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**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

Report on Corporate Governance

Board of Directors

COMPOSITION, BOARD PROCEDURE AND INFORMATION SUPPLIED TO THE BOARD

As on 31 March, 2012, the Board comprised 8 Directors, including seven non-executive Directors, four of whom are also independent.

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

The Board has one executive Director, Mr. Rahul Dhir. He has been re-appointed for a term of five years and the present term of his contract will expire on 21 August, 2016.

The composition of the Board as on 31 March, 2012 is given in Table 1. None of the Directors is a member of more than 10 Board-level committees of Indian public limited companies; nor are they chairmen of more than five committees in which they are members. Further, none of the Directors is related to the other, or to any other employee of the Company, except Mr. Navin Agarwal and Ms. Priya Agarwal. Ms. Priya Agarwal is the daughter of Mr. Navin Agarwal's elder brother, Mr. Anil Agarwal. During the period under review, the following changes were made in the composition of the Board:

- Mr. Malcolm Shaw Thoms resigned as non executive Director with effect from 14 June, 2011.
- Mr. Rick Bott resigned as Executive Director and Chief Operating Officer with effect from 15 June, 2011.
- Mr. Indrajit Banerjee resigned as

Executive Director and Chief Financial Officer with effect from 23 August, 2011.

- Mr. Mike Watts was appointed as an alternative Director to Ms. Jann Brown with effect from 26 September, 2011 and later ceased to be an alternative Director from 20 October, 2011.
- Sir Bill Gammell and Ms. Jann Brown resigned as non- executive Directors with effect from 8 December, 2011.
- Mr. Navin Agarwal and Mr. Tarun Jain were appointed as additional Directors of the Company with effect from 16 December, 2011. Mr. Navin Agarwal was also appointed as the Chairman of the Company on the said date.
- Ms. Priya Agarwal was appointed as additional Director with effect from 2 January, 2012.

The Company follows a structured process of decision-making by the Board and its Committees. The meeting

1 Composition of the Board As on 31 March, 2012

S. No.	Name of the Director	Executive/Non-Executive	No. of other Directorships		Memberships/Chairmanships of Board-level Committees**	
			Indian	Others*	Member	Chairman
1	Mr. Navin Agarwal ¹	Chairman, Non-Executive Director	6	5	1	1
2	Mr. Tarun Jain ¹	Non-Executive Director	4	4	4	-
3	Ms. Priya Agarwal ²	Non-Executive Director	-	-	-	-
4	Mr. Aman Mehta	Non-Executive Independent Director	5	4	3	3
5	Mr. Naresh Chandra	Non-Executive Independent Director	10	5	8	1
6	Dr. Omkar Goswami	Non-Executive Independent Director	9	3	4	4
7	Mr. Edward T. Story Jr	Non-Executive Independent Director	-	4	2	-
8	Mr. Rahul Dhir	Managing Director and CEO	-	4	1	-

Notes * Directorships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

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

1. Appointed as an additional Director on 16 December, 2011.

2. Appointed as an additional Director on 2 January, 2012.



2 Directors' Attendance Record for year ended 31 March, 2012				
Name	No. of meetings held during the period the Director was on Board	No. of meetings attended	Presence at the last AGM	
Mr. Navin Agarwal ¹	1	1	NA	
Mr. Tarun Jain ¹	1	1	NA	
Ms. Priya Agarwal ²	1	-	NA	
Sir. William B.B. Gammell ³	5	4	No	
Ms. Jann Brown ³	5	4	Yes	
Mr. Malcolm Shaw Thoms ⁴	1	1	NA	
Mr. Aman Mehta	6	5	Yes	
Mr. Naresh Chandra	6	5	Yes	
Dr. Omkar Goswami	6	6	Yes	
Mr. Edward T. Story Jr*	6	4	Yes	
Mr. Rahul Dhir	6	5	Yes	
Mr. Indrajit Banerjee ⁵	3	3	Yes	
Mr. Rick Bott ⁶	1	1	NA	

Notes * Participated in the proceedings of two Board meetings through video conference.

1. Appointed as additional Director with effect from 16 December, 2011.
2. Appointed as additional Director with effect from 2 January, 2012.
3. Resigned from the Board with effect from 8 December, 2011.
4. Resigned from the Board with effect from 14 June, 2011.
5. Resigned from the Board with effect from 23 August, 2011.
6. Resigned from the Board with effect from 15 June, 2011.

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. These are often preceded by Board discussions through audio conference. The Board is also free to recommend inclusion of any matter in the agenda for discussion. Senior management officials are 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, 2012, the Board of Directors met six times on: 25 May, 2011, 26 July, 2011, 18 August, 2011, 14 September, 2011, 20 October, 2011 and 24 January, 2012. The maximum gap between any two meetings was less than four months.

