341,376)
- Dividend from unquoted current investments	(220,839)	(200,225)
- Depreciation/Amortisation	504	365
- Profit on sale of unquoted current investments (net)	(2,385)	(1,245,686)
- Share issue expenses	-	208,410
- Unrealised exchange loss / (gain) on restatement of assets and liabilities (net)	(110,526)	183,896
- Unsuccessful exploration costs	1,191,194	813,568
- Loan facility and management fees	59,574	-
- Balances written back	(40,653)	-
- Interest expense	599,810	388
Operating (loss) before working capital changes	**(484,141)**	**(493,269)**
Movements in working capital:		
(Increase)/decrease in inventories	(9,831)	-
(Increase)/decrease in debtors	2,214	(5,234)
(Increase)/decrease in loans and advances	32,383	(212,729)
Increase/(decrease) in current liabilities and provisions	(84,301)	909,781
Cash generated from / (used in) operations	**(543,676)**	**198,549**
Direct taxes paid including fringe benefit tax	(248,254)	(553,060)
Net cash (used in) operating activities (A)	**(791,930)**	**(354,511)**
Cash flow from investing activities		
Payments made for exploration, development activities and purchase of fixed assets	(368,982)	(1,372,093)
Long term investments made in subsidiaries	(23,827,569)	(1,562,784)
Fixed deposits made	(6,083,612)	(37,573,811)
Proceeds from matured fixed deposits	31,728,811	10,005,000
Short term investments in mutual funds (net)	(15,207,018)	4,691,789
Interest received	1,887,858	707,732
Dividend received from unquoted current investments	220,839	200,225
Net cash (used in) investing activities (B)	**(11,649,673)**	**(24,903,942)**
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	20,363	25,523,445
Payment for share issue expenses	-	(208,410)
Proceeds from long term borrowings	13,450,000	-
Loan facility and management fees paid	(488,651)	-
Interest paid	(599,810)	(388)
Net cash from financing activities (C)	**12,381,902**	**25,314,647**

Statement of Cash Flows Continued

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

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Net increase in cash and cash equivalents (A+B+C)	(59,701)	56,194
Cash and cash equivalents at the beginning of the year/ period	63,951	7,757
Cash and cash equivalents at the end of the year/ period	4,250	63,951
Components of cash and cash equivalents as at	**March 31, 2010**	**March 31, 2009**
Cash in hand	42	15
Balances with scheduled banks		
- on current accounts	4,208	13,936
- on deposit accounts	1,923,612	27,618,811
Less: Deposits having maturity of over 90 days	(1,923,612)	(27,568,811)
	4,250	**63,951**

Notes

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on "Cash flow statements".

ii) Amounts in bracket indicate a cash outflow or reduction.

iii) Bank balance in deposit accounts includes INR 1,790,000 thousand, previous period INR 1,530,000 thousand, pledged with the banks.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon **Date** 27 May, 2010

Schedules to the Financial Statements

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

	As at March 31, 2010	As at March 31, 2009
Schedule 1		
Share capital		
Authorised:		
2,250,000,000 (previous period 2,250,000,000) equity shares of INR 10 each	22,500,000	22,500,000
Issued, Subscribed and fully Paid up:		
1,896,974,132 (previous period 1,896,667,816) equity shares of INR 10 each	18,969,741	18,966,678
	18,969,741	**18,966,678**

Notes

i) Issued, subscribed and fully paid up share capital includes 1,183,243,791 equity shares (previous period - 1,226,843,791 equity shares) of INR 10 each held by Cairn UK Holdings Limited, the holding company, together with its nominees.

ii) Shares held by the holding company includes 861,764,893 equity shares (previous period - 861,764,893 equity shares) of INR 10 each, allotted as fully paid up pursuant to contracts for consideration other than cash.

iii) For stock options outstanding, refer note no. 6 in schedule 20.

Schedule 2		
Stock options outstanding		
Employee stock options outstanding	768,120	782,548
Less: Deferred employee compensation outstanding	304,142	393,570
Closing Balance	**463,978**	**388,978**

Schedule 3		
Reserves and surplus		
Securities premium account		
Opening balance	301,090,274	276,084,115
Add: Additions during the year/ period (refer note no. 10 of schedule 20)	70,948	25,006,159
Closing Balance	**301,161,222**	**301,090,274**

Schedule 4		
Secured loans		
Long term loans		
- from financial institutions	1,008,750	-
- from banks	12,441,250	-
	13,450,000	-

Notes

i) There is no amount repayable within one year.

ii) Refer note no. 12 in schedule 20.

Schedules to the Financial Statements Continued

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

Schedule 5

Fixed Assets

Description	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As on 01.04.2009	Additions	Deletions/ Adjustment	As on 31.03.2010	As on 01.04.2009	For the year/ period	Deletions/ Adjustment	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
A) Tangible Assets										
Office equipments	-	32	-	32	-	9	-	9	23	-
B) Intangible Assets										
Computer software	974	49	-	1,023	365	495	-	860	163	609
Grand Total	**974**	**81**	**-**	**1,055**	**365**	**504**	**-**	**869**	**186**	**609**
Previous period	**-**	**974**	**-**	**974**	**-**	**365**	**-**	**365**	**609**	**-**

	As at March 31, 2010	As at March 31, 2009
Schedule 6		
Exploratory work in progress		
Opening Balance	540,299	-
Additions during the year/period	892,969	1,353,867
Less: Unsuccessful exploration costs for the year/period	1,191,194	813,568
	242,074	**540,299**
Schedule 7		
Investments		
Long term investments in Subsidiary Companies (at cost)		
Unquoted, trade and fully paid-up		
420,810,062 equity shares (previous period: 292,929,752 equity shares) of GBP 1 each in Cairn India Holdings Limited, U.K.	300,424,799	290,524,514
175,560 redeemable preferential shares (previous period: Nil) of GBP 1,000 each in Cairn India Holdings Limited, U.K.	13,437,637	-
13,159,960 equity shares (previous period: 2,509,960) of USD 1 each in CIG Mauritius Holding Private Limited	611,627	121,980
Current Investments (at lower of cost and market value)		
Unquoted and non trade		
Mutual Funds (refer note no. 22 in schedule 20 for details)*	16,816,876	1,607,472
	331,290,939	**292,253,966**
Aggregate amount of unquoted investments	331,290,939	292,253,966
Repurchase price of mutual fund units, represented by Net Asset Value	16,816,876	1,607,472

* includes unutilized monies of the public issue. (refer note no. 5 in schedule 20)

	As at March 31, 2010	As at March 31, 2009
Schedule 8		
Inventories		
Stores and spares	9,831	-
	9,831	**-**

Schedules to the Financial Statements Continued

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

	As at March 31, 2010	As at March 31, 2009
Schedule 9		
Sundry Debtors		
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	4,039	7,609
Other debts		
- Unsecured, considered good	11,689	10,333
	15,728	**17,942**

	As at March 31, 2010	As at March 31, 2009
Schedule 10		
Cash and bank balances		
Cash in hand	42	15
Balances with scheduled banks *		
- on current accounts	4,208	13,936
- on deposit accounts **	1,923,612	27,618,811
	1,927,862	**27,632,762**

* includes unutilized monies of the public issue (refer note no. 5 in schedule 20)

** Includes INR 1,790,000 thousand, previous period INR 1,530,000 thousand, pledged with the banks

	As at March 31, 2010	As at March 31, 2009
Schedule 11		
Other current assets		
Interest accrued on bank deposits	12,360	633,645
	12,360	**633,645**

	As at March 31, 2010	As at March 31, 2009
Schedule 12		
Loans and advances		
Unsecured considered good:		
Advances recoverable in cash or in kind or for value to be received*	582,159	12,855
Advances recoverable from subsidiary companies	242,247	192,795
Deposits	512	15,164
Fringe benefit tax paid (Net of provisions INR 266,901 thousand, previous period INR Nil)	4,233	-
	829,151	**220,814**

* includes capital advances INR 1,465 thousand (previous period INR Nil)

Schedules to the Financial Statements Continued

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

	As at March 31, 2010	As at March 31, 2009
Schedule 13		
Current liabilities		
Sundry Creditors		
- Total outstanding dues to Micro and Small Enterprises (refer note no. 21 in schedule 20)	-	6
- Total outstanding dues to other than Micro and Small Enterprises	201,178	97,773
Amounts payable to Cairn Energy Plc., the ultimate holding company	-	24,109
Amounts payable to subsidiary companies	672,931	753,778
Other liabilities	606,553	201,068
	1,480,662	**1,076,734**
Schedule 14		
Provisions		
Provision for taxation (net of advance tax -INR 565,566 thousand, previous period INR 338,382 thousand)	22,234	205,118
Provision for fringe benefit tax (net of advance tax payments INR Nil, previous period INR 266,883 thousand)	-	105,235
Provision for gratuity	6,647	3,994
Provision for leave encashment	1,181	1,026
	30,062	**315,373**

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Schedule 15		
Other income		
Interest on bank deposits (Gross, tax deducted at source INR 188,872 thousand, previous period INR 304,879 thousand)	1,266,573	1,341,377
Dividend from non-trade current investments	220,839	200,225
Profit on sale of non-trade current investments (net)	2,385	1,245,686
Miscellaneous income	-	61
Exchange differences (net)	71,130	-
Balances written back	40,653	-
Exceptional gain (refer note no. 25 in schedule 20)	-	155,723
	1,601,580	**2,943,072**
Schedule 16		
Staff costs		
Salary, wages and bonus	120,301	74,089
Contribution to provident fund	5,384	3,314
Contribution to superannuation fund	3,374	1,716
Gratuity expenses	2,653	3,720
Compensated absences	285	1,103
Staff welfare expenses	4,547	6,179
Employee compensation expense (stock options)	39,385	122,398
	175,929	**212,519**

Schedules to the Financial Statements Continued

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

		Year ended March 31, 2010		Fifteen months ended March 31, 2009
Schedule 17				
Administrative expenses				
Legal and professional expenses		197,777		254,050
Contract employee charges		4,370		4,517
Rent		1,642		1,377
Auditor's remuneration				
As Auditors				
- Fees for statutory audit and consolidated financial statements	4,440		5,314	
- Fees for tax audit	-		828	
- Fees for limited review	5,460		7,595	
- Fees for statutory reporting for parent companies consolidated financial statements	2,041		10,566	
- Other services	2,160		3,503	
- Out of pocket expenses	394	14,495	443	28,249
Directors' sitting fees		1,160		1,320
Advertisement and publicity		9,538		14,385
Public relation expenses		18,248		42,959
Sponsorship		11,500		15,666
Printing & stationery		3,489		3,157
Security Expenses		361		129
Repairs and maintenance (others)		2,639		303
Travelling and conveyance		19,358		30,954
Insurance expenses		199		197
Communication expenses		16,104		5,983
Share issue expenses		-		208,410
Exchange differences (net)		-		180,632
Sundry balances written off		824		-
Miscellaneous expenses		1,255		1,266
		302,959		**793,554**

Schedule 18		
Finance costs		
Interest		
-on term loan	599,684	-
-others	126	388
Loan facility and management fees	59,574	-
Bank charges	3,422	3,058
	662,806	**3,446**

Schedules to the Financial Statements Continued

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

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Schedule 19		
Earnings / (Loss) per share		
Profit/(Loss) for the year/ period as per profit and loss account	(689,534)	542,407
Weighted average number of equity shares in calculating basic earnings / (loss) per share	1,896,696,475	1,866,146,993
Add: Number of equity shares arising on grant of stock options	8,321,392	10,052,076
Weighted average number of equity shares in calculating diluted earnings / (loss) per share	1,905,017,867	1,876,199,069
Earnings/(Loss) per share in INR		
Basic	(0.36)	0.29
Diluted (current year considered anti dilutive)	(0.36)	0.29

Schedules to the Financial Statements Continued

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

1. NATURE OF OPERATIONS

Cairn India Limited ('the Company') was incorporated in India on August 21, 2006 and is a subsidiary of Cairn UK Holdings Limited, which in turn is a wholly owned subsidiary of Cairn Energy Plc., UK which is listed on London Stock Exchange.

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

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

Oil & Gas blocks/fields	Area	Participating Interest
Operated block (through subsidiaries)		
PR-OSN-2004	Palar Basin offshore	25%
KG-ONN-2003/1	Krishna Godavari Onshore	25%
Following block has been relinquished		
VN-ONN-2003/1 in Aug 2009	Vindhyan Onshore	25%
Non – operated block		
GS-OSN-2003/1	Gujarat Saurashtra Onshore	49%
KK-DWN-2004	Kerala Konkan Basin offshore	40%
Following blocks have been relinquished		
CB-ONN-2002/1 in Jan 2009	Cambay Onshore	30%
RJ-ONN-2003/1 in Jan 2010	Rajasthan Onshore	30%

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 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 period.

(B) Oil and gas assets

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

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license by license basis. Costs are held, undepleted, within exploratory & development wells 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 profit and loss account. 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 in the financial statements.

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

(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.

(D) 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 profit and loss account.

(E) Impairment

1 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 at the weighted average cost of capital.

2 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, or at the rates prescribed under Schedule XIV of the Companies Act 1956, whichever is higher. The expected useful economic lives are as follows:

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 land	Lease period

Leasehold improvements are amortized over the remaining period of the primary lease 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

(H) Leases

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 charged directly against income. 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 profit and loss account 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 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) Joint Ventures

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

(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.

(All amounts are in INR thousand unless, otherwise stated)

Revenue from operating activities

The Company recognizes parent company overhead as revenue from joint ventures (in which its foreign subsidiaries are participants) based on the provisions of respective PSCs.

Interest income

Interest income is recognised on a time proportion basis.

(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 profit and loss account 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 period, 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 periods.

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.

(O) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period 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 in the cash flow statement comprise 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 scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the period when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

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

Short term compensated absences are provided for on 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 as per projected unit credit method.

Actuarial gains / losses are immediately taken to profit and loss account 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 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) Inventory

Inventories of stores and spares related to exploration, development and production activities are stated at cost, determined on first in first out (FIFO) basis. However, inventories of stores and spares, which are not likely to be consumed, are written down to their net realizable value.

