

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Code of Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders. The Company has adopted a codified Corporate Governance Charter, inter-alia, to fulfill its corporate responsibilities and achieve its financial objectives.

The Company believes in and has consistently practised good corporate governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

Given below is a Report on Corporate Governance of your Company.

2. BOARD OF DIRECTORS

A. Composition:

The Board comprises of nine Directors, of whom one is executive, and eight are non-executive Directors. The Chairman of the Board is a non-executive Director.

The non-executive Directors are professionals with experience in management, finance, oil & gas exploration and general administration who bring in a wide range of skills and experience to the Board.

a) Details of the Board of Directors

Name of the Director	Status	No. of Board Meetings attended	No. of other Directorships held in companies		No. of Committee Membership(s)	
			Indian	Foreign	Chairman	Member
Shardul Shroff *	Non-Executive	2	–	–	–	–
Bithika Anand *	Non-Executive	2	–	–	–	–
Piyush Joshi *	Non-Executive	1	–	–	–	–
Sir William B.B. Gammell	Non-Executive	3	–	30	1	1
Norman L. Murray	Non-Executive	3	–	6	–	2
Rahul Dhir	Executive	6	–	1	–	2
Lawrence W. Smyth	Non-Executive	6	–	2	–	–
Jann Brown	Non-Executive	4	–	2	–	–
Hamish M. Grossart	Non-Executive	2	–	7	–	2
Aman Mehta	Non-Executive – Independent	3	5	2	5	4
Naresh Chandra	Non-Executive – Independent	3	8	1	1	10
Dr. Omkar Goswami	Non-Executive – Independent	3	8	–	2	8

* Appointed as on 21/08/2006. Ceased on 29/08/2006

b) During the financial year ended December 31, 2006 ten board meetings were held on the following dates:

August 22, 2006, August 22, 2006, August 29, 2006, September 8, 2006, September 21, 2006, October 5, 2006, October 12, 2006, November 10, 2006, November 24, 2006 and December 16, 2006.

Note: On August 22, 2006 the Company conducted two board meetings at different intervals.

B. None of the non-executive Directors of the Company have any pecuniary relationship or transactions with the Company other than sitting fees paid for attending Board meetings/committee meetings and those already disclosed in the Financial Statement in the Annual Report.

Report on Corporate Governance – Continued

3. AUDIT COMMITTEE

- i) Your Company has a qualified and independent Audit Committee. The committee comprises of Mr. Aman Mehta (Chairman), Mr. Naresh Chandra, Mr. Norman L. Murray and Dr. Omkar Goswami.

Mr. Rahul Dhir, Managing Director and CEO, Ms. Jann Brown, Acting CFO, Mr. Mike Mackie, Mr. Raman Sobti of SR Batliboi & Associates and Mr. Rajeev Batra of KPMG are invitees to the Meeting of the Audit Committee. Mr. Marshall Mendonza, Company Secretary is the Secretary to the Committee. The terms of reference of this committee are wide enough, covering matters specified in the Companies Act, 1956 read together with Clause 49 of the Listing Agreement of the Stock Exchange. The current Charter of the Audit Committee is in line with international best practices and the regulatory changes formulated by SEBI and the listing agreements with the stock exchanges on which your Company is listed.

During the financial year ended December 31, 2006, the committee met on November 10, 2006.

- ii) Terms of Reference:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure correct, sufficient and credible financial information;
- Recommending to the Board the appointment, re-appointment or replacement of statutory auditors and the setting of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with management, the annual financial information before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Directors' Responsibility Statement in the Board's report pursuant to clause (2AA) of Section 217 of the Companies Act;
 - (b) changes, if any, in accounting policies and practices and reasons for such changes;
 - (c) major accounting entries involving estimates based on the exercise of judgement by the Company's management;
 - (d) any significant adjustments made in the financial information arising out of audit findings;
 - (e) compliance with listing and other legal or regulatory requirements relating to financial information;
 - (f) disclosure of any 'related party transactions' as such term is defined in Accounting Standard 18, Related Party Transactions, issued by the Institute of Chartered Accountants of India; and
 - (g) any qualifications in the draft audit report.
- Reviewing, with management, the quarterly financial information before submission to the Board for approval;
- Reviewing, with management, the performance of statutory and internal auditors, and the adequacy of the internal control systems of the Company;
- Approving the appointment, removal and terms of remuneration of the chief internal auditor;
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors any significant findings and following up on any such significant findings;
- Reviewing the findings of any internal investigation by internal auditors into matters relating to irregularities, fraud, or a failure in internal control systems of a material nature, and reporting such matters to the Board;
- Pre-audit discussion with the statutory auditors as to the nature and scope of the audit and post-audit discussion to ascertain any areas of concern;
- Looking into the reasons for any substantial defaults in payments to debenture holders, shareholders (in case of the non-payment of declared dividends) and creditors;
- Reviewing the Company's financial and risk management policies;
- Monitoring the utilisation of funds to be raised pursuant to a public issue; and
- Carrying out any other function as the Board may from time to time refer to the Audit Committee.