Table 2 gives the Directors' attendance at board meetings and the Annual General Meeting (AGM) during the year ended 31 March, 2012.

DIRECTORS' REMUNERATION

Table 3 lists the remuneration paid or payable to the Directors. The non-executive Directors do not have any material pecuniary relationship or transactions with the Company, other than sitting fees / Directors' remuneration paid / payable to them. The non-executive

Directors are eligible for commission up to 1% of net profits as permitted by the Companies Act, 1956 and as approved by shareholders in the annual general meeting held on 18 August, 2011.

During the year under review, no options were granted to any of the executive Directors.

During the year under review, 22,365 and 2,238,077 options were exercised by Mr. Indrajit Banerjee and Mr. Rahul Dhir respectively.

SHAREHOLDING OF NON-EXECUTIVE OR INDEPENDENT DIRECTORS

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

CODE OF CONDUCT

The Board of Directors has laid down a 'Code of Business Ethics' which is applicable to everyone in the Company and its subsidiaries including employees,



3 Directors' Remuneration For the year ended 31 March, 2012 (in INR)							
Name	Salary	Perquisites	Bonus & Performance incentives	Retirement Benefits	Commission	Sitting Fee	Total
Mr. Navin Agarwal	-	-	-	-	-	-	-
Mr. Tarun Jain	-	-	-	-	-	-	-
Ms. Priya Agarwal	-	-	-	-	-	-	-
Sir William B.B. Gammell	-	-	-	-	-	-	-
Ms. Jann Brown	-	-	-	-	-	-	-
Mr. Malcolm Shaw Thoms	-	-	-	-	-	-	-
Mr. Aman Mehta	-	-	-	-	-	240,000	240,000
Mr. Naresh Chandra	-	-	-	-	-	240,000	240,000
Dr. Omkar Goswami	-	-	-	-	-	300,000	300,000
Mr. Edward T. Story Jr	-	-	-	-	-	120,000	120,000
Mr. Rahul Dhir	49,524,083	57,837,476	30,986,344	4,222,952	-	-	142,570,855
Mr. Indrajit Banerjee	7,290,332	233,541	16,415,408	705,660	-	-	24,644,941
Mr. Rick Bott	42,155,605	75,888,953	107,677,348	2,063,040	-	-	227,784,946

- Notes
1. Mr. Rahul Dhir's salary as stated above includes salary of INR 140,170,855 from Cairn Energy India Pty Limited. Further, Mr. Dhir exercised 2,238,077 stock options at an exercise price of INR 33.70 per option during the year.
 2. Mr. Indrajit Banerjee's salary as stated above includes salary of INR 23,933,650 from Cairn Energy India Pty Limited. Further, Mr. Banerjee exercised 22,365 stock options at an exercise price of INR 10 per option during the year.
 3. Mr. Rick Bott's salary as stated above includes salary of INR 227,538,279 from Cairn Energy India Pty Limited. Further, the value of cash options granted to Mr. Bott was INR 46,169,309.
 4. Mr. Aman Mehta, Dr. Omkar Goswami and Mr. Naresh Chandra were paid a remuneration of INR 5,989,242 each from Cairn Energy Holdings Limited, Cairn Energy Hydrocarbons Limited & Cairn Energy Asia Pty Limited, respectively, in their capacity as Directors of these subsidiary companies.

4 Attendance Record of Audit Committee For the year ended 31 March, 2012				
Name	Position	Status	No. of meetings held during the period the Director was a Member of the Committee	No. of meetings attended
Mr. Aman Mehta	Independent Director	Chairman	4	4
Mr. Naresh Chandra	Independent Director	Member	4	3
Dr. Omkar Goswami	Independent Director	Member	4	4
Mr. Edward T Story	Independent Director	Member	4	2
Mr. Tarun Jain ¹	Non- Executive Director	Member	1	1
Ms. Jann Brown ²	Non-Executive Director	Member	3	3

- Notes
- 1 Appointed as additional Director and Co-opted on Audit committee with effect from 16 December, 2011.
 - 2 Resigned from the Board with effect from 8 December, 2011.

contractors and Directors. Details of the Code are available at www.cairnindia.com. All Directors and employees including senior management have affirmed compliance with the Code for the year ended 31 March, 2012.

COMMITTEES OF THE BOARD

Audit committee

The Company has an adequately qualified Audit Committee. As on 31 March, 2012, the

Committee comprised five non-executive Directors: Mr. Aman Mehta (Chairman), Mr. Naresh Chandra, Mr. Tarun Jain, Dr. Omkar Goswami and Mr. Edward T. Story. Four of the five members are independent. All members have the financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. The current charter of the Audit Committee is in line with international best practices as well as the regulatory requirements mandated by SEBI and Clause 49 of the Listing Agreement.