3. SEGMENTAL REPORTING

Business segments

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

Geographical segments

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

4. RELATED PARTY TRANSACTIONS

(A) Names of related parties:

Companies having control

- Cairn UK Holdings Limited, UK
  Holding Company
- Cairn Energy Plc., UK
  Ultimate holding company

Subsidiary companies

1 Cairn Energy Australia Pty Limited
2 Cairn Energy India Pty Limited
3 CEH Australia Pty Limited
4 Cairn Energy Asia Pty Limited
5 Sydney Oil Company Pty Limited
6 Cairn Energy Investments Australia Pty Limited
7 Wessington Investments Pty Limited
8 CEH Australia Limited
9 Cairn India Holdings Limited
10 CIG Mauritius Holding Private Limited
11 CIG Mauritius Private Limited
12 Cairn Energy Holdings Limited
13 Cairn Energy Discovery Limited
14 Cairn Exploration (No. 2) Limited
15 Cairn Exploration (No. 6) Limited
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

(All amounts are in INR thousand unless, otherwise stated)

21 Cairn Energy Development Pte Limited
22 Cairn Lanka (Pvt) Limited
23 Cairn Energy Group Holdings BV
24 Cairn Energy India West BV
25 Cairn Energy India West Holding BV
26 Cairn Energy Gujarat Holding BV
27 Cairn Energy India Holdings BV
28 Cairn Energy Netherlands Holdings BV
29 Cairn Energy Gujarat BV
30 Cairn Energy Cambay BV
31 Cairn Energy Cambay Holding BV

Key Management Personnel

- Rahul Dhir, Managing Director and Chief Executive Officer
- Winston Frederick Bott Jr., Executive Director and Chief Operating Officer (appointed on 29th April, 2008)
- Indrajit Banerjee, Executive Director and Chief Financial Officer
- Lawrence Smyth, Executive Director and Chief Operating Officer (resigned on 21st January, 2008)

(B) Transactions during the year/period:

Nature of the Transactions	Related Party	Current year	Previous period
Waiver of outstanding balance by the parent company	Cairn Energy Plc.	24,176	Nil
Expenses incurred by related party on behalf of the Company	Cairn Energy India Pty Limited	15,938	93,757
	Cairn Energy Plc.	8,120	Nil
Total		**24,058**	**93,757**
Expenses incurred by the Company on behalf of related party	Cairn Energy India Pty Limited	190	256,499
	Cairn Energy Plc	Nil	854
	CIG Mauritius Holdings Private Limited	Nil	491
	CIG Mauritius Private Limited	Nil	264
	Cairn Energy Gujarat Block 1 Limited	Nil	10,648
	Cairn Exploration (No. 4) Limited	Nil	100
	Cairn Exploration (No. 7) Limited	Nil	13,668
	Cairn Lanka Private Limited	Nil	881
	Cairn Energy Hydrocarbons Limited	836	30,597
	Cairn Energy Development Pte Limited	694	Nil
Total		**1,720**	**314,002**
Equity contributions made during the year/period	Cairn India Holdings Limited	23,337,922	1,440,804
	CIG Mauritius Holding Private Limited	489,647	121,980
		23,827,569	**1,562,784**
Assignment of interest in oil & gas blocks from	Cairn Energy Gujarat Block 1 Limited	Nil	89,513
	Cairn Exploration (No. 2) Limited	Nil	302,085
	Cairn Exploration (No. 4) Limited	Nil	68,462
	Cairn Exploration (No. 6) Limited	Nil	7,164
	Cairn Exploration (No. 7) Limited	Nil	160,166
Total		**Nil**	**627,390**
Guarantees given	Cairn Lanka Private Limited	Nil	1,432,436
Recovery of share option charge	Cairn Energy India Pty Limited	64,264	140,617
Shares issued including premium and stock option charge	Rahul Dhir	Nil	716,185
	Lawrence Smyth	Nil	126,758
Total		**Nil**	**842,943**
Remuneration	Rahul Dhir	2,400	3,000
	Winston Frederick Bott Jr.	1,200	950
	Indrajit Banerjee	1,800	2,250
Total		**5,400**	**6,200**

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

(All amounts are in INR thousand unless, otherwise stated)

(C) Balances outstanding as at the end of the year/period:

Nature of the Balance	Related Party	31st March 2010	31st March 2009
Guarantees given	Cairn Lanka Private Limited	1,267,674	1,432,436
Accounts receivable	Cairn Energy India Pty Limited	208,512	160,563
	CIG Mauritius Holdings Private Limited	491	491
	CIG Mauritius Private Limited	264	264
	Cairn Lanka Private Limited	881	881
	Cairn Energy Hydrocarbons Limited	31,432	30,596
	Cairn Energy Development Pte Limited	667	Nil
Total		**242,247**	**192,795**
Accounts payable	Cairn Energy Plc	Nil	24,109
	Cairn Energy Gujarat Block 1 Limited	89,531	102,552
	Cairn Exploration (No. 2) Limited	332,327	367,147
	Cairn Exploration (No. 4) Limited	77,497	86,635
	Cairn Exploration (No. 6) Limited	8,423	9,558
	Cairn Exploration (No. 7) Limited	165,153	187,886
Total		**672,931**	**777,887**

5. The shareholders of the Company in their meeting dated August 18, 2009 had revised the allocation of Initial Public Offer (IPO) proceeds within the existing heads under the prospectus. As at 31st March 2010, the Company and its subsidiaries together have utilized the entire IPO proceeds aggregating to INR 88,248,901 thousand in accordance with the revised approval received from the shareholders. The details of the revised approval and utilization of funds is as follows:

Particulars	Upto 31st March 2010	Upto 31st March 2009
Acquisition of shares of Cairn India Holdings Limited from Cairn UK Holdings Limited	59,580,837	59,580,837
Exploration and development expenses	26,838,445	21,152,714
General corporate purposes	230,000	230,000
Issue expenses	1,599,619	1,599,619
Total	**88,248,901**	**82,563,170**

The details of the unutilized monies out of the public issue proceeds is as follows:

Particulars	31st March 2010	31st March 2009
Mutual funds	Nil	718,277
Balances with banks	Nil	4,967,454
Total	**Nil**	**5,685,731**

6. **EMPLOYEES STOCK OPTION PLANS**

The Company has provided various share-based payment schemes to its employees. During the year ended 31st March 2010, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP
Date of Board Approval	17th Nov 2006	17th Nov 2006	17th Nov 2006
Date of Shareholder's approval	17th Nov 2006	17th Nov 2006	17th Nov 2006
Number of options granted till March 2010	8,298,713	6,727,724	18,197,795
Method of Settlement	Equity	Equity	Equity
Vesting Period	Refer vesting conditions below	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
Number of options granted till March 2010			
24th Nov 2006	8,298,713	-	-
1st Jan 2007	-	1,708,195	3,467,702
20th Sept 2007	-	3,235,194	5,515,053
29th July 2008	-	789,567	3,773,856
10th Dec 2008	-	-	36,040
29th July 2009	-	994,768	5,405,144
Total	**8,298,713**	**6,727,724**	**18,197,795**

(All amounts are in INR thousand unless, otherwise stated)

The Vesting conditions of the above plans are as under:

CISMP plan

(A) 6,714,233 options are to be vested in the following manner:

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

(B) 1,584,480 options are to be vested in the following manner:

- 1/2 of the options will vest on the day following the date on which the equity shares have been admitted to listing on the Stock Exchanges.
- 1/4th of the options will vest on the date on which all major equipment for the start-up of the Mangala field is delivered to site.
- 1/4th of the options will vest on achieving 100,000 boepd from the Mangala Field.

CIPOP plan

Options will vest (i.e. become exercisable) at the end of a "performance period" which will be 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.

CIESOP plan

There are no specific vesting conditions under CIESOP plan.

Details of Activities under Employees Stock Option Plans

CISMP Plan	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,238,077	33.70	8,298,713	33.70
Granted during the year	Nil	NA	Nil	NA
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	5,268,396	33.70
Expired during the year	Nil	NA	792,240	33.70
Outstanding at the end of the year	2,238,077	33.70	2,238,077	33.70
Exercisable at the end of the year	Nil	NA	Nil	NA
Weighted average fair value of options granted on the date of grant (INR)	131 .50	NA	131 .50	NA

CIPOP Plan	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	3,200,096	10.00	4,755,244	10.00
Granted during the year	994,768	10.00	789,567	10.00
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	190,983	10.00	Nil	NA
Expired during the year	1,377,051	10.00	2,344,715	10.00
Outstanding at the end of the year	2,626,830	10.00	3,200,096	10.00
Exercisable at the end of the year	168,382	10.00	Nil	NA

CIESOP Plan	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	10,914,244	185.39	8,545,710	164.49
Granted during the year	5,405,144	240.05	3,809,896	226.21
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	115,333	160.00	Nil	NA
Expired during the year	1,557,846	179.09	1,441,362	169.33
Outstanding at the end of the year	14,646,209	206.43	10,914,244	185.39
Exercisable at the end of the year	1,981,770	160.00	Nil	NA
Weighted average fair value of options granted on the date of grant (INR)	107.64	NA	101 .47	NA

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

The details of exercise price for stock options outstanding as at March 31, 2010 are:

Scheme	Range of exercise price (INR)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (INR)
CISMP Plan	33.70	2,238,077	1.08	33.70
CIPOP Plan	10.00	2,626,830	1.36	10.00
CIESOP Plan	143-240	14,646,209	1.28	206.43

The details of exercise price for stock options outstanding as at March 31, 2009 are:

CISMP Plan	33.70	2,238,077	2.08	33.70
CIPOP Plan	10.00	3,200,096	1.51	10.00
CIESOP Plan	143-227	10,914,244	1.60	185.39

Inputs for Fair valuation of Employees Stock Option Plans

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

Variables - CISMP	A	B
Grant date	24th Nov 2006	24th Nov 2006
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	160.00
Vesting date	Refer vesting conditions	Refer vesting conditions
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility (Weighted average)	44.08%	46.59%
Risk free rate (Weighted average)	7.05%	6.94%
Time to maturity in years (Weighted average)	2.45	2.00
Exercise price – INR	33.70	33.70
Fair Value of the options (Weighted average) - INR	131.69	130.69

Variables – CIESOP	A	B	C	D	E
Grant date	1st Jan'07	20th Sept'07	29th July'08	10th Dec'08	29th July'09
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	150.10	234.75
Vesting date	1st Jan'10	20th Sept'10	29th Jul'11	10th Dec'11	29th July' 12
Vesting %	100%	100%	100%	100%	100%
Volatility	41.04%	40.24%	39.43%	38.19%	39.97%
Risk free rate	7.50%	7.65%	9.20%	6.94%	6.91%
Time to maturity (years)	6.50	6.50	6.50	6.50	6.50
Exercise price (INR)	160.00	166.95	227.00	143.00	240.05
Fair Value of the options (INR)	87.30	90.72	130.42	79.80	122.24

Variables – CIPOP	A	B	C	D
Grant date	1st Jan'07	20th Sept'07	29th Jul'08	29th Jul'09
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	234.75
Vesting date	1st Jan'10	20th Sept'10	29th Jul'11	29th July' 12
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	41.61%	36.40%	37.49%	43.72%
Risk free rate	7.33%	7.23%	9.37%	5.78%
Time to maturity (years)	3.12	3.12	3.12	3.13
Exercise price (INR)	10.00	10.00	10.00	10.00
Fair Value of the options (INR)	152.05	158.97	221.09	226.40

(All amounts are in INR thousand unless, otherwise stated)

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. The time to maturity has been calculated as an average of the minimum and maximum life of the options.

Effect of Employees Stock Option Plans on Financial Position

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

Particulars	Current year	Previous period
Total Employee Compensation Cost pertaining to equity settled share-based payment plans (net of exceptional gain of INR 155,723 thousand in the previous period)	39,385	(33,325)
Liability for employee stock options outstanding as at year/ period end	463,978	388,978
Deferred Compensation Cost	304,142	393,570

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:

Particulars	Current year	Previous period
Profit/(loss) as reported	(689,534)	542,407
Add: Employee stock compensation under intrinsic value method	39,385	(33,325)
Less: Employee stock compensation under fair value method	427,537	451,826
Proforma profit/(loss)	(1,077,686)	57,256
Earnings Per Share in INR		
Basic		
- As reported	(0.36)	0.29
- Proforma	(0.57)	0.03
Diluted (current year is anti-dilutive)		
- As reported	(0.36)	0.29
- Proforma	(0.57)	0.03

7. LEASE OBLIGATIONS DISCLOSURES

Operating Lease

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

Particulars	31st March 2010	31st March 2009
Lease rentals recognized during the year/period	2,002	7,255

8. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

Particulars	31st March 2010	31st March 2009
Sundry debtors	15,728	17,942
Other current assets	49,984	16,925
Current liabilities	711,263	785,562

(All amounts are in INR thousand unless, otherwise stated)

9. The Company has a gratuity plan, wherein every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The gratuity plan of the Company is an unfunded scheme.

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

Profit and Loss account

Net employee benefit expense (recognised in staff cost)

Particulars	31st March 2010	31st March 2009
Current service cost	1,605	1,011
Interest cost on benefit obligation	319	200
Net actuarial (gain) / loss recognised in the year/period	729	2,509
Past service cost	Nil	Nil
Net benefit expense	2,653	3,720

Balance sheet

Details of Provision for Gratuity

Particulars	31st March 2010	31st March 2009
Defined benefit obligation	6,647	3,994
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	**(6,647)**	**(3,994)**

Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	3,994	274
Current service cost	1,605	1,011
Interest cost	319	200
Benefits paid	Nil	Nil
Actuarial (gains) / losses on obligation	729	2,509
Closing defined benefit obligation	6,647	3,994

The principal assumptions used in determining gratuity liability for the Group's plans are shown below:		
Discount rate	8.00%	7.00%
Future salary increase	10.00%	10.00%
Employee turnover	5.00%	13.13%
Mortality Rate	LIC (1994-96) Ultimate Table	LIC (1994-96) Ultimate Table

Note 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.

Gratuity liabilities are as follows:

Particulars	31st March 2010	31st March 2009
Defined benefit obligation	6,647	3,994
Surplus / (deficit)	(6,647)	(3,994)
Experience adjustments on plan liabilities (loss) / gain	(583)	(45)

Note The Company has adopted AS-15 (Revised 2005) Employee Benefits for the first time during the previous period. Disclosures required by paragraph 120 (n) of AS-15 (Revised 2005) are required to be furnished prospectively from the date of transition and hence have been furnished for the current and previous period only.