Report on Corporate Governance – Continued

4. NOMINATION COMMITTEE

The Nomination Committee comprises of Sir William B.B. Gammell (Chairman), Rahul Dhir, Norman L. Murray and Hamish M. Grossart.

General Functions:

- Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace, and make recommendations to the Board with regard to any changes;
- Identifying and nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise;
- Evaluating the balance of skills, knowledge and experience of the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for particular appointments;
- In identifying suitable candidates, where appropriate, reviewing internal candidates through a process of succession planning and/or:
 - (i) using open advertising or the services of external advisers to facilitate the search; and
 - (ii) considering candidates from a wide range of backgrounds;
- Considering candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- Reviewing annually the time required from each non-executive Director, using performance evaluation, to assess whether the non-executive Director is giving sufficient commitment to the role;
- Considering succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed from members of the Board in the future; and
- Ensuring that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

The Committee shall make recommendations to the Board concerning:

- Plans for the succession of both executive and non-executive Directors and, in particular, for the key roles of Chairman and Chief Executive Officer;
- Suitable candidates for the role of senior independent director;
- Membership of the Audit, Remuneration and Shareholder/Investor Grievance Committees, in consultation with the chairman of each of those committees;
- The re-appointment of any non-executive Director at the conclusion of his specified term of office, having given due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- The continuation (or not) in service of any Director who has reached the age of 70;
- The re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Articles of Association having due regard to his performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- The appointment of any Director to an executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of the full Board; and
- Any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract.

The Nomination Committee held two meetings on August 23, 2006 and November 10, 2006.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The committee comprises of Dr. Omkar Goswami (Chairman), Mr. Naresh Chandra and Mr. Rahul Dhir. Mr. Marshall Mendonza, Company Secretary, is the Compliance Officer of the Company.

No meetings were held in 2006 as the Company made an IPO which closed on December 15, 2006 and shares were listed on the Stock Exchange on January 9, 2007.

Report on Corporate Governance – Continued

6. REMUNERATION COMMITTEE

- i) The committee comprises of Mr. Naresh Chandra (Chairman), Sir William B.B. Gammell, Mr. Hamish M. Grossart, Mr. Aman Mehta and Dr. Omkar Goswami.
- ii) **Broad terms of reference of the Remuneration Committee:**
- Determining remuneration packages payable to executive Directors of the Company, including pension contributions and compensation payments; and
 - Determining remuneration packages payable to key managerial personnel of the Company.
- iii) During the year ended December 31, 2006, three meetings were held on November 10, 2006, December 16, 2006 and December 18, 2006.

iv) Compensation Policy:

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of corporate goals. The Company has formulated an Employee Stock Option Scheme for rewarding and retaining performers.

7. REMUNERATION OF DIRECTORS

A. The remuneration of the Executive Directors of your Company is decided by the Remuneration Committee of the Board of Directors.

B. Given below are the details of remuneration/fees/commission paid/payable to Directors during the financial year ended December 31, 2006:

Name of Director	Salaries Amount (INR)	Retirement benefits/ other reimbursements Amount (INR)	Commission Amount (INR)	Sitting Fees Amount (INR)	Total Amount (INR)
Sir William B.B. Gammell	–	–	–	–	–
Norman L. Murray	–	–	–	–	–
Rahul Dhir	861,370	–	–	–	861,370
Lawrence W. Smyth	–	–	–	–	–
Jann Brown	–	–	–	–	–
Hamish M. Grossart	–	–	–	–	–
Aman Mehta	–	–	–	100,000	100,000
Naresh Chandra	–	–	–	100,000	100,000
Dr. Omkar Goswami	–	–	–	80,000	80,000

Notes: The executive Directors were appointed for a term of five years. The service contract can be terminated with a notice of six months.

8. DISCLOSURES BY MANAGEMENT

- a) No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- b) There are no transactions with the Directors or Management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.
- c) There was no non-compliance during the year by the Company on any matter related to capital market. Consequently, there were neither penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- d) Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- e) The Company has fulfilled a non-mandatory requirement as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, related to the Remuneration Committee. Please see the paragraph on Remuneration Committee.