Mr. Sunil Bohra, Deputy CFO, Mr. Raj Agarwal, Partner, S. R. Batliboi and Co., and Mr. Arup Chakraborty, Chief Internal Auditor of the Company 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, 2012, the Audit Committee met four times: on 25 May, 2011, 25 July, 2011, 20 October, 2011 and 24 January, 2012. 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, 2011.

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 up 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:
 - matters required to be included in the Directors' Responsibility Statement in the Board's Report pursuant to subsection (2AA) of Section 217 of the Companies Act, 1956.
 - changes, if any, in accounting policies and practices and reasons for such changes;
 - major accounting entries involving estimates based on the exercise of judgement by the Company's management.
 - any significant adjustments made in the financial information arising out of audit findings;
 - compliance with listing and other legal or regulatory requirements relating to financial information.
 - disclosure of any 'related party transactions'.
 - any qualifications in the draft Audit Report.
- Reviewing, with management, the quarterly financial information before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/

notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- Reviewing, with management, the performance of statutory and internal auditors, and the adequacy of the internal control systems of the Company.
- Approving the appointment, removal and terms of remuneration of the chief internal auditor.
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussing with internal auditors any significant findings and following up on any such significant findings.
- Reviewing the findings of any internal investigation by internal auditors into matters relating to irregularities, fraud, or a failure in internal control systems of a material nature, and reporting such matters to the Board.
- Having pre-audit discussions with the statutory auditors as to the nature and scope of the audit, and post-audit discussions to ascertain any areas of concern.
- Looking into the reasons for any substantial defaults in payments to debenture holders, shareholders (in case of the non-payment of declared Dividends) and creditors.
- Reviewing the Company's financial and risk management policies.
- Monitoring the utilisation of funds to be raised pursuant to a public issue.
- Carrying out any other function as the Board may from time to time refer to the Audit Committee.

The Audit Committee also reviews the following information:

- i. Management discussion and analysis of financial condition and results of operations
- ii. Statement of significant related

party transactions (as defined by the Audit Committee), submitted by management.

- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors.
- iv. Internal audit reports relating to internal control weaknesses

Shareholders' / Investors' Grievance Committee

As on 31 March, 2012, the Committee comprised four Directors: Dr. Omkar Goswami (Chairman), Mr. Edward T. Story, Mr. Tarun Jain and Mr. Rahul Dhir.

The Chairman of the Committee is an independent Director. Ms. Neerja Sharma, Company Secretary, is the Compliance Officer of the Company and the Secretary of the Committee.

The Committee met once during the financial year on 24 January, 2012. Dr. Omkar Goswami and Mr. Rahul Dhir attended the said meeting. The committee approves by way of circulation every fortnight, matters pertaining to allotment/rematerialisation of shares etc.

The Company has appointed Link Intime India Private Limited as the Registrar and Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily. The status of complaints received during the 12-month period ended 31 March, 2012 by the Registrar and Share Transfer Agent is given in Table 5.

Terms of Reference

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



5 Complaints Received and Attended

During the year ended 31 March, 2012

Nature of Complaint	No. of Complaints		
	Received	Attended	Pending
Non-Receipt of refund orders/revalidation	6	6	Nil
Referred by SEBI	4	4	Nil
Received from Investors	4	4	Nil
Referred by RBI/Ministry of Corporate Affairs	1	1	Nil
Non-receipt of Demat Credit	13	13	Nil
Non-receipt of the Annual Report	2	2	Nil
Total	30	30	Nil

6 Attendance Record of Remuneration Committee

For the year ended 31 March, 2012

Name	Position	Status	No. of meetings held during the period the Director was a member of the Committee	No. of meetings attended
Mr. Naresh Chandra	Independent Director	Chairman	4	4
Dr. Omkar Goswami	Independent Director	Member	4	4
Mr. Aman Mehta	Independent Director	Member	4	3
Sir William B.B. Gammell ¹	Non-Executive Director	Member	3	2
Mr. Malcolm Shaw Thoms ²	Non-Executive Director	Member	1	1
Ms. Jann Brown ³	Non-Executive Director	Member	1	1
Mr. Tarun Jain ⁴	Non-Executive Director	Member	1	1
Mr. Navin Agarwal ⁴	Non-Executive Director	Member	1	1

- Notes
1. Resigned from the Board with effect from 8 December, 2011.
 2. Resigned from the Board with effect from 14 June, 2011.
 3. Co-opted as member of Committee on 26 July, 2011 and resigned from the Board on 8 December, 2011.
 4. Appointed as additional director and co-opted on the Remuneration Committee with effect from 16 December, 2011.