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

10. DETAILS OF MOVEMENT IN SHARE CAPITAL AND SECURITIES PREMIUM IS AS UNDER

Description	No. of equity shares	Issue price in INR	Share capital	Securities premium
Balance as on 1st January 2008	**1,778,399,420**		**17,783,994**	**276,084,115**
Exercise of stock options-CISMP	792,240	33.70	7,922	18,776
Preferential allotment of shares to non promoter investors on 22nd April 2008	113,000,000	224.30	1,130,000	24,215,900
Exercise of share options -CISMP	525,000	33.70	5,250	12,443
Exercise of share options-CISMP	1,713,078	33.70	17,131	40,600
Exercise of share options-CISMP	1,600,000	33.70	16,000	37,920
Exercise of share options-CISMP	638,078	33.70	6,381	15,122
Share options liability transferred to securities premium upon exercise of the options				665,398
Balance as on 31st March 2009	**1,896,667,816**		**18,966,678**	**301,090,274**
Exercise of share options-CIPOP	190,983	10.00	1,910	Nil
Exercise of share options-CIESOP	115,333	160.00	1,153	17,300
Share options liability transferred to securities premium upon exercise of the options				28,648
Waiver of parent company outstanding balance, pertaining to share issue expenses paid by parent company, which had earlier been adjusted from securities premium				25,000
Balance as on 31st March 2010	**1,896,974,132**		**18,969,741**	**301,161,222**

11. In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of approximately INR 361,000 thousand (previous period INR 511,000 thousand) primarily comprising of accumulated tax losses and unamortized issue expenses. However, as the management is not virtually certain of subsequent realization of the asset, no deferred tax asset has been computed or recognized in these financial statements.

12. The Company and its wholly owned subsidiary Cairn Energy Hydrocarbons Limited ("CEHyL") have entered into a loan facility for INR 40,000 million (available to the Company) and USD 750 million (available to CEHyL) with a consortium of banks. The purpose of the loan facility is to finance the RJ-ON-90/1 block expenditure and also the repayment of the earlier loan facility of USD 850 million. The main security for the INR loan facility is the hypothecation of the 35% participating interest in RJ-ON-90/1 block held by Cairn Energy India Pty Limited, a wholly owned subsidiary of the Company whereas for the USD loan facility, the entire shares of CEHyL has been provided as the main security.

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

14. The reversal in fringe benefit tax (FBT) is on account of the abolishment of FBT with effect from 1st April 2009, as the Company was accounting for FBT liability on stock options on a pro-rata basis over the vesting period.

15. MANAGERIAL REMUNERATION

Remuneration paid or payable to the Directors	Current year	Previous period
Salary	4,632	5,798
Contribution to provident fund	768	402
Total	**5,400**	**6,200**

Note As the future liability for gratuity and leave benefits is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not included above.

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

16. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	Current year	Previous period
Parent company overhead	32,040	37,331
Interest	8	249
Total	**32,048**	**37,580**

17. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	Current year	Previous period
Professional fees	27,409	128,251
Exploration cost	154,991	279,599
Assignment of interest in oil & gas blocks	Nil	627,390
Other expenses	6,428	1,072
Total	**188,828**	**1,036,312**

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

Particulars	Percentage of total consumption		Amount	
	Current year	Previous period	Current year	Previous period
Imported	29.10	Nil	11,529	Nil
Indigenous	70.90	Nil	28,083	Nil
Total	**100.00**	**Nil**	**39,612**	**Nil**

19. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	Current year	Previous period
Stores and spares	12,213	Nil

20. CAPITAL COMMITMENTS (NET OF ADVANCES)

Particulars	Current year	Previous period
Company's share of Joint Ventures' exploration activities	1,296,011	3,517,376

21. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	Current year	Previous period
The principal amount (interest-nil) remaining unpaid to any supplier as at the end of each accounting year	Nil	6
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
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 Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
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 Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

Schedules to the Financial Statements Continued

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

22. CURRENT INVESTMENTS - UNQUOTED AND NON TRADE (REFER SCHEDULE-7 OF THE FINANCIAL STATEMENTS):

The details of investments in mutual fund units are as tabulated under:

		31st March 2010
1	24,000,000 units of Birla Sunlife mutual fund under Birla Sun Life Interval Income Fund - Quarterly Plan - Series II - Daily Dividend Reinvestment plan	241,596
2	117,443,151 units of Birla Sunlife mutual fund under Birla Sun Life Saving Funds - Daily Dividend Reinvestment plan	1,175,230
3	75,161,631 units of Birla Sunlife mutual fund under BSL Floating Rate Fund - Long Term - Daily Dividend Reinvestment plan	753,961
4	16,155,533 units of Canara Robeco mutual fund under Canara Robeco Treasury Advantage - Daily Dividend Reinvestment plan	200,443
5	1,074,176 units of DSP Blackrock mutual fund under DSP Blackrock Floating Rate - Daily Dividend Reinvestment plan	1,074,762
6	219,994,508 units of HDFC mutual fund under HDFC Cash Management Fund - Treasury Advantage - Daily Dividend Reinvestment plan	2,206,875
7	22,933,236 units of ICICI Prudential mutual fund under ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment plan	2,424,846
8	20,000,000 units of ICICI Prudential mutual fund under ICICI Prudential Interval Fund II - Daily Dividend Reinvestment plan	200,048
9	115,624,830 units of IDFC mutual fund under IDFC Money Manager TP Super Institutional - Plan C - Daily Dividend Reinvestment plan	1,156,422
10	135,776,717 units of Kotak Mahindra mutual fund under Kotak Floater Long Term Fund - Daily Dividend Reinvestment plan	1,368,602
11	24,000,000 units of Kotak Mahindra mutual fund under Kotak Quarterly Interval Plan Series 8 - Daily Dividend Reinvestment plan	240,710
12	22,430,929 units of Reliance mutual fund under Reliance Liquid Fund - Treasury Plan-Institutional Option - Daily Dividend Reinvestment plan	342,908
13	41,040,682 units of Reliance mutual fund under Reliance Medium Term Fund - Daily Dividend Reinvestment plan	701,627
14	128,910,540 units of SBI mutual fund under SBI SHF-Ultra Short Term Fund - Daily Dividend Reinvestment plan	1,289,879
15	130,570,088 units of Tata mutual fund under Tata Floater Fund - Daily Dividend Reinvestment plan	1,310,349
16	2,128,161 units of UTI mutual fund under UTI Treasury Advantage Fund - Daily Dividend Reinvestment plan	2,128,618
	Total	**16,816,876**

		31st March 2009
1	63,626,784 units, face value of Rs. 10 each, of Birla Cash Plus - Institutional Premium- Daily Dividend Reinvestment plan	637,509
2	21,126,235 units, face value of Rs. 10 each, of HDFC Liquid Fund - Premium Plan- Daily Dividend Reinvestment plan	259,003
3	26,081,126 units, face value of Rs. 10 each, of ICICI Prudential Institutional Liquid Plan - Super Iinst- Daily Dividend Reinvestment plan	260,824
4	15,494,677 units, face value of Rs. 10 each, of Reliance Liquid Fund - Treasury Plan-Institutional Option - Daily Dividend Reinvestment plan	236,870
5	191,352 units, face value of Rs. 1000 each, of Tata Liquid Fund - SHIP- Daily Dividend Reinvestment plan	213,266
	Total	**1,607,472**

The following mutual fund units were purchased and sold during the current year:-

1	335,214,545 units of Birla Sunlife mutual fund under Birla Cash Plus - Institutional Premium - Daily Dividend Reinvestment
2	19,920,035 units of Canara Robeco mutual fund under Canara Robeco Liquid Collection - Daily Dividend Reinvestment
3	1,073,385 units of DSP Blackrock mutual fund under DSP Blackrock Liquidity Fund - Daily Dividend Reinvestment
4	332,343,248 units of HDFC mutual fund under HDFC Liquid Fund - Premium Plan - Daily Dividend Reinvestment
5	49,198,541 units of ICICI Prudential mutual fund under ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment
6	368,973,177 units of ICICI Prudential mutual fund under ICICI Prudential Institutional Liquid Plan - Super Inst - Daily Dividend Reinvestment
7	115,181,352 units of IDFC mutual fund under IDFC Cash Fund Super Institutional - Plan C - Daily Dividend Reinvestment
8	8,927,386 units of Kotak Mahindra mutual fund under Kotak Floater Long Term Fund - Daily Dividend Reinvestment
9	173,076,949 units of Kotak Mahindra mutual fund under Kotak Liquid Fund - Institutional Premium - Daily Dividend Reinvestment
10	148,837,398 units of Reliance mutual fund under Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Reinvestment
11	76,780,784 units of SBI mutual fund under SBI Magnum Insta Cash Fund - Daily Dividend Reinvestment
12	39,908,068 units of Tata mutual fund under Tata Floater Fund - Daily Dividend Reinvestment

(All amounts are in INR thousand unless, otherwise stated)

13	2,089,903 units of Tata mutual fund under Tata Liquid Fund - SHIP - Daily Dividend Reinvestment
14	4,152,801 units of UTI mutual fund under UTI Liquid Cash Plan - Inst - Daily Dividend Reinvestment
15	504,918 units of UTI mutual fund under UTI Treasury Advantage Fund - Daily Dividend Reinvestment

The following mutual fund units were purchased and sold during the previous period :-

1	288,767,315 units of Birla Sunlife mutual fund under Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend Reinvestment
2	396,375,092 units of Birla Sunlife mutual fund under Birla Sunlife Cash Plus - Institutional Premium – Growth
3	22,951,572 units of Birla Sunlife mutual fund under Birla Sunlife Interval Income - Institutional - Quarterly - Series 2 – Growth
4	76,578,715 units of Birla Sunlife mutual fund under Birla Sunlife Liquid Plus - Institutional - Daily Dividend Reinvestment
5	185,222,322 units of Birla Sunlife mutual fund under Birla Sunlife Liquid Plus - Institutional – Growth
6	15,000,000 units of Canara Robeco mutual fund under Canara Robeco FMP - Series 3 - 90 Days - IP – Growth
7	48,919,527 units of Canara Robeco mutual fund under Canara Robeco Liquid Plus Super Institutional - Daily Dividend Reinvestment
8	31,366,504 units of Fidelity mutual fund under Fidelity Cash - SIP – Growth
9	62,263,786 units of Fidelity mutual fund under Fidelity Liquid Plus - SIP - Daily Dividend Reinvestment
10	57,042,071 units of Fidelity mutual fund under Fidelity Liquid Plus - SIP - Growth
11	128,735,017 units of HDFC mutual fund under HDFC Cash Mgmt - Savings Plan - Daily Dividend Reinvestment
12	193,231,349 units of HDFC mutual fund under HDFC Cash Mgmt - Savings Plus Plan - Wholesale - Daily Dividend Reinvestment
13	174,864,026 units of HDFC mutual fund under HDFC Cash Mgmt - Savings Plus Plan - Wholesale – Growth
14	166,891,418 units of HDFC mutual fund under HDFC Floating Rate Income - Short Term Plan - Wholesale - Daily Dividend Reinvestment
15	193,913,572 units of HDFC mutual fund under HDFC Floating Rate Income - Short Term Plan - Wholesale – Growth
16	24,000,000 units of HDFC mutual fund under HDFC FMP 90D (VIII)(3) - Wholesale - Growth
17	62,847,681 units of HDFC mutual fund under HDFC Liquid - Premium Plan - Daily Dividend Reinvestment
18	303,956,967 units of HDFC mutual fund under HDFC Liquid - Premium Plan – Growth
19	41,003,276 units of HDFC mutual fund under HDFC Liquid - Premium Plus Plan - Weekly Dividend Reinvestment
20	23,586,686 units of HDFC mutual fund under HDFC Quarterly Interval -Plan B Wholesale Growth – Growth
21	106,509,667 units of HSBC mutual fund under HSBC Cash - Inst Plus - Daily Dividend Reinvestment
22	155,825,133 units of HSBC mutual fund under HSBC Cash - Inst Plus - Growth
23	146,239,354 units of HSBC mutual fund under HSBC Liquid Plus - IP - Daily Dividend Reinvestment
24	229,632,812 units of HSBC mutual fund under HSBC Liquid Plus - IP - Growth
25	150,719,932 units of ICICI Prudential mutual fund under ICICI Prudential Flexible Income Plan - Daily Dividend Reinvestment
26	208,534,658 units of ICICI Prudential mutual fund under ICICI Prudential Flexible Income Plan – Growth
27	32,963,479 units of ICICI Prudential mutual fund under ICICI Prudential FRF - Plan D – Growth
28	475,076,846 units of ICICI Prudential mutual fund under ICICI Prudential Inst Liquid Plan - Super Iinst - Daily Dividend Reinvestment
29	446,678,300 units of ICICI Prudential mutual fund under ICICI Prudential Inst Liquid Plan - Super Iinst – Growth
30	24,485,319 units of ICICI prudential mutual fund under ICICI Prudential Interval II Quarterly Interval Plan B - Retail Cumulative – Growth
31	49,165,296 units of IDFC mutual fund under IDFC Cash - Super Institutional Plan C - Daily Dividend Reinvestment
32	81,765,530 units of IDFC mutual fund under IDFC Floating Rate -LT-Inst Plan B – Growth
33	24,000,000 units of IDFC mutual fund under IDFC FMP Qtr Series 31 - Growth
34	64,428,611 units of IDFC mutual fund under IDFC Liquid Plus - Investment Plan - Inst Plan B - Daily Dividend Reinvestment
35	15,341,934 units of IDFC mutual fund under IDFC Quarterly Interval - Plan A - Inst - Daily Dividend Reinvestment
36	15,984,797 units of IDFC mutual fund under IDFC Quarterly Interval - Plan A - Inst – Growth
37	18,000,000 units of ING mutual fund under ING Interval - Quarterly-C-Institutional – Growth
38	115,482,014 units of ING mutual fund under ING Liquid Super Institutional – Growth
39	128,337,221 units of ING mutual fund under ING Liquid Plus - Institutional – Growth
40	23,518,230 units of ING mutual fund under ING Vysya Liquid Plus - IP - Growth
41	66,088,565 units of JP Morgan mutual fund under JP Morgan India Liquid Plus – Growth
42	20,913,377 units of Kotak Mahindra mutual fund under Kotak Liquid - Institutional Premium – Growth
43	3,165,849 units of Principal mutual fund under Principal Cash Mgmt LO- Institutional Plan – Growth
44	50,350,378 units of Principal mutual fund under Principal Cash Mgmt LO- Institutional Premium Plan - Daily Dividend Reinvestment
45	150,114,425 units of Principal mutual fund under Principal Floating Rate - FMP - Institutional - Daily Dividend Reinvestment
46	197,490,161 units of Principal mutual fund under Principal Floating Rate - FMP - Institutional – Growth