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9. SHAREHOLDERS INFORMATION

The relevant information relating to the Directors to be appointed at the ensuing Annual General Meeting to be held on September 20, 2007 are given below:

Name and Address	Age (years)	Term (years)	Nationality	Appointed	Other Directorships
Sir William B.B. Gammell Non Executive Chairman	54	Non-retiring	British	August 22, 2006	Foreign: Cairn Energy PLC Cairn Energy Bangladesh Limited Cairn Energy Holdings Limited Cairn Energy Assets Limited Cairn Energy Search Limited Cairn Petroleum India Limited Cairn Energy Discovery Limited Cairn Energy Hydrocarbons Limited Cairn Energy Gujarat Block 1 Limited Cairn Energy Dhangari Limited Cairn Energy Birganj Limited Cairn Energy Malangawa Limited Cairn Energy Lumbini Limited Cairn Energy Karnali Limited Cairn Energy Nepal Holdings Limited Cairn Resources Management Limited Cairn Energy Management Limited Cairn Oil Limited Cairn Energy North Sea Limited Cairn Exploration and Production Company Limited Cairn Exploration (No.1) Limited Cairn Exploration (No.2) Limited Cairn Exploration (No.4) Limited Cairn Exploration (No.6) Limited Cairn Exploration (No.7) Limited Capricorn Energy Limited Cairn UK Holdings Limited Scottish Institute of Sport Foundation Isla Mines Limited Artemis AiM VCT plc
Norman L. Murray Non-Executive Deputy Chairman	58	Non-retiring	British	August 22, 2006	Foreign: Cairn Energy PLC Penta Capital Partners (Holdings) Limited Robert Wiseman Trust Company Limited Robert Wiseman Dairies PLC Greene King plc Cairn Energy Hydrocarbons Limited
Rahul Dhir Managing Director and Chief Executive Officer	40	Retiring by Rotation	British	August 22, 2006	Foreign: Cairn India Holdings Limited
Lawrence W. Smyth Non-Executive Director	61	Retiring by Rotation	British	August 22, 2006	Foreign: Cairn Energy India Pty Limited Cairn Energy Netherlands Holdings BV

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Name and Address	Age (years)	Term (years)	Nationality	Appointed	Other Directorships
Hamish M. Grossart Non-Executive Director	49	Non-retiring	British	August 22, 2006	Foreign: Cairn Energy PLC Petronius Limited New Inghliston Limited Indigo Vision Group plc Artemis Investment Management Limited British Polythene Industries plc McLaren Group
Aman Mehta Independent Non-Executive Director	60	Retiring by Rotation	Indian	September 21, 2006	Foreign: PCWW Limited (Hong Kong) Vedanta Resources plc (UK) Indian: Jet Airways (India) Limited Tata Consultancy Services Limited Godrej Consumer Products Limited Wockhardt Pharmaceuticals Limited Max Healthcare Institute Limited
Naresh Chandra Independent Non-Executive Director	72	Retiring by Rotation	Indian	September 21, 2006	Foreign: Vedanta Resources plc (UK) Indian: Tata Consultancy Services Limited Hindustan Motors Limited Electrosteel Castings Limited Balrampur Chini Mills Limited Bajaj Auto Limited A.C.C. Limited Avtec Limited Great Offshore Limited
Dr. Omkar Goswami Independent Non-Executive Director	50	Retiring by Rotation	Indian	September 21, 2006	Indian: Infosys Technologies Dr. Reddy's Laboratories Limited IDFC Limited Crompton Greaves Limited SRF Limited Sona Koyo Steering Systems Limited DSP Merrill Lynch Fund Managers Limited CERG Advisory Private Limited
Jann Brown Non-Executive Director	51	Retiring by Rotation	British	August 22, 2006	Foreign: Cairn Energy PLC Cairn India Holdings Ltd

Dematerialisation of shares: As of December 31, 2006, 79.3% of shares have been dematerialised and held in electronic form through NSDL and CDSL. The shares of your Company are permitted to be traded only in dematerialised form.