- To authorize issue of duplicate share certificates and issue of share certificates after split/consolidation/rematerialisation of shareholding.
- To authorize printing of Share Certificates.
- To authorize affixation of Common Seal of the Company on Share Certificates of the Company.
- To authorize Directors/ Mangers/ Officers /Signatories for signing/ endorsing Share Certificate.
- To authorize necessary applications / corporate actions to Stock Exchanges and Depositories arising out of and incidental to the exercise of options by the employee.
- To take care of any matters incidental to and arising out of the above.

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, 2012, the Remuneration Committee comprised five non-executive Directors: Mr. Naresh Chandra (Chairman), Mr. Navin Agarwal, Mr. Tarun Jain, Mr. Aman Mehta and Dr. Omkar Goswami. Three of these members are independent Directors. The objective of the Company's remuneration policy is to ensure that Cairn India's executive Directors and senior executives are

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

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



determining packages of remuneration, the Committee consults with the Chairman as appropriate.

The Committee is also responsible for overseeing the Company's share option schemes and long term incentive plans, including determining the eligibility for benefits and approving total annual payments.

During the year ended 31 March, 2012, four meetings of the Remuneration Committee were held on 25 May, 2011, 26 July, 2011, 18 August, 2011 and 24 January, 2012. The attendance record of the Remuneration Committee is given in Table 6.

Nomination Committee

As on 31 March, 2012, the Nomination Committee comprised four Directors: Mr. Navin Agarwal (Chairman), Mr. Rahul Dhir, Mr. Tarun Jain and Mr. Edward T. Story.

The functions of the Nomination Committee are:

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

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 code of conduct for its directors, management and staff.

The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that the Directors and Designated employees of the Company can trade in the shares of the Company only during the period when 'Trading Window' is open. The trading window is closed during the time of declaration of results and material events, etc. as per the Code. An annual disclosure is taken from all the directors and Designated Employees of the Company.

RELATED PARTY TRANSACTIONS

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

RISK MANAGEMENT

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

CEO / CFO CERTIFICATION

The CEO's and Dy. 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, 2012 is enclosed at the end of this report.



SUBSIDIARY COMPANIES

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

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. Aman Mehta, Independent Non-Executive Director

Mr. Aman Mehta, 65, is an economics graduate from Delhi University. He has over 35 years of experience in various positions with the HSBC Group. Mr. Mehta occupies himself primarily with corporate governance, with Board and Advisory roles in a range of Companies and Institutions in India as well as overseas. Formerly, he has been a Supervisory Board member of ING Group NV and a Director of Raffles Holdings, Singapore. He is also a member of the governing board of the Indian School of Business, Hyderabad and a member of the International Advisory Board of Prudential of America. He has had a long association with INSEAD where he was a member of their Indian Advisory Council.

Dr. Omkar Goswami, Independent Non-Executive Director

Dr. Omkar Goswami, 55, holds a Master of Economics Degree from the Delhi School of Economics. He is a D. Phil in Economics from Oxford University. He has taught in several academic institutions in India and abroad; edited one of India's best

known business magazines; was the Chief Economist of the Confederation of Indian Industry; and is the Executive Chairman of CERG Advisory Private Limited, a consulting and advisory firm. Dr. Goswami serves as an independent director on the board of a number of companies and 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. Navin Agarwal, Chairman and Non- Executive Director

Mr. Navin Agarwal, 51, is a Bachelor in Commerce from Sydenham College in Mumbai, India. He is the Deputy Executive Chairman of Vedanta Resources plc and was appointed to its Board in November 2004. Mr. Agarwal has played a key role in strategic planning for Vedanta, and drives the execution of organic growth and acquisitions. He also oversees capital raising initiatives, global investor relations and talent development at the management level, and has over 25 years of experience. He chairs the Vedanta's group Executive Committee. In this role, he provides strategic direction and guides the sharing and implementation of best management practices across the group.

Ms. Priya Agarwal, Non- Executive Director

Ms. Priya Agarwal, 22, has done B.Sc. Psychology with Business Management from the University of Warwick in the UK.

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

Mr. Tarun Jain, Non- Executive Director

Mr. Tarun Jain, 52, is a graduate of the Institute of Cost and Works Accountants of India and a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

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

Mr. Rahul Dhir, Managing Director and Chief Executive Officer

Mr. Rahul Dhir, 46, joined Cairn India as an Additional Director and was appointed as the Managing Director and CEO on 22 August, 2006. Mr. Dhir has over 25 years of experience in the Oil and Gas sector covering technology, finance and business leadership. 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. Dhir holds a degree in Bachelor of Technology from the Indian Institute of Technology, Delhi; M.Sc. from the University of Texas at Austin and MBA from the Wharton Business School in Pennsylvania.