Schedules to the Financial Statements Continued

SCHEDULE 20–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

47	20,583,957 units of Reliance mutual fund under Reliance Liquid - Treasury Plan-Institutional Option - Daily Dividend Reinvestment
48	82,564,435 units of Reliance mutual fund under Reliance Liquid - Treasury Plan-Institutional Option – Growth
49	2,052,210 units of Reliance mutual fund under Reliance Liquid Plus - Institutional - Daily Dividend Reinvestment
50	2,380,814 units of Reliance mutual fund under Reliance Liquid Plus - Institutional – Growth
51	23,091,765 units of Reliance mutual fund under Reliance Liquidity - Daily Dividend Reinvestment
52	36,180,905 units of Reliance mutual fund under Reliance Liquidity - Growth
53	158,916,208 units of Reliance mutual fund under Reliance Medium Term - Daily Dividend Reinvestment
54	21,680,417 units of Reliance mutual fund under Reliance Monthly Interval - Series I Institutional – Growth
55	23,407,582 units of Reliance mutual fund under Reliance Quarterly Interval - Series II Institutional – Growth
56	29,168,603 units of SBI mutual fund under SBI Magnum Insta Cash - Daily Dividend Reinvestment
57	20,444,600 units of SBI mutual fund under SBI SDFS - 90 Days - Growth
58	98,778,982 units of SBI mutual fund under SBI SHF - Liquid Plus - IP - Daily Dividend Reinvestment
59	233,026,709 units of SBI mutual fund under SBI SHF - Liquid Plus - IP - Growth
60	859,255 units of Standard Chartered mutual fund under Standard Chartered Liquidity Manager Plus – Growth
61	259,059,638 units of Tata mutual fund under Tata Floater - Daily Dividend Reinvestment
62	206,755,713 units of Tata mutual fund under Tata Floater – Growth
63	38,774,118 units of Tata mutual fund under Tata Floating Rate – STP - Institutional Plan – Growth
64	2,457,011 units of Tata mutual fund under Tata Liquid - SHIP - Daily Dividend Reinvestment
65	329,827 units of Tata mutual fund under Tata Liquid – SHIP - Growth

23. Balances written back are on account of reconciliation of certain working capital balances pertaining to joint ventures, in which the Company has participating interest.

24. 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). The said investment is carried at cost, as the block is presently under exploration phase.

25. During the previous period, the Company had decided to retrospectively account for stock options using the Intrinsic Value Method as against the Fair Value Method (Black Scholes) followed till the financial year ended 31st December 2007. Accordingly, the excess stock option provision up to 31st December 2007 was reversed during the previous period, resulting in an exceptional gain of INR 155,723 thousand.

26. Details of amounts recoverable from subsidiary companies in which directors are interested are same as disclosed in note 4 (c) above. The balance outstanding as at the year / period end is also the maximum amount outstanding during the year/period. No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

27. CHANGE IN FINANCIAL YEAR AND PREVIOUS PERIOD COMPARATIVES

The previous financial period consisted of fifteen months from 1st January 2008 to 31st March 2009, while the current financial year is for a twelve months period. Accordingly, previous period figures in the profit and loss account and cash flow statement are not comparable with current financial year. Previous period's figures have been regrouped where necessary to confirm to current year's classification.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon   Date 27 May, 2010

Balance Sheet Abstract and Company's General Business Profile

I)	**Registration Details**	
	Registration No.	L11101MH2006PLC163934
	State Code	11
	Balance Sheet Date	31/03/10
II)	**Capital raised during the year***	(Amount in Rs. Thousands)
	Public Issue	-
	Rights Issue	-
	Bonus Issue	-
	Private Placement (Includes stock options exercised)	3,063
	*Does not include securities premium	
III)	**Position of Mobilisation and Deployment of Funds**	(Amount in Rs. Thousands)
	Total Liabilities	334,328,131
	Total Assets	334,328,131
	Source of Funds	
	Paid up Capital	18,969,741
	Reserves & Surplus (Includes stock options outstanding)	301,625,200
	Secured Loans	13,450,000
	Unsecured Loans	Nil
	Application of Funds	
	Net Fixed Assets (Includes exploratory work-in-progress)	242,260
	Investments	331,290,939
	Net Current Assets	1,284,208
	Miscellaneous Expenditure	Nil
	Accumulated losses	1,227,534
IV)	**Performance of the Company**	(Amount in Rs. Thousands)
	Turnover (Total Income)	1,633,620
	Total Expenditure	2,367,252
	Profit/(Loss) before tax	(733,632)
	Profit/(Loss) after tax	(689,534)
	Profit per Share in Rs. (Basic & Diluted)	(0.36)
	Dividend rate %	Nil
V)	**Generic Names of Principal Products/Services of Company (as per monetary terms)**	
	Item Code No. (ITC Code)	27090000
	Product Description	Crude Oil
	Item Code No. (ITC Code)	27112100
	Product Description	Natural Gas

For and on behalf of the Board of Directors
Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon Date 27 May, 2010

Auditor's Report on Consolidated Financial Statements

To
The Board of Directors of Cairn India Limited

1. We have audited the attached Consolidated Balance Sheet of Cairn India Group, as at 31 March, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Cairn India Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. The attached financial statements include Cairn India Group's share of net assets, expenses and cash flows aggregating to Rs. 799,846 thousand, Rs. 692,124 thousand and Rs. 9 thousand respectively in the unincorporated joint ventures not operated by the Company or its subsidiaries, the accounts of which have been audited by the auditors of the respective unincorporated joint ventures and relied upon by us.

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

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

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Cairn India Group as at 31 March, 2010;
   (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No.:95169

Place Gurgaon Date 27 May, 2010

Consolidated Balance Sheet

AS AT MARCH 31, 2010

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

	Schedules		As at March 31, 2010		As at March 31, 2009
Sources of Funds					
Shareholders' Funds					
Share capital	1		18,969,741		18,966,678
Stock options outstanding	2		463,978		388,978
Reserves and surplus	3		319,249,603		308,667,596
			338,683,322		**328,023,252**
Loan funds					
Secured loans	4		34,007,131		222,402
Unsecured loans	5		-		43,341,500
			34,007,131		**43,563,902**
Deferred tax liabilities (net)	6		4,619,418		5,623,782
			377,309,871		**377,210,936**
Application of Funds					
Fixed assets	7				
Gross cost		2,227,578		1,434,686	
Less: Accumulated depreciation / amortisation		958,067		801,843	
Net book value			**1,269,511**		**632,843**
Exploration, Development and Site-restoration costs	8				
Cost of producing facilities (net)		4,994,770		3,013,742	
Exploratory & development work in progress		91,634,579		62,027,323	
Net book value			**96,629,349**		**65,041,065**
Goodwill			253,192,675		253,192,675
Investments	9		17,124,133		1,712,806
Deferred tax assets (net)	6		166,215		83,935
Current assets, loans and advances					
Inventories	10	2,909,438		1,682,808	
Sundry debtors	11	3,067,474		1,516,418	
Cash and bank balances	12	9,294,240		65,270,674	
Other current assets	13	144,586		704,244	
Loans and advances	14	8,317,866		3,505,102	
		23,733,604		**72,679,246**	
Less: Current liabilities and provisions					
Current liabilities	15	9,868,645		11,794,353	
Provisions	16	4,936,971		4,337,281	
		14,805,616		**16,131,634**	
Net Current assets			8,927,988		56,547,612
			377,309,871		**377,210,936**
Notes to accounts	25				

The schedules referred to above are an integral part of the consolidated balance sheet.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon   Date 27 May, 2010

Consolidated Profit and Loss Account

FOR THE YEAR ENDED MARCH 31, 2010

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

	Schedules	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Income			
Income from operations	17	16,230,261	14,326,716
Other income	18	4,076,616	5,510,324
		20,306,877	**19,837,040**
Expenditure			
Operating expenses	19	4,248,252	2,129,743
Depletion	8	1,376,477	2,635,431
Unsuccessful exploration costs	8	2,085,346	1,683,851
Staff Costs	20	1,101,635	1,150,010
Administrative expenses	21	1,372,497	1,727,069
(Increase) / decrease in inventories	22	(366,021)	222,342
Prior period items (Refer note no. 22 in schedule 25)		68,716	283,045
Depreciation and amortisation	7	108,588	62,593
Finance costs	23	148,031	64,090
		10,143,521	**9,958,174**
Profit before taxation		**10,163,356**	**9,878,866**
Current tax		2,216,325	1,336,282
MAT credit entitlement		(1,372,228)	(225,490)
Deferred tax (credit)/ charge		(1,086,649)	623,354
Fringe Benefit Tax (refer note no. 23 in schedule 25)		(105,218)	110,214
Wealth tax		67	-
		(347,703)	**1,844,360**
Profit for the year / period		**10,511,059**	**8,034,506**
Surplus / (Deficit) brought forward from the previous period		7,577,322	(457,184)
Surplus carried to Balance sheet		**18,088,381**	**7,577,322**
Earnings per share in INR	24		
Basic		5.54	4.31
Diluted		5.52	4.28
(Nominal value of shares INR 10)			
Notes to accounts	25		

The schedules referred to above are an integral part of the consolidated profit and loss account.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon Date 27 May, 2010

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2010

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

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Cash flow from operating activities		
Profit before taxation for the year / period	10,163,356	9,878,866
Adjustments for		
- Employee compensation expense (equity settled stock options) - net of exceptional gains	89,175	107,292
- Depreciation and depletion	1,780,276	2,949,665
- Loss / (Profit) on sale / discard of fixed assets (net)	(313)	1,835
- Unsuccessful exploration costs	2,085,346	1,683,851
- Share issue expenses	-	208,410
- Unrealised exchange loss / (gain) on restatement of assets and liabilities (net)	(2,604,018)	(1,710,402)
- Interest expense	59,518	79,436
- Profit on sale of non trade current investments (net)	(2,385)	(1,245,686)
- Interest income	(1,375,578)	(1,858,924)
- Dividend from investments	(224,461)	(221,876)
- Loan facility and management fees	103,834	-
- Unrealised loss on option contracts	-	112,973
- Balances written back (net)	(143,360)	(143,285)
Operating profit before working capital changes	9,931,390	9,842,155
Movements in working capital:		
(Increase)/decrease in inventories	(1,226,630)	(466,761)
(Increase)/decrease in debtors	(1,598,096)	(108,344)
(Increase)/decrease in loans and advances and other current assets	(3,050,580)	186,699
Increase/(decrease) in current liabilities and provisions	(1,206,652)	1,684,424
Cash generated from operations	**2,849,432**	**11,138,173**
Current tax/FBT paid (net of refunds)	(1,752,558)	(1,457,679)
Net cash from operating activities (A)	**1,096,874**	**9,680,494**
Cash flow from investing activities		
Payments made for exploration, development activities and purchase of fixed assets	(33,662,150)	(30,133,147)
Short term investments in mutual funds (net)	(15,416,641)	6,661,791
Fixed deposits made	(16,716,524)	(43,410,755)
Proceeds from matured fixed deposits	57,327,022	11,686,817
Proceeds from sale of fixed assets	313	202
Interest received	2,138,135	1,240,524
Dividend from short term investments received	222,195	-
Dividend from long term investments received	-	216,589
Net cash used in investing activities (B)	**(6,107,650)**	**(53,737,979)**
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	20,363	25,523,445
Payments made for share issue expenses	-	(208,410)
Finance lease taken	9,406	175,645
Repayment of finance lease	(91,483)	(124,838)
Proceeds from long term borrowings	34,604,616	37,620,170
Repayment of long term borrowings	(41,409,564)	-
Loan facility and management fees paid	(1,908,255)	-

Consolidated Statement of Cash Flows Continued

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

	Year ended March 31, 2010	Fifteen months ended March 31, 2009
Interest paid	(1,678,228)	(1,464,603)
Net cash from/(used in) financing activities (C)	**(10,453,145)**	**61,521,409**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(15,463,921)**	**17,463,924**
Cash and cash equivalents at the beginning of the year/ period	21,732,635	1,503,807
Cash and cash equivalents at the end of the year/ period	6,268,714	18,967,731
Unrealised exchange differences on closing cash and cash equivalents	97,984	2,764,904
Cash and cash equivalents as per cash flow statement	**6,366,698**	**21,732,635**
Components of cash and cash equivalents as at	**March 31, 2010**	**March 31, 2009**
Cash in hand	452	626
Balances with banks		
on current accounts	390,057	228,024
on site restoration fund	143,703	-
on deposit accounts	8,760,028	65,042,024
Less: Deposits having maturity of over 90 days	(2,927,542)	(43,538,039)
	6,366,698	**21,732,635**

Notes

i) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard-3 on "Cash flow statements".

ii) Amounts in bracket indicate a cash outflow or reduction.

iii) Bank balance in deposit accounts includes INR 1,955,866 thousand, previous period INR 3,312,342 thousand, pledged with the banks.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Place Gurgaon Date 27 May, 2010

Schedules to the Consolidated Financial Statements

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

	As at March 31, 2010	As at March 31, 2009
Schedule 1		
Share capital		
Authorised:		
2,250,000,000 (previous period 2,250,000,000) equity shares of INR 10 each	22,500,000	22,500,000
Issued, Subscribed and Paid up:		
1,896,974,132 (previous period 1,896,667,816) equity shares of INR 10 each	18,969,741	18,966,678
	18,969,741	**18,966,678**

Notes

i) Issued, subscribed and fully paid up share capital includes 1,183,243,791 equity shares (previous period - 1,226,843,791 equity shares) of INR 10 each held by Cairn UK Holdings Limited, the holding company, together with its nominees.

ii) Shares held by the holding company include 861,764,893 equity shares (previous period - 861,764,893 equity shares) of INR 10 each, allotted as fully paid up pursuant to contracts for consideration other than cash.

iii) For stock options outstanding, refer note no. 7 in schedule 25.