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Shareholding Pattern as at December 31, 2006:

List of Shareholders categorywise (Summary)

Category	Demated		Physical		Total		
	Shares	Holders	Shares	Holders	Shares	Nominal Value	Percentage
Corporate Bodies (Others)	16,827,915	212	0	0	16,827,915	168,279,150	0.95
Foreign Directors	0	0	4	4	4	40	0.00
Foreign Promoter Company	828,764,893	1	365,078,892	2	1,193,843,785	11,938,437,850	67.63
Financial Institution	21,780,535	3	0	0	21,780,535	217,805,350	1.23
Foreign Institutional Investors	230,344,735	40	0	0	230,344,735	2,303,447,350	13.05
Foreign Company	176,531,438	1	0	0	176,531,438	1,765,314,380	10.00
Mutual Fund	18,045,615	27	0	0	18,045,615	180,456,150	1.02
Nationalised Banks	31,616,620	11	0	0	31,616,620	316,166,200	1.79
Foreign National (Non-Director)	0	0	2	2	2	20	0.00
Non-Resident Indians	652,855	1,092	0	0	652,855	6,528,550	0.04
Non-Resident (Non-Repatriable)	173,530	478	0	0	173,530	1,735,300	0.01
Resident Indian Public	75,497,345	359,895	0	0	75,497,345	754,973,450	4.28
TOTAL	1,400,235,481	361,760	365,078,898	8	1,765,314,379	17,653,143,790	100

a) General Body Meetings:

- i) This is the first Annual General Meeting of the Company since its incorporation.
- ii) Whether any special resolution passed in the previous three Annual General Meetings?
– Not applicable
- iii) Whether any special resolution passed last year through postal ballot?
– Not applicable
- iv) Who conducted the postal ballot?
– Not applicable
- v) Whether any special resolution is proposed to be conducted through postal ballot?
– Not applicable
- vi) Procedure for postal ballot?
– Not applicable

b) Date Time and Venue of the Ensuing Annual General Meeting: Annual General Meeting shall be held on Thursday, September 20, 2007, at 11 am at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai – 400 020.

c) Record Date/Book Closure:

Book Closure: Wednesday, September 12, 2007 to Thursday, September 20, 2007 (both days inclusive).

Date of declaration of interim dividend:

– Not applicable

Financial Calendar (Tentative and Subject to change)

Financial reporting for the first quarter ending March 31, 2007	April 2007
Financial reporting for the second quarter ending June 30, 2007	July 2007
Financial reporting for the third quarter ending September 30, 2007	October 2007
Financial results for the year ending December 31, 2007	March 2008

d) Members can avail of nomination facility by filing Form 2B with the Company. Blank forms can be downloaded from the website of the Company.

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e) Means of Communication:

- (a) Quarterly/Half Yearly and Annual Financial Results of the Company will be published in newspapers.
- (b) Your Company's results and official news releases are displayed on the Company's website.
- (c) All items required to be covered in the Management Discussion & Analysis are included in the Directors' Report to Members.
- (d) Company has its own website and all the vital information relating to the Company and its products is displayed on its website: www.cairnindia.com.
- (e) Presentations are made to institutional investors or to the analysts and are displayed on the Company's website.

Your Company also regularly provides information to the stock exchanges as per the requirements of the Listing Agreements. The Company's website is updated periodically to include information on new developments and business opportunities of your Company.

10. COMPANY'S SCRIP INFORMATION

Listing on stock exchanges: The shares of the Company are listed on The Bombay Stock Exchange, Mumbai and The National Stock Exchange of India Limited.

Listing fees for the year 2006-07 have been paid to the Stock Exchanges.

- Stock Code: 532792 on the BSE
- Symbol: CAIRN on the NSE
- Electronic Form No INE910H01017
- Scrip Name
 - 532792 – BSE
 - CAIRN – NSE

Market Price Data: High, low during each month in last financial year. Performance in comparison to broad based indices namely BSE Sensex.

- Not applicable as the shares were listed on January 9, 2007.

11. OIL/GAS FIELDS

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

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

12. OUTSTANDING GDR'S/ADR'S/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS EXERCISED, DATE AND LIKELY IMPACT ON EQUITY

The Company granted 8,298,713 options under the Cairn India Senior Management Plan during the year. All the options were outstanding as at the end of the year. On exercising the options so granted, the paid-up capital of the Company will increase by a like number of shares.

13. ELECTRONIC CLEARING SYSTEM (ECS)

Shareholders are advised to opt for payment of dividend through ECS. The salient benefits of receiving dividend payment through ECS amongst others may be listed as below:

- (a) There are no clearing charges in the hands of the investor/recipient, the same are borne by the Company;
- (b) Risk as to fraudulent encashment of the dividend warrants, loss/interception of dividend warrants in transit, are eliminated;
- (c) The facility ensures instant credit of the dividend amount in the desired account which to the recipient means effortless and speedier transaction and hassles as to revalidation etc. are done away with;
- (d) Once the payment is made through ECS, the Company issues intimation letters to the investors as to credit/payment of dividend, providing therein the details of the account and amount. Investors may download the ECS Mandate Form from the Company's website and send the same duly filled in to registrars for updating of records.