The Directorships and committee positions by these Directors as on 31 March, 2012 are detailed in Table 7.

MEANS OF COMMUNICATION

Financial/Quarterly Results

The Company intimates un-audited/ audited financial results to the Stock Exchanges, immediately after the Board meetings at which they are approved. The results of the Company are also published in at least one prominent national and one regional newspaper having wide circulation. The financial results are also displayed on the Company's website: www.cairnindia.com and posted on the



7 Details of Directorship and Committee Positions held in other Companies as on 31 March, 2012

Name of Director	Mr. Aman Mehta	Dr. Omkar Goswami	Mr. Navin Agarwal	Mr. Tarun Jain	Ms. Priya Agarwal	Mr. Rahul Dhir
Directorship held in other companies	<ul style="list-style-type: none"> P.C.C.W Ltd.- Hong Kong Tata Consultancy Services Ltd. Vedanta Resources Plc Godrej Consumer Products Ltd. ING Group N.V Netherlands Max India Ltd. Jet Airways Ltd. Wockhardt Pharmaceuticals Ltd. Cairn Energy Holdings Ltd. 	<ul style="list-style-type: none"> Dr. Reddy's Laboratories Ltd. Infosys Technologies Ltd. IDFC Ltd. Crompton Greaves Ltd. Ambuja Cements Ltd. Godrej Consumer Products Ltd. Max New York Life Insurance Company Ltd. Avantha Power & Infrastructure Ltd. Max India Limited CERG Advisory Pvt Ltd. DSP BlackRock Investment Managers Pvt. Ltd. Cairn Energy Hydrocarbons Ltd. 	<ul style="list-style-type: none"> Bharat Aluminium Company Ltd. Hindustan Zinc Ltd. The Madras Aluminium Company Ltd. Sterlite Industries (India) Ltd. Sterlite Iron & Steel Company Ltd. Vedanta Aluminium Ltd. Konkola Copper Mines, Plc Vedanta Resources Plc, UK Vedanta Resources Holdings Ltd. Vedanta Resources Investment Ltd. Hare Krishna Packaging Private Ltd. 	<ul style="list-style-type: none"> Bharat Aluminium Company Ltd. Sterlite Opportunities and Ventures Ltd. Sterlite Infra Ltd. Vedanta Aluminium Ltd. Twinstar Holdings Ltd. Sterlite (USA) Inc Vedanta Medical Research Foundation Rajtaru Charity Foundation 	None	<ul style="list-style-type: none"> Cairn India Holdings Ltd. CIG Mauritius Holding Private Ltd. CIG Mauritius Private Ltd. Sunborne Energy Holdings LLC
Committee position* in Cairn India Ltd.	Audit Committee- Chairman	Shareholders'/ Investors' Grievance Committee- Chairman Audit Committee- Member	None	Shareholders'/ Investors' Grievance Committee –Member Audit Committee- Member	None	Shareholders'/ Investors' Grievance Committee – Member
Membership/Chairmanship of Committees* of other Indian public companies :						
Audit Committee	<ul style="list-style-type: none"> Jet Airways Ltd.- Chairman Godrej Consumer Products Ltd.- Member Wockhardt Pharmaceuticals Ltd.- Member Tata Consultancy Services Ltd.- Chairman 	<ul style="list-style-type: none"> Dr. Reddy's Laboratories Ltd.- Chairman IDFC Ltd.-Member Godrej Consumer Products Ltd.-Member Crompton Greaves Ltd.-Chairman 	<ul style="list-style-type: none"> Vedanta Aluminium Ltd.- Member The Madras Aluminium Company Ltd.- Chairman 	<ul style="list-style-type: none"> Bharat Aluminium Company Ltd.- Member Vedanta Aluminium Ltd.-Member 	None	None
Shareholders'/ Investors' Grievance Committee	<ul style="list-style-type: none"> Wockhardt Pharmaceuticals Ltd.- Member 	<ul style="list-style-type: none"> Infosys Technologies Ltd.- Chairman IDFC Ltd.- Member 	None	None	None	None

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

8 Location and Time of annual general meetings

Financial Year	Location of the meeting	Date	Time
2008-09	Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai	18 August, 2009	11.00A.M
2009-10	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	15 September, 2010	11.00A.M
2010-11	Rangsharda Auditorium, K.C. Marg, Bandra Reclamation, Bandra (West), Mumbai	18 August, 2011	11.00A.M



corporate filing and dissemination system at www.corpfiling.co.in. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NSE Electronic Application Processing System (NEAPS).