Schedule 2		
Stock options outstanding		
Employee stock options outstanding	768,120	782,548
Less: Deferred employee compensation outstanding	(304,142)	(393,570)
Closing Balance	**463,978**	**388,978**

Schedule 3		
Reserves and surplus		
Securities premium account		
Opening Balance	301,090,274	276,084,115
Add: Additions during the year/ period (refer note no. 14 in schedule 25)	70,948	25,006,159
Closing Balance	301,161,222	301,090,274
Profit and Loss Account	18,088,381	7,577,322
	319,249,603	**308,667,596**

Schedule 4		
Secured loans		
Finance lease liabilities (refer note no. 8 in schedule 25)	140,325	222,402
Long term loans (refer note no. 18 in schedule 25)		
- from financial institutions	5,092,111	-
- from banks	28,774,695	-
	34,007,131	**222,402**

Schedule 5		
Unsecured loans		
Long term loans		
- from financial institutions	-	7,648,500
- from banks	-	35,693,000
	-	**43,341,500**

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

	As at March 31, 2010	As at March 31, 2009
Schedule 6		
Deferred tax asset / liabilities (net)		
Effect of differences in block of fixed assets/exploration and development assets as per tax books and financial books	5,005,074	6,178,716
Gross deferred tax liabilities	**5,005,074**	**6,178,716**
Effect of lease accounting	7,877	8,972
Expenditure debited to profit and loss account but allowed for tax purposes in following years	543,994	629,897
Gross deferred tax assets	**551,871**	**638,869**
Net deferred tax liabilities *	**4,453,203**	**5,539,847**

* After setting off net deferred tax assets aggregating to INR 166,215 thousand, previous period INR 83,935 thousand in respect of certain group companies

Schedule 7

Fixed Assets

Description	Gross Block				Accumulated Depreciation / Amortisation				Net Block	
	As on 01.04.2009	Additions	Deletions	As on 31.03.2010	As on 01.04.2009	For the year/period	Deletions	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
A) Tangible Assets										
Freehold land	43,583	-	-	43,583	-	-	-	-	43,583	43,583
Buildings	5,247	5,042	-	10,289	2,333	782	-	3,115	7,174	2,914
Plant and machinery	-	777,549	-	777,549	-	21,845	-	21,845	755,704	-
Office equipments	512,022	122,898	(165,296)	469,624	344,439	112,124	(165,165)	291,398	178,226	167,583
Furniture and fittings	299,870	13,080	(1,454)	311,496	126,760	61,319	(1,454)	186,625	124,871	173,110
Vehicles	10,983	582	-	11,565	2,660	2,608	-	5,268	6,297	8,323
B) Intangible Assets										
Computer software	562,981	121,447	(80,956)	603,472	325,651	205,121	(80,956)	449,816	153,656	237,330
Grand Total	**1,434,686**	**1,040,598**	**(247,706)**	**2,227,578**	**801,843**	**403,799**	**(247,575)**	**958,067**	**1,269,511**	**632,843**
Previous period	**1,092,632**	**462,608**	**(120,554)**	**1,434,686**	**606,126**	**314,233**	**(118,516)**	**801,843**	**632,843**	**486,506**

Notes

i) Furniture and fittings includes Leasehold improvements of INR 282,259 thousand (previous period INR 278,895 thousand), accumulated depreciation thereon INR 168,063 thousand (previous period INR 110,482 thousand).

ii) Furniture and fittings and Office equipments of INR 281,634 thousand (previous period INR 278,271 thousand) and INR 100,733 thousand (previous period INR 210,192 thousand) respectively have been acquired under finance lease. The depreciation charge for the year/ period on these assets is INR 57,556 thousand (previous period INR 60,569 thousand) and INR 27,197 thousand (previous period INR 61,040 thousand) respectively and the accumulated depreciation thereon is INR 167,910 thousand (previous period INR 110,355 thousand) and INR 43,514 thousand (previous period INR 139,781 thousand) respectively.

iii) Depreciation charge for the year/period includes INR 295,211 thousand (previous period INR 251,640 thousand) allocated to joint ventures.

iv) Fixed assets include INR 996,883 thousand (previous period INR 169,471 thousand) jointly owned with the joint venture partners. Accumulated depreciation on these assets is INR 131,109 thousand (previous period INR 78,560 thousand) and net book value is INR 865,773 thousand (previous period INR 90,911 thousand).

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

	As at March 31, 2010	As at March 31, 2009
Schedule 8		
Exploration, Development and Site restoration costs		
Opening balance of producing properties	3,013,742	4,389,517
Additions / deletions / transfer for the year / period	3,357,505	1,259,656
	6,371,247	5,649,173
Less: Depletion	1,376,477	2,635,431
Net producing properties	4,994,770	3,013,742
Opening balance of exploratory & development work in progress	62,027,323	24,670,264
Additions / deletions / transfer for the year / period	31,692,602	39,040,910
Less: Unsuccessful exploration costs for the year/ period	2,085,346	1,683,851
Exploration and Development work in progress	91,634,579	62,027,323
Net book value	**96,629,349**	**65,041,065**

Note Additions for the year includes borrowing costs (net of income on temporary investments INR 125,203 thousand, previous period INR 241,350 thousand) aggregating to INR 2,442,547 thousand (previous period INR 1,620,043 thousand).

Schedule 9		
Investments		
Long term investments (at cost)		
Quoted and non-trade		
Nil (previous period 755,275) equity shares of INR 10/- each fully paid up in Videocon Industries Limited	-	105,334
Current Investments (at lower of cost and market value)		
Quoted and non-trade		
755,275 (previous period Nil) equity shares of INR 10/- each fully paid up in Videocon Industries Limited	105,334	-
Unquoted and non trade		
Mutual Funds	17,018,799	1,607,472
	17,124,133	**1,712,806**

Schedule 10		
Inventories		
Stores and spares	2,456,383	1,595,774
Finished goods	453,055	87,034
	2,909,438	**1,682,808**

Schedule 11		
Sundry Debtors		
Debts - Unsecured and outstanding for a period exceeding six months :		
- Considered good	78,687	94,261
Other unsecured debts :		
- Considered good	2,988,787	1,422,157
	3,067,474	**1,516,418**

Schedules to the Consolidated Financial Statements Continued

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

	As at March 31, 2010	As at March 31, 2009
Schedule 12		
Cash and bank balances		
Cash in hand	452	626
Balances with banks:		
- on current accounts	390,057	228,024
- on deposit accounts (including deposits with maturity of more than 3 months)*	8,760,028	65,042,024
- on site restoration fund	143,703	-
	9,294,240	**65,270,674**

* includes INR 1,955,866 thousand, previous period INR 3,312,342 thousand, pledged with the banks

Schedule 13		
Other Current Assets		
Interest accrued on bank deposits	23,285	660,639
Dividend receivable	7,553	-
Outstanding option contracts	113,748	43,605
	144,586	**704,244**

Schedule 14		
Loans and advances		
Unsecured and considered good, unless otherwise stated:		
Advances recoverable in cash or in kind or for value to be received*	10,463,960	5,789,515
Deposits	197,740	169,469
Advance tax and tax deducted at source, net of tax provisions INR 3,697,411 thousand (previous period INR 1,921,505 thousand)	365,392	599,367
MAT credit entitlement	950,733	-
Fringe benefit tax paid (net of provisions INR 394,040 thousand, previous period INR 266,883 thousand)	4,329	13,290
	11,982,154	**6,571,641**
Less: Provision for doubtful advances	(3,664,288)	(3,066,539)
	8,317,866	**3,505,102**

*includes doubtful balances INR 3,664,288 thousand (previous period INR 3,066,539 thousand) and also capital advances INR 549,799 thousand (previous period INR 835,486 thousand)

Schedule 15		
Current liabilities		
Amount payable to Cairn Energy Plc., the ultimate holding company	1,773	1,296,164
Sundry creditors	8,652,475	8,647,926
Lease equalisation liability	12,250	9,279
Interest accrued but not due	7,838	94,471
Other liabilities	1,194,309	1,746,513
	9,868,645	**11,794,353**

Schedules to the Consolidated Financial Statements Continued

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

	As at March 31, 2010	As at March 31, 2009
Schedule 16		
Provisions		
Provision for taxation (net of advance tax - INR 576,716 thousand, previous period INR 356,794 thousand)	52,031	250,643
Provision for fringe benefit tax (net of advance tax payments INR Nil, previous period - INR 127,956 thousand)	-	105,235
Site restoration provision *	4,466,429	3,886,882
Provision for Government share of profit petroleum **	-	11,444
Provision for leave encashment	22,840	16,305
Provision for gratuity	64,879	39,571
Provision for employee stock options (cash settled) ***	330,792	27,201
	4,936,971	**4,337,281**
*** Site restoration provision**		
Opening balance	3,886,882	2,714,913
Additions for the year /period	579,547	1,388,000
Reversed during the year /period	-	(216,031)
Closing balance	**4,466,429**	**3,886,882**
**** Provision for Government share of profit petroleum**		
Opening Balance	11,444	362,382
Additions for the year /period	-	26,453
Written back during the year /period	(11,444)	-
Payments during the year /period	-	(377,391)
Closing Balance	**-**	**11,444**
***** Provision for employee stock options (cash settled)**		
Opening Balance	27,201	-
Additions for the year /period	451,596	27,201
Payments during the year /period	(144,762)	-
Reversed during the year /period	(3,243)	-
Closing Balance	**330,792**	**27,201**

Schedule 17	Year Ended March 31, 2010	Fifteen Months ended March 31, 2009
Income from operations		
Revenue from sale of oil, gas and condensate	22,018,998	24,476,702
Less: Government share of Profit Petroleum	(6,396,752)	(10,829,219)
	15,622,246	13,647,483
Tolling income	41,406	50,391
Income received as operator from joint venture	566,609	628,842
	16,230,261	**14,326,716**
Schedule 18		
Other income		
Interest on bank deposits	1,375,578	1,858,924
Profit on sale of non trade current investments (net)	2,385	1,245,686
Dividend income from non trade current investments	222,195	216,589

Schedules to the Consolidated Financial Statements Continued

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

	Year Ended March 31, 2010	Fifteen Months ended March 31, 2009
Dividend income from non trade long term investments	2,266	5,287
Exchange fluctuation (net)*	2,325,709	1,884,830
Miscellaneous income	4,810	-
Profit on sale of fixed assets (net)	313	-
Balances written back (net)	143,360	143,285
Exceptional gain (refer note no. 24 in schedule 25)	-	155,723
	4,076,616	**5,510,324**

* Includes net gain on derivative contracts INR 450,547 thousand (previous period after setting off loss of INR 434,328 thousand).

Schedule 19

Operating expenses		
Production expenses	1,130,815	821,016
Arbitration costs	71,431	7,582
Transportation expenses	1,198,660	123,912
Data acquisition and analysis	328,887	66,266
Insurance	52,164	56,677
Royalty	241,351	393,787
Cess	1,148,496	546,365
Production bonus	76,448	114,138
	4,248,252	**2,129,743**

Schedule 20

Staff costs		
Salaries, wages and bonus	3,763,973	3,359,347
Employee compensation expense (stock options)	537,529	454,546
Contribution to provident fund	177,970	97,356
Contribution to superannuation fund	68,753	53,226
Compensated absences	7,895	29,916
Gratuity expenses	53,570	40,888
Staff welfare expenses	325,567	329,288
	4,935,257	**4,364,567**
Less: Cost allocated to joint ventures	(3,833,622)	(3,214,557)
	1,101,635	**1,150,010**

Schedule 21

Administrative expenses		
Contract employee charges	439,319	1,295,828
Legal and professional expenses	1,345,401	1,489,900
Share issue expenses	-	208,410
Repairs and maintenance	275,984	260,933
Rent	305,214	455,648
Travelling and conveyance expenses	357,480	511,320
Communication expenses	158,900	150,906
Insurance	860	3,127
Inauguration expenses	93,149	-
Loss on sale / discard of fixed assets (net)	-	1,835
Miscellaneous expenses	334,943	357,706
	3,311,250	**4,735,613**
Less: Cost allocated to joint ventures	(1,938,753)	(3,008,544)
	1,372,497	**1,727,069**

Schedules to the Consolidated Financial Statements Continued

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

	Year Ended March 31, 2010	Fifteen Months ended March 31, 2009
Schedule 22		
(Increase) / Decrease in inventories		
Inventories at the beginning of the year/ period		
Finished goods	87,034	309,376
Inventories at the end of the year/period		
Finished goods	453,055	87,034
	(366,021)	**222,342**
Schedule 23		
Finance costs		
Interest		
-on term loan	17,807	-
-others	11,681	38,581
-finance lease charges	30,030	40,855
Loan facility and management fees	103,834	-
Bank charges	12,153	20,734
	175,505	**100,170**
Less: Cost allocated to joint ventures	(27,474)	(36,080)
	148,031	**64,090**
Schedule 24		
Earnings Per Share		
Profit for the year/period as per profit and loss account	10,511,059	8,034,506
Weighted average number of equity shares in calculating basic earnings per share	1,896,696,475	1,866,146,993
Add: Number of equity shares arising on grant of stock options	8,321,392	10,052,076
Weighted average number of equity shares in calculating diluted earnings per share	1,905,017,867	1,876,199,069
Earnings per share in INR		
Basic	5.54	4.31
Diluted	5.52	4.28

(All amounts are in INR thousand unless, otherwise stated)

1. NATURE OF OPERATIONS

Cairn India Limited ('the Company') was incorporated in India on August 21, 2006 and is a subsidiary of Cairn UK Holdings Limited, which in turn is a wholly owned subsidiary of Cairn Energy Plc., UK which is listed on London Stock Exchange.

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

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

2. COMPONENTS OF THE CAIRN INDIA GROUP

The Consolidated Financial Statements represent consolidation of accounts of the Company and its subsidiaries as detailed below:

S. No.	Name of the Subsidiaries	Country of Incorporation
1	Cairn Energy Australia Pty Limited	Australia
2	Cairn Energy India Pty Limited	Australia
3	CEH Australia 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 Energy Development Pte Limited	Singapore
22	Cairn Lanka (Pvt) Limited	Sri Lanka
23	Cairn Energy Group Holdings BV	Netherlands
24	Cairn Energy India West BV	Netherlands
25	Cairn Energy India West Holding BV	Netherlands
26	Cairn Energy Gujarat Holding BV	Netherlands
27	Cairn Energy India Holdings BV	Netherlands
28	Cairn Energy Netherlands Holdings BV	Netherlands
29	Cairn Energy Gujarat BV	Netherlands
30	Cairn Energy Cambay BV	Netherlands
31	Cairn Energy Cambay Holding BV	Netherlands

(All amounts are in INR thousand unless, otherwise stated)

CIHL and CMHPL are wholly owned subsidiaries of the Company. All other abovementioned companies are direct or indirect wholly owned subsidiaries of either CIHL or CMHPL.