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14. INVESTOR HELPDESK: FOR CLARIFICATIONS/ASSISTANCE, IF ANY, PLEASE CONTACT

	Registered Office	Principal Business Office	Registrars & Transfer Agents
Address	Cairn India Limited 101, West View, Veer Savarkar Marg Prabhadevi Mumbai-400 025, India	Cairn India Limited 3rd & 4th Floors, Orchid Plaza Suncity, Sector 54 Gurgaon-122 002, India	Bigshare Services Pvt. Ltd E/2/3 Ansa Industrial Estate Saki Vihar Road, Saki Naka Mumbai-400 072, India
Contact Person	Mr. Jayesh Kumar Thakor	Ms. Shikha Gupta	Mr. Mohan Mr. Sunil Kamble
Telephone	91-22-24376136 91-22-24338306 91-9323696248	91-124- 414 1360	91-9820183084 91-9920135596
Fax No.	91-22-24311160	91-124-288 9320	91-22-28475207
Email	jayesh.thakor@cairnindia.com	shikha.gupta@cairnindia.com	mohan@bigshareonline.com sunil@bigshareonline.com
Website	www.cairnindia.com	www.cairnindia.com	www.bigshareonline.com

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended December 31, 2006.

For Cairn India Limited

Place: Edinburgh
Date: July 30, 2007

Rahul Dhir
Managing Director and Chief Executive Officer

Company Information

Registered Office Address

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

Corporate Office Address

3rd & 4th Floor, Orchid Plaza
Suncity, Sector 54
Gurgaon-122 002, India

Statutory Auditors

S.R. Batliboi & Associates
U & 1, Plot No. 47, Sector 32
Institutional Area
Gurgaon-122 001, India

Bankers

Citibank
State Bank of India
ABN AMRO
Deutsche Bank

Registrar & Share Transfer Agent

Bigshare Services Pvt. Ltd
E/2/3 Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Mumbai-400 072, India

Board of Directors

Sir William B.B. Gammell (Chairman)
Norman Murray (Deputy Chairman)
Rahul Dhir (Managing Director & Chief Executive Officer)
Lawrence Smyth (Executive Director & Chief Operating Officer)
Indrajit Banerjee (Executive Director & Chief Financial Officer)
Hamish Grossart
Naresh Chandra
Dr. Omkar Goswami
Aman Mehta
Malcolm Thoms (Alternate Director to Mr. Hamish Grossart
w.e.f. February 26, 2007)
Jann Brown (Upto February 28, 2007)

Board Committees

Audit Committee
Aman Mehta (Chairman)
Naresh Chandra
Norman Murray
Dr. Omkar Goswami

Remuneration Committee

Naresh Chandra (Chairman)
Sir William B.B. Gammell
Hamish Grossart
Aman Mehta
Dr. Omkar Goswami

Nomination Committee

Sir William B.B. Gammell (Chairman)
Rahul Dhir
Norman Murray
Hamish Grossart

Shareholder/Investor Grievance Committee

Dr. Omkar Goswami (Chairman)
Naresh Chandra
Rahul Dhir

Company Secretary

Marshall Mendonza

Stock Exchanges Listed on

The Bombay Stock Exchange
The National Stock Exchange of India

Compliance certificate on Corporate Governance

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 December 31, 2006, as stipulated under Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations sought and replies given to us by the Company, its Directors and officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For S. Rajwansi & Co.

Company Secretaries
(Sharad Rajwansi)
M No. FCS 5025
CoP No. 3621

Place: Gurgaon

Date: July 30, 2007

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on Financial Statements of the Company

We, Rahul Dhir, Managing Director and Chief Executive Officer and Indrajit Banerjee, Executive Director and Chief Financial Officer, of Cairn India Limited, certify that:

- (a) We have reviewed financial statements and cash flow statements for the period and that to the best of our knowledge and belief:
 - i) these statements do not contain any material 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 the Company during the period which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining the internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and 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 period;
 - ii) significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements;
 - iii) during the period there were no instances of fraud which we have become aware. The management and its employees have a significant role in the Company's internal control system.

Rahul Dhir

Managing Director and Chief Executive Officer

Indrajit Banerjee

Executive Director and Chief Financial Officer

Place: Edinburgh

Date: July 30, 2007