Further, as a good Corporate Governance Practice, the Company sends its results to shareholders through email immediately after the quarterly results are approved by the Board and disseminated to the Stock Exchanges.

News Releases, Analyst Presentations, 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

Since its incorporation, the Company had five AGMs and four Extraordinary General Meetings (EGMs). The forthcoming AGM is scheduled to take place on 22 August, 2012. The details in respect of last three annual general meetings are given in Table 8.

SPECIAL RESOLUTIONS PASSED IN THE LAST THREE YEARS

At AGM

18 August, 2011

- Payment of Commission to Non-Executive Directors.

Postal Ballot

17 July, 2009

- Shifting of registered office from the state of Maharashtra to the state of Rajasthan.

2 March, 2010

- Utilisation of the share premium account not exceeding INR 15,000 crores, of the company to adjust the goodwill arising pursuant to the scheme of arrangement.

Special Resolutions passed through postal ballot last year:

No special resolution was passed through Postal Ballot during the financial year 2011-12. However, during the year under review, the Company passed an ordinary resolution for acceptance of conditions imposed by the Government of India for the sale of shares of the Company by Cairn UK Holdings Limited along with its holding company, Cairn Energy PLC to Vedanta Resources Plc and its subsidiaries through postal ballot.

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

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

Procedure of Postal Ballot

The notices containing the proposed resolutions and explanatory statements thereto are sent to the registered addresses of all the shareholders of the Company alongwith a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the board for carrying out the ballot process. The Scrutinizer submits his report to the Chairman/

Director authorized by the Board, who on basis of the report announces the results.

COMPLIANCE WITH CLAUSE 49

Mandatory Requirements

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

Non-Mandatory Requirements

Remuneration Committee

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

Audit qualifications

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

Training of Board Members

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

Whistleblower Policy

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



Additional Shareholder Information

ANNUAL GENERAL MEETING

Date: 22 August, 2012
Time: 11:00 AM
Venue: Rangsharda Auditorium,
K C Marg, Bandra Reclamation,
Bandra (West), Mumbai-400050

FINANCIAL CALENDAR

For the year ended 31 March, 2012,
results were announced on

- i. 26 July, 2011: First quarter
- ii. 20 October, 2011: Second quarter
- iii. 24 January, 2012 : Third quarter
- iv. 20 April, 2012: Fourth (last) quarter
and the financial year's results

For the year ending 31 March, 2013,
results are expected to be announced by

- i. Last week of July 2012: First quarter
- ii. Last week of October 2012: Half yearly
- iii. Last week of January 2013: Third quarter
- iv. Last week of April, 2013: Fourth
quarter and the full financial year's
results.

BOOK CLOSURE

The dates of book closure are from
Friday, 10 August, 2012 to Wednesday,
22 August, 2012, 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
2012- 13 has been paid to BSE and NSE.
The Company has also paid annual
custody/issuer fee for the year 2012-13
to National Securities Depository Limited
(NSDL) and Central Depository Services
Limited (CDSL). The stock codes are
given in Table 1 below.

RECONCILIATION OF SHARE CAPITAL AUDIT

Pursuant to Clause 47 (c) of the Listing
Agreement with the Stock Exchanges,
certificate on half yearly basis, was issued

by M/s. S.Rajwanshi & Co., Company
Secretary in Practice for due compliance
of share transfer formalities by the
Company. An audit was also carried by
M/s. S.Rajwanshi & Co., to reconcile the
total admitted capital with NSDL and CDSL
and the total issued and listed capital.
The audit confirms that the total issued /
paid-up capital is in agreement with the
aggregate of the total number of shares
in physical form and the total number of
shares in dematerialised form (held with
NSDL and CDSL).