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

Oil & Gas blocks/fields	Area	Participating Interest
Operated block		
Ravva block	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60%
CB-OS/2 - Development & production	Cambay Offshore	40%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	100%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	70%
PR-OSN-2004	Palar Basin offshore	35%
SL 2007-01-001	North West Sri Lanka offshore	100%
KG-ONN-2003/1	Krishna Godavari Onshore	49%
Following blocks have been relinquished		
GV-ONN-2002/1 in July 2009	Ganga Valley Onshore	50%
VN-ONN-2003/1 in Aug 2009	Vindhyan Onshore	49%
GV-ONN-2003/1 in Feb 2010	Ganga Valley Onshore	24%
Non – operated block		
KG-DWN-98/2	Krishna Godavari Deep water	10%
GS-OSN-2003/1	Gujarat Saurashtra Onshore	49%
KK-DWN-2004	Kerala Konkan Basin offshore	40%
Following blocks have been relinquished		
GV-ONN-97/1 in 2008	Ganga Valley Onshore	15%
CB-ONN-2002/1 in Jan 2009	Cambay Onshore	30%
RJ-ONN-2003/1 in Jan 2010	Rajasthan Onshore	30%

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation

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

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:

1. 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).
2. 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.
3. The difference between the cost to the Company of its investment in subsidiaries and its proportionate share in the equity of the investee company at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill is tested for impairment by the management on each reporting date.

(B) Oil and gas assets

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

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

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

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

Where results of exploration drilling indicate the presence of oil and gas reserves which are ultimately not considered commercially viable, all related costs are written off to the profit and loss account. 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 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 profit and loss account. 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 profit and loss account, to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

(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.

(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 profit and loss account.

(E) Impairment

1. 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 at the weighted average cost of capital.
2. 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, or at the rates prescribed under Schedule XIV of the Companies Act 1956, whichever is higher. The expected useful economic lives are as follows:

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 land	Lease period

Leasehold improvements are amortized over the remaining period of the primary lease 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 acquisition is capitalized and is tested for impairment.

(H) Leases

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 charged directly against income. 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 profit and loss account 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 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 net realizable value based on the estimated selling price. Inventories of stores and spares related to exploration, development and production activities are stated at cost, determined on first in first out (FIFO) basis. However, inventories of stores and spares, which are not likely to be consumed, are written down to their net realizable value.

(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. Joint venture cash and cash equivalent balances are considered by the Cairn India Group to be the amounts contributed in excess of the Cairn India Group's obligations to the joint ventures and are, therefore, disclosed within Loans and Advances.

(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 of oil, gas and condensate production, recognised on a direct entitlement basis, when significant risks and rewards of ownership are transferred to the buyers.

As operator from the joint venture

Cairn India Group recognizes parent company overhead as revenue from joint ventures 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 shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to the period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

(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 profit and loss account 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.

(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. 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 Cairn India Group 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 profit and loss account 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 period. The weighted average number of equity shares outstanding during the period 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period 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 in the cash flow statement comprise cash at bank and in hand and short-term investments, with an original maturity of 90 days or less.

(S) Employee Benefits

Retirement and Gratuity benefits

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

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

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

Actuarial gains / losses are immediately taken to profit and loss account 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. The cost of awards to employees under the Company's ultimate parent entity's

(All amounts are in INR thousand unless, otherwise stated)

Long Term Incentive Plans ("the LTIP") is recognised based on the amount cross charged by the parent entity.

(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. 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.

4. 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

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

5. RELATED PARTY TRANSACTIONS

(A) Names of related parties:

Companies having control

- Cairn UK Holdings Limited, UK
  Holding Company
- Cairn Energy Plc., UK
  Ultimate holding company

Key Management Personnel

- Rahul Dhir
  Managing Director and Chief Executive Officer
- Winston Frederick Bott Jr.
  Executive Director and Chief Operating Officer
  (appointed on 29th April, 2008)
- Indrajit Banerjee
  Executive Director and Chief Finacial Officer
- Philip Tracy
  Alternate Director (from 18th March, 2009 till 26th May, 2009)
- Lawrence Smyth
  Executive Director and Chief Operating Officer (resigned on 21st January, 2008)

(B) Transactions during the year / period

Nature of the Transactions	Related Party	Current year	Previous period
Reimbursement of expenses to parent company	Cairn Energy Plc.	39,919	279,725
Waiver of outstanding balance by the parent company	Cairn Energy Plc.	1,083,654	Nil
Shares issued including premium and stock option charge	Rahul Dhir	Nil	716,185
	Lawrence Smyth	Nil	126,758
	Total	**Nil**	**842,943**

SCHEDULE 25–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

Nature of the Transactions	Related Party	Current year	Previous period
Remuneration	Rahul Dhir	106,814	112,036
	Winston Frederick Bott Jr.	95,593	95,890
	Indrajit Banerjee	14,633	18,024
	Lawrence Smyth	Nil	25,195
	Philip Tracy	3,865	1,354
	Total	**220,905**	**252,499**

In addition to the above remuneration, incentives and bonus of INR 28,813 thousand (previous period INR 13,424 thousand), INR 69,151 thousand (previous period INR 86,598 thousand), INR 38,123 thousand (previous period INR 8,099 thousand) and INR Nil (previous period INR 14,141 thousand) were paid to Rahul Dhir, Winston Frederick Bott Jr., Indrajit Banerjee and Lawrence Smyth respectively. Further, the remuneration does not include provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Cairn India Group as a whole.

(C) Balances outstanding as at the end of the year / period:

Nature of the Balance	Related Party	31st March 2010	31st March 2009
Accounts payable	Cairn Energy Plc.	1,773	1,296,164

6. The shareholders of the Company in their meeting dated August 18, 2009 had revised the allocation of Initial Public Offer (IPO) proceeds within the existing heads under the prospectus. As at 31st March 2010, the Company and its subsidiaries together have utilized the entire IPO proceeds aggregating to INR 88,248,901 thousand in accordance with the revised approval received from the shareholders. The details of the revised approval and utilization of funds is as follows:

Particulars	Upto, 31st March 2010	Upto, 31st March 2009
Acquisition of shares of Cairn India Holdings Limited from Cairn UK Holdings Limited	59,580,837	59,580,837
Exploration and Development expenses	26,838,445	21,152,714
General corporate purposes	230,000	230,000
Issue expenses	1,599,619	1,599,619
Total	**88,248,901**	**82,563,170**

The details of the unutilized monies out of the public issue proceeds is as follows:

Particulars	31st March 2010	31st March 2009
Mutual funds	Nil	718,277
Balances with banks	Nil	4,967,454
Total	**Nil**	**5,685,731**

7. EMPLOYEES STOCK OPTION PLANS

Cairn India Group has provided various share based payment schemes to its employees. During the period ended 31st March 2010, the following schemes were in operation:

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17th Nov 2006	17th Nov 2006	17th Nov 2006	Not applicable	Not applicable
Date of Shareholder's approval	17th Nov 2006	17th Nov 2006	17th Nov 2006	Not applicable	Not applicable
Number of options granted till March 2010	8,298,713	6,727,724	18,197,795	1,883,339	573,918
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
Number of options granted till 31st March 2010					
24th Nov 2006	8,298,713	-	-	-	-
1st Jan 2007	-	1,708,195	3,467,702	-	-
20th Sept 2007	-	3,235,194	5,515,053	-	-
29th July 2008	-	789,567	3,773,856	822,867	324,548

SCHEDULE 25–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

Particulars	CISMP	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
10th Dec 2008	-	-	36,040	-	38,008
29th July 2009	-	994,768	5,405,144	1,060,472	211,362
Total	**8,298,713**	**6,727,724**	**18,197,795**	**1,883,339**	**573,918**

The Vesting conditions of the above plans are as under:

CISMP Plan

(A) 6,714,233 options are to be vested in the following manner-

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

(B) 1,584,480 options are to be vested in the following manner-

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

CIPOP plan (including phantom options)

Options will vest (i.e., become exercisable) at the end of a "performance period" which will be 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. 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	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	2,238,077	33.70	8,298,713	33.70
Granted during the year	Nil	NA	Nil	NA
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	5,268,396	33.70
Expired during the year	Nil	NA	792,240	33.70
Outstanding at the end of the year	2,238,077	33.70	2,238,077	33.70
Exercisable at the end of the year	Nil	NA	Nil	NA
Weighted average fair value of options granted on the date of grant (INR)	131.50	NA	131.50	NA

CIPOP Plan	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	3,200,096	10.00	4,755,244	10.00
Granted during the year	994,768	10.00	789,567	10.00
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	190,983	10.00	Nil	NA
Expired during the year	1,377,051	10.00	2,344,715	10.00
Outstanding at the end of the year	2,626,830	10.00	3,200,096	10.00
Exercisable at the end of the year	168,382	10.00	Nil	NA
Weighted average fair value of options granted on the date of grant (INR)	174.47	NA	165.46	NA

(All amounts are in INR thousand unless, otherwise stated)

CIESOP Plan	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	10,914,244	185.39	8,545,710	164.49
Granted during the year	5,405,144	240.05	3,809,896	226.21
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	115,333	160.00	Nil	NA
Expired during the year	1,557,846	179.09	1,441,362	169.33
Outstanding at the end of the year	14,646,209	206.43	10,914,244	185.39
Exercisable at the end of the year	1,981,770	160.00	Nil	NA
Weighted average fair value of options granted on the date of grant (INR)	107.64	NA	101 .47	NA

CIPOP Plan – Phantom options	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	784,859	10.00	Nil	NA
Granted during the year	1,977,426	10.00	822,867	10.00
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	795,230	10.00	Nil	NA
Expired during the year	238,414	10.00	38,008	10.00
Outstanding at the end of the year	1,728,641	10.00	784,859	10.00
Exercisable at the end of the year, subject to vesting conditions	812,543	10.00	Nil	NA
Weighted average fair value of options granted on reporting date (INR)	296.39	NA	175.40	NA

CIESOP Plan – Phantom options	Current year		Previous period	
	Number of options	Weighted average exercise Price in INR	Number of options	Weighted average exercise Price in INR
Outstanding at the beginning of the year	362,556	218.19	Nil	NA
Granted during the year	936,862	181 .98	362,556	218.19
Forfeited during the year	Nil	NA	Nil	NA
Exercised during the year	392,977	178.22	Nil	NA
Expired during the year	61,753	240.05	Nil	NA
Outstanding at the end of the year	844,688	195.03	362,556	218.19
Exercisable at the end of the year, subject to vesting conditions	695,079	185.34	Nil	NA
Weighted average fair value of options granted on reporting date (INR)	136.51	NA	48.13	NA

The details of exercise price for stock options outstanding as at March 31, 2010 are:

Scheme	Range of exercise price (INR)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise Price in INR
CISMP Plan	33.70	2,238,077	1.08	33.70
CIPOP Plan	10.00	2,626,830	1.36	10.00
CIESOP Plan	143-240	14,646,209	1.28	206.43
CIPOP Plan – Phantom options	10.00	1,728,641	1.71	10.00
CIESOP Plan – Phantom options	143-240	844,688	1.09	195.03

(All amounts are in INR thousand unless, otherwise stated)

The details of exercise price for stock options outstanding as at March 31, 2009 are:				
CISMP Plan	33.70	2,238,077	2.08	33.70
CIPOP Plan	10.00	3,200,096	1.51	10.00
CIESOP Plan	143-227	10,914,244	1.60	185.39
CIPOP Plan – Phantom options	10.00	784,859	2.33	10.00
CIESOP Plan – Phantom options	143-227	362,556	2.37	218.19

Effect of Employees Stock Option Plans on Financial Position

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

Particulars	Current year	Previous period
Total Employee Compensation Cost pertaining to share-based payment plans (including exceptional gain of INR 155,723 thousand in the previous period)	552,002	134,493
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	103,649	107,292
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	448,353	27,201
Liability for equity settled employee stock options outstanding as at year / period end	463,978	388,978
Liability for cash settled employee stock options outstanding as at year / period end (current year amount excludes INR 46,381 thousand payable towards options vested but not exercised)	284,411	27,201
Deferred compensation cost of equity settled options	304,142	393,570
Deferred compensation cost of cash settled options	315,490	94,719

Inputs for Fair valuation of Employees Stock Option Plans

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

Variables - CISMP	A	B
Grant date	24th Nov 2006	24th Nov 2006
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	160.00
Vesting date	Refer vesting conditions	Refer vesting conditions
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility (Weighted average)	44.08%	46.59%
Risk free rate (Weighted average)	7.05%	6.94%
Time to maturity in years (Weighted average)	2.45	2.00
Exercise price – INR	33.70	33.70
Fair Value of the options (Weighted average) - INR	131.69	130.69

Variables – CIESOP					
Grant date	1st Jan 2007	20th Sept 2007	29th July 2008	10th Dec 2008	29th July 2009
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	150.10	234.75
Vesting date	1st Jan 2010	20th Sept 2010	29th July 2011	10th Dec 2011	29th July 2012
Vesting %	100%	100%	100%	100%	100%
Volatility	41.04%	40.24%	39.43%	38.19%	39.97%
Risk free rate	7.50%	7.65%	9.20%	6.94%	6.91%
Time to maturity (years)	6.50	6.50	6.50	6.50	6.50
Exercise price (INR)	160.00	166.95	227.00	143.00	240.05
Fair Value of the options (INR)	87.30	90.72	130.42	79.80	122.24

(All amounts are in INR thousand unless, otherwise stated)

Variables – CIPOP				
Grant date	1st Jan 2007	20th Sept 2007	29th July 2008	29th July 2009
Stock Price/fair value of the equity shares on the date of grant (INR)	160.00	166.95	228.55	234.75
Vesting date	1st Jan 2010	20th Sept 2010	29th July 2011	29th July 2012
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	41.61%	36.40%	37.49%	43.72%
Risk free rate	7.33%	7.23%	9.37%	5.78%
Time to maturity (years)	3.12	3.12	3.12	3.13
Exercise price (INR)	10.00	10.00	10.00	10.00
Fair Value of the options (INR)	152.05	158.97	221.09	226.40

Variables – CIPOP Phantom			
Grant date	20th Sept 2007 (effective grant date)	29th July 2008	29th July 2009
Stock Price of the equity shares on the reporting date (INR)	305.65	305.65	305.65
Vesting date	20th Sept 2010	29th July 2011	29th July 2012
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	28.90%	45.06%	58.06%
Risk free rate	3.76%	5.10%	6.12%
Time to maturity (years)	0.47	1.33	2.33
Exercise price (INR)	10.00	10.00	10.00
Fair Value of the options (INR)	295.83	296.31	296.98

Variables – CIESOP Phantom				
Grant date	20th Sept 2007 (effective grant date)	29th July 2008	10th Dec 2008	29th July 2009
Stock Price of the equity shares on the reporting date (INR)	305.65	305.65	305.65	305.65
Vesting date	20th Sept 2010	29th July 2011	10th Dec 2011	29th July 2012
Vesting %	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions	Refer vesting conditions
Volatility	28.90%	45.06%	57.16%	58.06%
Risk free rate	3.76%	5.10%	5.53%	6.12%
Time to maturity (years)	0.47	1.33	1.70	2.33
Exercise price (INR)	166.95	227.00	143.00	240.05
Fair Value of the options (INR)	141.66	111.96	184.32	144.23

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

Impact of Fair Valuation Method on net profits and EPS

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

SCHEDULE 25–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

	Current year	Previous period
Profit as reported	10,511,060	8,034,506
Add: Employee stock compensation under intrinsic value method (net of exceptional gain of INR 155,723 thousand in the previous period)	552,002	134,493
Less: Employee stock compensation under fair value method	948,058	622,866
Proforma profit	10,115,004	7,546,133
Earnings Per Share (in INR)		
Basic		
- As reported	5.54	4.31
- As reported	5.33	4.04
Diluted		
- As reported	5.52	4.28
- Proforma	5.31	4.02

8. LEASE OBLIGATIONS DISCLOSURES

Finance Lease:

Fixed assets include office equipments and leaseholds improvements obtained under finance lease. The lease is secured by way of hypothecation of the respective assets acquired under 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.

Current Year	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	72,047	60,928	11,119
Due in a period between one year and five years	85,391	79,397	5,994
Due after five years	Nil	Nil	Nil
Total	**157,438**	**140,325**	**17,113**

Previous Period	Minimum lease payments	Principal amount due	Interest due
Within one year of the balance sheet date	97,740	80,366	17,374
Due in a period between one year and five years	160,058	142,036	18,022
Due after five years	Nil	Nil	Nil
Total	**257,798**	**222,402**	**35,396**

Note The interest rate on finance lease ranges from 3.77 % to 14.61%

Operating Lease:

Cairn India Group has entered into operating leases for office premises and office equipments, some of which are cancellable and some are non-cancellable. The leases have a life of 3 to 6 years. There is an escalation clause in the lease agreement during the primary lease period. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents.

Particulars	31st March 2010	31st March 2009
Lease payments made during the period	132,390	120,173
Within one year of the balance sheet date	140,321	124,628
Due in a period between one year and five years	34,536	150,536
Due after five years	Nil	Nil

9. CONTINGENT LIABILITIES

(A) Ravva Joint Venture Arbitration proceedings : ONGC Carry

Ravva is an unincorporated Joint Venture (JV) in which Cairn India Group has an interest. The calculation of the Government of India's (GoI) share of petroleum produced from the Ravva oil field has been a matter of disagreement for some years. An arbitration panel opined in October 2004 and Cairn has been willing to be bound by the award, although it was not as favourable as had been hoped. The GoI, however, had lodged an appeal in the Malaysian courts in respect of one element of the award which was in Cairn's favour, namely the "ONGC Carry" issue. The "ONGC Carry" issue relates to whether Contractor Parties under Ravva PSC are entitled to include in their accounts for the purposes of calculating the PTRR certain costs paid by Contractor Parties in consideration for ONGC having paid 100% of costs prior to the signing of the Ravva PSC in 1994. Cairn India Group challenged both the GoI's right to appeal and the grounds of that appeal.

A judgment was delivered by the Malaysian High Court on 12th January 2009, ruling in favour of the GoI and setting the arbitration award aside. This had the effect of negating the original award in favour of Cairn India Group.

Cairn India Group appealed against above judgment to the Malaysian Court of Appeal. A judgment was delivered by the Malaysian Court of Appeal on 15th September 2009, which reversed the ruling of the High Court in Malaysia of 12th January 2009 and had the effect of reinstating the original award in favour of Cairn India Group. The Government of India has applied for leave to appeal this judgment to the Federal Court of Malaysia (the apex court).

In addition, consistent with GoI's view that the set-aside meant they have a binding judgment in their favour, GoI has demanded and commenced recovery from Cairn's buyers, of revenues from sale proceeds to set-off against the sums they claim are due as a result of the Malaysian judgment being in their favour. This recovery action was contested by Cairn in the Indian courts, pursuant to which, the Government has given an undertaking to stop recoveries post January 2010. The amounts recovered by the Government aggregate to approximately INR 7,230,000 thousand (USD 160 million). The net effective deduction as on 31st March 2010, after adjusting the current year's profit petroleum, amounts to approximately INR 2,291,000 thousand (USD 51 million).

In the event that the GoI's appeal is successful, then Cairn India Group would be required to pay approximately INR 2,888,000 thousand (USD 64 million) and potential interest of INR 1,398,000 thousand (USD 31 million). The same dispute existed at the end of the previous period.

(B) Ravva Joint Venture Arbitration Proceedings : Base Development Cost

Ravva joint venture had received a claim from the Director General of Hydrocarbons (DGH) for the period from 2000-2005 for USD 166.4 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Cairn India Group's share will be USD 37.4 million (approximately INR 1,688,000 thousand) plus potential interest at applicable rate (LIBOR plus 2% as per PSC).

This claim relates to the Indian Government's allegation that the Ravva JV has recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV has also allowed these excess costs in the calculation of the Post Tax Rate of Return (PTRR). Cairn believes that such a claim is unsustainable under the terms of the PSC because, amongst other reasons, the BDC cap only applies to the initial development of the Ravva field and not to subsequent development activities under the PSC. Additionally the Ravva JV has also contested the basis of the calculation in the above claim from the DGH. Even if upheld, Cairn believes that the DGH has miscalculated the sums that would be due to the Indian Government in such circumstances. Companies have initiated the arbitration proceedings, the arbitration panel has been fully constituted and one hearing has taken place. A further hearing has been scheduled for oral closing arguments. The same dispute existed at the end of the previous period.

(C) Service Tax

One of the subsidiary companies of the Cairn India Group has received four show cause notices from the tax authorities in India for nonpayment of service tax as a recipient of services from foreign suppliers.

These notices cover periods from 16th August 2002 to 31st March 2009. A writ petition(s) has been filed with Chennai High Court challenging the liability to pay service tax as recipient of services in respect of first show cause notice (16th August 2002 to 31st March 2006) and challenging the scope of some services in respect of second show cause notice (1st April 2006 to 31st March 2007). The reply for second and third show cause notice has also been filed before the authorities.

Should the adjudication go against Cairn India Group, it will be liable to pay the service tax of approximately INR 1,679,000 thousand (previous period INR 978,000 thousand) plus potential interest of approximately INR 634,000 thousand (previous period INR 395,000 thousand), although this could be recovered in part, where it relates to services provided to Joint Venture of which Cairn India is operator.

(D) Tax holiday on gas production

Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

Cairn India Group filed a writ petition to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas production for all periods to 31st March 2010 is approximately INR 2,321,000 thousand (previous period INR 2,370,000 thousand).

Based on the legal opinions received, the management is of the view that the liability in the cases mentioned in (A) to (D) above are not probable and accordingly no provision has been considered necessary there against.

10. Balances written back are net of INR 450,217 thousand, being the adjustment arising on account of reconciliation of certain working capital balances pertaining to joint ventures, in which Cairn India Group has participating interest.

(All amounts are in INR thousand unless, otherwise stated)

11. CAPITAL COMMITMENTS (NET OF ADVANCES)

1 In respect of Cairn India Group's share of Joint Ventures' Exploration activities – INR 11,688,763 thousand (previous period – INR 11,324,140 thousand).

2 In respect of the Cairn India Group's share of Joint Ventures' Development activities – INR 28,096,949 thousand (previous year – INR 34,536,062 thousand).

12. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Cairn India Group has taken USD put/INR call options to hedge the risk of foreign currency exposure. The amount of outstanding options as at 31st March 2010 aggregated to USD 233,000 thousand (previous period USD 214,000 thousand)

Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet date

Particulars	31st March 2010	31st March 2009
Loan	20,416,806	43,341,500
Sundry Debtors	3,067,474	1,516,418
Investments	201,923	Nil
Cash and Bank	3,894,233	31,366,364
Other current Assets	13,543,767	2,266,955
Current Liabilities	4,545,666	5,623,077

13. Cairn India Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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

Profit and Loss account

Net employee benefit expense (recognised in staff cost)

Particulars	31st March 2010	31st March 2009
Current service cost	31,030	23,529
Interest cost on benefit obligation	8,674	6,051
Expected return on plan assets	(3,598)	(3,666)
Net actuarial (gain) / loss recognised in the year	17,464	14,974
Past service cost	Nil	Nil
Net benefit expense	53,570	40,888
Actual return on plan assets	6,604	6,700

Balance sheet

Details of Provision for Gratuity

Particulars	31st March 2010	31st March 2009
Defined benefit obligation	161,887	108,425
Fair value of plan assets	97,008	68,854
Less: Unrecognized past service cost	Nil	Nil
Plan asset / (liability)	(64,879)	(39,571)

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

Particulars	31st March 2010	31st March 2009
Opening defined benefit obligation	108,425	66,142
Current service cost	31,030	23,529
Interest cost	8,674	6,051
Benefits paid	(4,038)	(5,306)
Actuarial (gains) / losses on obligation	17,796	18,009
Closing defined benefit obligation	161,887	108,425

(All amounts are in INR thousand unless, otherwise stated)

Changes in the fair value of plan assets are as follows:

Particulars	31st March 2010	31st March 2009
Opening fair value of plan assets	68,854	29,163
Expected return	3,598	3,666
Contributions by employer	28,262	38,296
Benefits paid	(4,038)	(5,306)
Actuarial gains / (losses)	332	3,035
Closing fair value of plan assets	97,008	68,854

Note The Group's expected contribution to the fund in the next year is INR 40,582 thousand (previous period INR 34,725 thousand).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March 2010	31st March 2009

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.

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

Particulars	31st March 2010	31st March 2009
Discount rate	8.00%	7.00%
Future salary increase	10.00%	10.00%
Expected rate of return on assets	9.40%	9.35%
Employee turnover	5.00%	13.13%
Mortality Rate	LIC (1994-96)	LIC (1994-96)
	Ultimate Table	Ultimate Table

Note 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.

Gratuity liabilities for the current and previous period are as follows:

Particulars	31st March 2010	31st March 2009	31st December 2007
Defined benefit obligation	161,887	108,425	66,142
Plan assets	97,008	68,854	29,163
Surplus / (deficit)	(64,879)	(39,571)	(36,979)
Experience adjustments on plan assets (loss)/gain	365	3,132	2,970
Experience adjustments on plan liabilities (loss)/gain	(13,839)	(11,964)	(6,960)

Notes

i) The Group has adopted AS 15 (Revised 2005) Employee Benefits for the first time during the year ended December 31, 2007. Disclosures required by paragraph 120 (n) of AS-15 (Revised 2005) are required to be furnished prospectively from the date of transition and hence have been furnished for year/period ended December 31, 2007 onwards.

ii) 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 amounts to INR 97,008 thousand (Previous period INR 68,854 thousand) is as certified by the LIC.

(All amounts are in INR thousand unless, otherwise stated)

14. DETAILS OF MOVEMENT IN SHARE CAPITAL AND SECURITIES PREMIUM IS AS UNDER

Description	No. of equity shares	Issue price in INR	Share capital	Securities premium
Balance as on 1st January 2008	**1,778,399,420**		**17,783,994**	**276,084,115**
Exercise of stock options-CISMP	792,240	33.70	7,922	18,776
Preferential allotment of shares to non promoter investors on 22nd April 2008	113,000,000	224.30	1,130,000	24,215,900
Exercise of share options -CISMP	525,000	33.70	5,250	12,443
Exercise of share options-CISMP	1,713,078	33.70	17,131	40,600
Exercise of share options-CISMP	1,600,000	33.70	16,000	37,920
Exercise of share options-CISMP	638,078	33.70	6,381	15,122
Share options liability transferred to securities premium upon exercise of the options				665,398
Balance as on 31st March 2009	**1,896,667,816**		**18,966,678**	**301,090,274**
Exercise of share options-CIPOP	190,983	10.00	1,910	Nil
Exercise of share options-CIESOP	115,333	160.00	1,153	17,300
Share options liability transferred to securities premium upon exercise of the options				28,648
Waiver of parent company outstanding balance, pertaining to share issue expenses paid by parent company, which had earlier been adjusted from securities premium				25,000
Balance as on 31st March 2010	**1,896,974,132**		**18,969,741**	**301,161,222**

15. The price contract for sale of gas with one customer is due for revision with effect from December 2008 and currently the same is under negotiation. Pending finalization of the price contract, revenue has been recognised based on the last agreed prices on a conservative basis, as the management is expecting an upward price revision.

16. The goodwill of Cairn India Group amounting to INR 253,192,675 thousand has arisen on consolidation of financial statements of the Company with its subsidiaries and represents the difference between the cost of its investment in Cairn India Holdings Limited (which largely represent Cairn India Group's operations in India through its subsidiaries) and consolidated net book value of assets in Cairn India Holdings Limited, at the time of acquisition of shares in Cairn India Holdings Limited. The management has carried out the tests for impairment of goodwill at the year-end as per requirements of AS 28 (Impairment of Assets) by computing the value in use of the assets and comparing the same with the carrying amount of the net assets. Value in use is based on the discounted future net cash flows of the oil and gas assets held by the Cairn India Group. For all blocks in the exploration stage, valuation has been carried out using risked net present value per barrel of oil equivalent. The result of the impairment tests indicate that the value in use is higher than the carrying amounts and no impairment provision is required to be created at the reporting date.

17. The current tax and deferred tax provisions have been computed on the basis of the standalone financial statements of the Company's subsidiaries, i.e. not based on the consolidated financial statements of Cairn India Limited and its subsidiaries. For computing deferred tax liability in relation to the Rajasthan field, Cairn India Group has considered field life as stipulated in the Production Sharing Contract instead of the economic useful life of the field considered in earlier years. This change has resulted in reversal of opening deferred tax liability by INR 1,760,519 thousand.