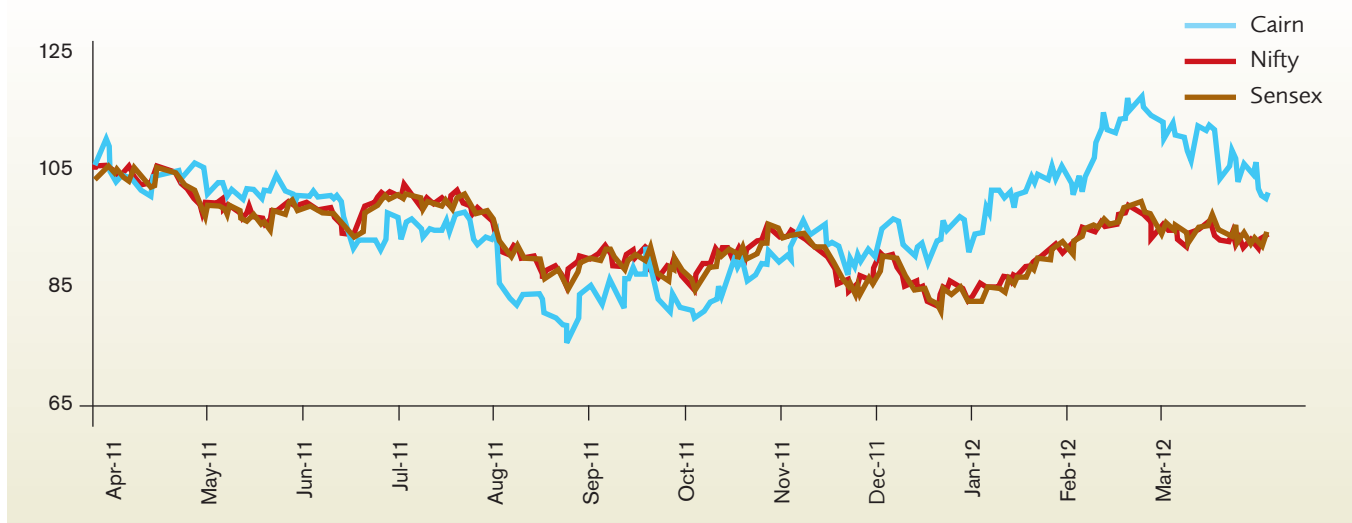
MARKET PRICE DATA

Table 2 and Chart A give the details.

DISTRIBUTION OF SHAREHOLDING

Tables 3 and 4 list the distribution of the
Shareholding and Shareholding pattern
of the Company by size and by ownership
class as on 31 March, 2012. Further
details of top twenty shareholders are
given in Table 5.

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 2011-12, i.e. 1 April, 2011.

**1 Stock Exchange Codes**

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

2 High, Low and Volume of Company's Shares Traded
During the year ended 31 March, 2012 at the BSE and NSE

Months	BSE			NSE		
	High Price (INR)	Low Price (INR)	No. of Shares traded	High Price (INR)	Low Price (INR)	No. of Shares traded
Apr-11	372.00	330.75	308,426,880	372.35	333.00	94,692,283
May-11	359.00	331.45	4,378,592	359.00	331.30	40,068,884
Jun-11	342.00	298.05	6,252,984	341.95	298.15	45,834,899
Jul-11	353.25	304.30	7,122,188	332.00	304.35	37,111,446
Aug-11	315.50	250.00	3,251,171	315.75	249.30	36,982,238
Sep-11	308.00	260.10	5,336,408	308.00	260.00	44,160,477
Oct-11	311.90	258.45	3,754,897	312.50	258.00	36,069,609
Nov-11	324.80	284.60	3,257,734	324.95	284.45	33,781,606
Dec-11	329.00	290.25	32,610,929	328.90	291.25	35,660,473
Jan-12	366.80	310.05	6,206,239	366.60	310.10	50,520,522
Feb-12	400.95	335.50	6,391,584	401.10	335.20	63,144,313
Mar-12	380.95	327.10	5,280,063	381.00	326.65	49,343,889

3 Distribution of Shareholding
As on 31 March, 2012

Number of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shares
Up to 500	221,743	92.65	24,614,192	1.29
501-1000	12,756	5.33	7,971,996	0.42
1001-2000	2,381	1.00	3,407,074	0.18
2001-3000	749	0.31	1,906,381	0.10
3001-4000	310	0.13	1,108,463	0.06
4001-5000	247	0.10	1,160,965	0.06
5001-10000	416	0.17	3,030,889	0.16
10001 and above	740	0.31	1,864,196,148	97.73
Total	239,342	100	1,907,396,108	100

4 Shareholding Pattern as on 31 March, 2012

A	Promoters Holding	No. of Equity Shares face Value INR 10/- Each	Shares held %
1	Indian Promoters	383,840,413	20.12
2	Foreign Promoters	738,873,586	38.74
3	Persons acting in concert	-	-
B NON-PROMOTER HOLDINGS			
a)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	95,001,551	4.98
b)	Foreign Institutional Investors	140,252,779	7.36
c)	Public	44,309,002	2.32
d)	Mutual Funds	38,606,368	2.02
e)	NRI (Rapatriable)	1,147,608	0.06
f)	NRI (Non-Rapatriable)	420,941	0.02
g)	Bodies Corporate	38,757,099	2.03
h)	Foreign Bodies Corporate	415,562,964	21.79
i)	Clearing Member	7,041,191	0.37
j)	Directors/relatives	3,514,233	0.19
k)	Trusts	68,373	0.00
Grand Total		1,907,396,108	100.00



5 Top Twenty Shareholders as on 31 .03.2012			
S.No.	Name	No. of Equity Shares	Shares Held (%)
1	Twin Star Mauritius Holdings Ltd	738,873,586	38.74
2	Cairn UK Holdings Limited	415,562,964	21.79
3	Sesa Goa Limited	351,140,413	18.41
4	Life Insurance Corporation of India (including all its schemes, funds etc.)	93,537,972	4.90
5	Sesa Resources Limited	32,700,000	1.71
6	Europacific Growth Fund	31,450,000	1.65
7	ICICI Prudential Life Insurance Company Ltd	10,149,086	0.53
8	Schroder International Selection Fund Emerging Asia	8,056,533	0.42
9	New World Fund Inc	7,247,000	0.38
10	Pca India Equity Open Limited	6,635,731	0.35
11	Deutsche Securities Mauritius Limited	6,504,680	0.34
12	Reliance Life Insurance Company Limited	5,232,136	0.27
13	SBI Life Insurance Co. Ltd	3,999,131	0.21
14	Blackrock India Equities Fund (Mauritius) Limited	3,970,399	0.21
15	Rahul Dhir	3,514,233	0.18
16	Dimensional Emerging Markets Value Fund	3,502,642	0.18
17	UTI - Opportunities Fund	2,919,017	0.15
18	ICICI Prudential Focused Blue Chip Equity Fund	2,406,835	0.13
19	Citibank N.A	2,360,825	0.12
20	Bajaj Allianz Life Insurance Company Limited	2,311,339	0.12

6 Outstanding ESOPs			
ESOP Scheme	No. of outstanding options	Last date for exercise	Exercise Price (INR)
CIESOP	2,50,015	31 December, 2016	160.00
	668,097	19 September, 2017	166.00
	1,715,000	28 July, 2018	227.00
	7,120	9 December, 2018	143.00
	4,258,023	28 July, 2019	240.05
	2,591,254	27 July, 2020	331.25
CIPOP	4,473,907	26 July, 2021	327.75
	207,263	23 April, 2011	10.00
	875,077	26 October, 2014	10.00
Total	15,045,756		

If all the outstanding stock options granted get vested and exercised, the number of equity shares will increase by 15,045,756.

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 on 1 April, 2011	55	9,660
2	No. of shareholders who approached for transfer of shares from suspense account during the 12 months period ended 31 March, 2012*	8	1,890
3	No. of Shareholders to whom shares were transferred from suspense account during the 12 months period ended 31 March, 2012	-	-
4	Aggregate number of shareholders and the outstanding shares in the suspense account lying on 31 March, 2012	55	9,660

* The company is yet to receive the complete documents (as requested from share holders) to transfer the shares from suspense account.

DEMATERIALIZATION OF SHARES

As on 31 March, 2012, 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, 2012 are given in Table 6.

SHARE SUSPENSE ACCOUNT

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

DEBT SECURITIES

- The Non Convertible Debentures (NCDs) of Cairn India are listed and traded at Wholesale Debt Market (WDM) Segment of NSE.
- Debenture Trustee**
Axis Trustee Services Limited
2nd Floor, Axis House
Bombay Dyeing Mills Compound
Pandurang Budhkar Marg
Worli, Mumbai- 400 025

**Types of Debentures**

- Cairn India-8.35% "Series A" Non Convertible Debentures under ISIN INE910H08012
- Cairn India-8.41% "Series B" Non Convertible Debentures under ISIN INE910H08020

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

Link Intime India Private Limited

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

Or

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 4593000
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 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)
Mannar Basin, Sri Lanka

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 Managing Director & Chief Executive Officer and Dy. Chief Financial Officer

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 Sunil Bohra, Dy. 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, 2012 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. These 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, 2012.

Rahul Dhir

Managing Director & CEO

Sunil Bohra

Dy. Chief Financial Officer

Date: 20 April, 2012

Place: Gurgaon



Auditors' Certificate

TO THE MEMBERS OF CAIRN INDIA LIMITED

We have examined the compliance of conditions of corporate governance by Cairn India Limited ('the Company'), for the year ended on March 31, 2012, 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, *except for the fact that the proportion of the independent directors to the total strength of the Board was less than the minimum prescribed limit of 50% during the period from April 1, 2011 to June 15, 2011, the Chairman of the Board being related to the promoter of the Company*, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **S.R. BATLIBOI & CO.**

Firm registration number: 301003E

Chartered Accountants

per **Raj Agrawal**

Partner

Membership No.: 82028

Place: Gurgaon

Date: April 20, 2012