18. The Company and its wholly owned subsidiary Cairn Energy Hydrocarbons Limited ("CEHyL") have entered into a loan facility for INR 40,000 million (available to the Company) and USD 750 million (available to CEHyL) with a consortium of banks. The purpose of the loan facility is to finance the RJ-ON-90/1 block expenditure and also the repayment of the earlier loan facility of USD 850 million. The main security for the INR loan facility is the hypothecation of the 35% participating interest in RJ-ON-90/1 block held by Cairn Energy India Pty Limited, a wholly owned subsidiary of the Company whereas for the USD loan facility, the entire shares of CEHyL has been provided as the main security.

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

SCHEDULE 25–NOTES TO ACCOUNTS

(All amounts are in INR thousand unless, otherwise stated)

20. Operating expenses include cess on crude oil produced from Rajasthan block. The Group has initiated arbitration proceedings against the Government of India and its joint venture partner for recovery of the same.

21. Cairn India Group's estimate of hydrocarbon reserves and resources at the year/period end is as follows:

Particulars	Gross proved and probable hydrocarbons initially in place (mmboe)		Gross proved and probable reserves and resources (mmboe)		Net proved and probable reserves and resources (mmboe)	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Rajasthan MBA Fields	2,054	2,054	694	685	486	479
Rajasthan MBA EOR	-	-	308	308	216	216
Rajasthan Block Other Fields	1,976	1,708	152	86	107	61
Ravva Fields	708	625	100	72	23	16
CBOS/2 Fields	175	156	16	20	7	8
KG-DWN-98/2	650	650	353	353	35	35
Total	**5,563**	**5,193**	**1,623**	**1,524**	**874**	**815**

Cairn India Group's net working interest in proved and probable reserves is as follows:

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil (mmstb)	Gas (bscf)	Oil (mmstb)	Gas (bscf)
Reserves as at 1st January 2008*	**247.03**	**44.00**	**17.14**	**44.00**
Additions / revision during the period	98.35	(1.66)	2.64	(1.66)
Production during the period	5.58	13.74	5.58	13.74
Reserves as at 31st March 2009**	**339.80**	**28.60**	**14.20**	**28.60**
Additions / revision during the year	2.37	5.93	54.12	5.93
Production during the year	6.26	7.85	6.26	7.85
Reserves as at 31st March 2010***	**335.91**	**26.68**	**62.06**	**26.68**

* Includes probable oil reserves of 41.78 mmstb (of which 4.17 mmstb is developed) and probable gas reserves of 16.57 bscf (of which 16.57 bscf is developed)

** Includes probable oil reserves of 57.70 mmstb (of which 5.7 mmstb is developed) and probable gas reserves of 12.80 bscf (of which 12.80 bscf is developed)

*** Includes probable oil reserves of 57.61 mmstb (of which 14.75 mmstb is developed) and probable gas reserves of 11.13 bscf (of which 11.13 bscf is developed)

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

22. Prior period items represent miscellaneous expenses in the current year and exchange difference in the previous period.

23. The reversal in fringe benefit tax (FBT) is on account of the abolishment of FBT with effect from 1st April 2009, as Cairn India Group was accounting for FBT liability on stock options on a pro-rata basis over the vesting period.

24. During the previous period, Cairn India Group had decided to retrospectively account for stock options using the Intrinsic Value Method as against the Fair Value Method (Black Scholes) followed till the financial year ended 31st December 2007. Accordingly, the excess stock option provision up to 31st December 2007 was reversed during the previous period, resulting in an exceptional gain of INR 155,723 thousand.

25. **Change in financial year and previous period comparatives**

The previous financial period consisted of fifteen months from 1st January 2008 to 31st March 2009, while the current financial year is for a twelve months period. Accordingly, previous period figures in the profit and loss account and cash flow statement are not comparable with current financial year. Previous period's figures have been regrouped where necessary to confirm to current year's classification.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.:101049W
Chartered Accountants
per Sanjay Vij
Partner
Membership No. 95169

Place Gurgaon Date 27 May, 2010

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer
Indrajit Banerjee Executive Director and Chief Financial Officer
Omkar Goswami Director
Neerja Sharma Company Secretary

Statement Pursuant to Section 212 (8) of the Companies Act, 1956

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

Pursuant to section 212 (8) of the Companies Act, 1956, the company has obtained exemption from the Ministry of Corporate Affairs, New Delhi, vide its letter No.47/247/2010-CL-III dated 13/05/2010 to attach accounts of subsidiaries. The accounts of subsidiaries are available for inspection of members on any working day at the registered office of the company between 10 am and 12 noon. A statement pursuant to above order giving details of subsidiaries is given below:

S. 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	-	(13,231)	-	-	-	-	-	535	-	535	NIL
2	Cairn Exploration (No.4) Limited	-	(252)	-	-	-	-	-	939	-	939	NIL
3	Cairn Exploration (No.2) Limited	-	(31,221)	-	-	-	-	-	9,793	-	9,793	NIL
4	Cairn Energy Discovery Limited	1,956	(63,110)	-	-	-	-	-	8,340	-	8,340	NIL
5	Cairn Energy Hydrocarbons Limited	21,399,502	3,615,314	53,981,594	53,981,594	10,710	Mutual Funds	3,547,739	5,646,472	(545,729)	6,192,201	NIL
6	Cairn Energy Petroleum India Limited	-	-	-	-	-	-	-	-	-	-	NIL
7	Cairn Energy Holdings Limited	19,026,756	8,727,060	27,470,880	27,470,880	-	-	534,569	652,396	-	652,396	NIL
8	Cairn Energy Netherlands Holdings B.V.	760	23,412,492	23,429,845	23,429,845	-	-	-	(5,107)	-	(5,107)	NIL
9	Cairn Energy Group Holdings B.V.	4,276	26,098,477	26,086,673	26,086,673	-	-	-	5,208,862	-	5,208,862	NIL
10	Cairn Energy India Holdings B.V.	790	6,886	4,503	4,503	1,267	Mutual Funds	-	5,142,058	-	5,142,058	NIL
11	Cairn Energy Gujarat Holding B.V.	790	(18)	790	790	-	-	-	841,238	-	841,238	NIL
12	Cairn Energy Gujarat B.V.	790	645,526	1,160,017	1,160,017	2,381	Mutual Funds	882,553	598,805	119,978	478,828	NIL
13	Cairn Energy India West Holding B.V.	791	(18)	790	790	-	-	-	1,074,913	-	1,074,913	NIL
14	Cairn Energy India West B.V.	790	850,462	1,717,520	1,717,520	25,479	Mutual Funds	1,164,972	822,774	213,474	609,300	NIL
15	Cairn Energy Cambay Holding B.V.	789	52	859	859	-	-	-	841,238	-	841,238	NIL
16	Cairn Energy Cambay B.V.	790	667,681	1,171,378	1,171,378	4,428	Mutual Funds	891,375	571,604	112,242	459,362	NIL
17	Cairn Energy Australia Pty Limited	23,338,051	5,791,634	29,218,435	29,218,435	-	-	-	(19,417)	-	(19,417)	NIL
18	CEH Australia Limited	6,341,456	-	6,341,456	6,341,456	-	-	-	-	-	-	NIL
19	CEH Australia Pty Limited	6,341,456	-	6,341,456	6,341,456	-	-	-	-	-	-	NIL
20	Cairn Energy Asia Pty Limited	20,015,011	1,691,773	21,643,989	21,643,989	-	-	-	(42,217)	-	(42,217)	NIL
21	Wessington Investments Pty. Limited	194,543	(194,543)	-	-	-	-	-	-	-	-	NIL
22	Cairn Energy Investments Australia Pty Limited	22,419,091	(1,494,807)	20,924,284	20,924,284	-	-	-	-	-	-	NIL
23	Sydney Oil Company Pty. Limited	20,992,104	971,727	21,963,830	21,963,830	-	-	-	-	-	-	NIL
24	Cairn Energy India Pty Limited	21,945,324	15,718,734	67,951,574	67,951,574	173,584	Current Investments (at lower of cost and market value) - unquoted and trade: 755,275 equity shares of Rs.10 each fully paid up in Videcon Industries /Limited & investment in Mutual Funds	9,177,014	5,896,168	(203,570)	6,099,738	NIL
25	Cairn India Holdings Limited	48,993,044	21,593,900	56,231,465	56,231,465	89,407	Mutual Funds	-	(3,678,188)	-	(3,678,188)	NIL
26	Cairn Energy Gujarat Block 1 Limited	46	54,575	-	-	-	-	-	(8,378)	-	(8,378)	NIL
27	Cairn Exploration (No.6) Limited	-	(487)	-	-	-	-	-	(60)	-	(60)	NIL
28	Cairn Lanka Private Limited	606,418	(627,231)	74,083	74,083	-	-	-	(559,074)	-	(559,074)	NIL
29	Cairn Energy Developments Pte Limited	-	(595)	258	258	-	-	-	(595)	-	(595)	NIL
30	CIG Mauritius Holding Pvt Limited	611,627	(4,145)	608,093	608,093	-	-	-	(627)	-	(627)	NIL
31	CIG Mauritius Private Limited	606,989	(433)	607,495	607,495	-	-	-	(1,097)	-	(1,097)	NIL

For and on behalf of the Board of Directors

Rahul Dhir Managing Director and Chief Executive Officer

Indrajit Banerjee Executive Director and Chief Financial Officer

Omkar Goswami Director

Neerja Sharma Company Secretary

Place Gurgaon   Date 27 May, 2010

GLOSSARY

abbreviations and full forms for main terms used in this report

CORPORATE

AGM	Annual General Meeting
Board	The Board of Directors of Cairn India Limited
BSE	Bombay Stock Exchange Ltd
Cairn	Cairn India Limited and its subsidiaries
CEIL or CEIPL	Cairn Energy India Pty Limited
CIG	Cairn India Group
CIHL	Cairn India Holdings Limited
Company	Cairn India Limited
DGH	Director General of Hydrocarbons
EGM	Extraordinary General Meeting
FDP	Field Development Plan
GDP	Gross Domestic Product
GoI	Government of India
IP	Institutional Plan
IPO	Initial Public Offering
ISIN	International Securities Identifying Number
ITC	Item code No.
LTIP	Long Term Incentive Plans
MoPNG	Ministry of Petroleum and Natural Gas
MPT	Mangala Processing Terminal
NELP	New Exploration Licensing Policy
NRI	Non Resident Indian
NSE	National Stock Exchange of India Limited
ONGC	Oil and Natural Gas Corporation Limited
OPEC	Organisation of Petroleum Exporting Countries
PICL	PETRONAS International Corporation Ltd
PRA	Production Resources Agreement
PSC	Production Sharing Contract
PSU	Public Sector Undertaking
RoU	Right of Use
SEBI	Securities and Exchange Board of India
SIPD	Shell India Production Development B.V.

TECHNICAL

1P	Proved
2P	Proved plus Probable
3D	3 Dimensional
3P	Proved plus Probable and Possible
AGI	Above Ground Installation
API	American Petroleum Institute
ASP	Alkali Surfactant Polymer
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
bscf	billion standard cubic feet
°C	Celcius
CO_2	Carbon Dioxide
E & P	Exploration and Production
EOR	Enhanced Oil Recovery
GBA	Gas Balancing Agreement
GHG	Green House Gas
GIIP	Gross Intial In Place
HDPE	High Density Polyethylene
HPSV	High Power Sodium Vapour
HSE	Health, Safety and Environment
ISO	International Organisation for Standardization
JIP	Joint Industry Project
Km	Kilometre
Km^2	Square Kilometre
LTIFR	Lost Time Injury Frequency Rate
MARS	Mangala, Aishwariya, Raageshwari and Saraswati
MBA	Mangala, Bhagyam and Aishwariya
mmbbls	million barrels
mmboe	million barrels of oil equivalent
mmscfd	million standard cubic feet of gas per day
mmstb	million stock tank barrels
MW	Mega Watt
pigs	pipeline inspection gauges
PDC	Polycrystalline Diamond Compact
PE	Polyethylene
PUF	Polyurethane Foam
PWRI	Produced Water Re Injection
OHSAS	Occupational Health & Safety Advisory Services
SEHMS	Skin Effect Heat Management System
STOIIP	Stock Tank Oil Initially in Place
TRIFR	Total Recordable Incident Frequency Rate

ACCOUNTING

ADR	American Depository Receipt
AS	Accounting Standard
BDC	Base Development Costs
CAGR	Compounded Annual Growth Rate
CIESOP	Cairn India Employee Stock Option Plan
CIPOP	Cairn India Performance Option Plan
CISMP	Cairn India Senior Management Plan
CY	Calendar Year
EPS	Earnings per share
ESOP	Employee Stock Option Plan
FBT	Fringe Benefit Tax
FY	Financial Year
GDR	Global Depository Receipt
H1	First Half
ICAI	Institute of Chartered Accounts of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
INR	Indian Rupees
MAT	Minimum Alternate Tax
PTRR	Post Tax Rate of Return
Q3	Third Quarter
USD	United States Dollar

CORPORATE RESPONSIBILITY

CEDPA	Centre for Development and Population Activities
CSR	Corporate Social Responsibility
EC	Enterprise Centre
MCX	Multi Commodity Exchange of India Limited
MDG	Millennium Development Goals
NGO	Non Government Organisation
NGRI	National Geophysical Research Centre
UNDP	United Nations Development Programme

NOTES

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COMPANY INFORMATION

BOARD OF DIRECTORS
Sir William B.B. Gammell (Chairman)
Malcolm Shaw Thoms (Deputy Chairman)
Jann Brown
Naresh Chandra
Dr Omkar Goswami
Aman Mehta
Edward T. Story
Rahul Dhir (Managing Director & Chief Executive Officer)
Indrajit Banerjee (Executive Director & Chief Financial Officer)
Rick Bott (Executive Director & Chief Operating Officer)

BOARD COMMITTEES
Audit Committee
Aman Mehta (Chairman)
Naresh Chandra
Dr Omkar Goswami
Edward T. Story
Jann Brown

Remuneration Committee
Naresh Chandra (Chairman)
Sir William B.B. Gammell
Malcolm Shaw Thoms
Aman Mehta
Dr Omkar Goswami

Nomination Committee
Sir William B.B. Gammell (Chairman)
Rahul Dhir
Jann Brown
Malcolm Shaw Thoms
Edward T. Story

Shareholders' / Investors' Grievance Committee
Dr Omkar Goswami (Chairman)
Edward T. Story
Rahul Dhir

COMPANY SECRETARY
Neerja Sharma

STATUTORY AUDITORS
S.R. Batliboi & Associates
Golf View Corporate Tower B
Sector 42, Sector Road
Gurgaon 122 002, India

BANKERS
State Bank of India | Standard Chartered Bank |
Deutsche Bank | Citibank

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