



Audited Financial Statements





AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Cairn India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cairn India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Place: Gurgaon

Date: 23 April 2014

Independent Auditors' Report (contd.)

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
(vi) The Company has not accepted any deposits from the public.
(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the extraction of crude oil and natural gas, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance are not applicable to the Company.
(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in ₹ lacs) ¹	Financial year to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Additional Income Tax demand	3,035	1999-00, 2008-09, 2009-10	Not applicable as application filed for rectification
Income Tax Act, 1961	Additional Income Tax demand and penalty	2,925	2004-05, 2005-06, 2008-09	Commissioner- Appeal
Income Tax Act, 1961	Additional Income Tax demand and penalty	57,357 ²	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Income Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess and NCCD demand	21	2002-03 to 2006-07	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Oil Cess demand	8	2004-05	High Court
Finance Act, 1994	Service Tax demand	31	2002-03 to 2006-07	Central Excise and Service Tax Appellate Tribunal
Rajasthan Entry Tax Act, 1999	Entry Tax demand	457	2001-02 to 2012-13	Deputy Commissioner- Commercial Tax
Custom Act, 1962	Custom duty demand	16	2007-08	Commissioner- Appeals

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

² Includes ₹ 27,445 lacs for which the revenue department has gone in for an appeal and ₹ 819 lacs for which we have been informed that the Company is in the process of filing an appeal.

Independent Auditors' Report (contd.)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any outstanding dues in respect of a bank, financial institution or debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (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) The Company has neither raised any monies by way of public issue of shares/debentures during the current year nor did it have any amount of unutilized monies raised by way of public issue of shares/debentures at the beginning of the current year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number : 301003E

per **Raj Agrawal**

Partner

Membership No.: 82028

Place: Gurgaon

Date: 23 April 2014

Balance Sheet

As at 31 March 2014

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

	Notes	31 March 2014	31 March 2013
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital	3	190,763	191,024
Reserves and surplus	4	3,687,053	3,210,712
		3,877,816	3,401,736
Non-current liabilities			
Deferred tax liabilities (net)	12	42,294	25,083
Long-term provisions	5	169,465	131,970
		211,759	157,053
Current liabilities			
Trade payables	6	50,169	43,557
Other current liabilities	6	120,173	52,651
Short-term provisions	5	160,626	169,162
		330,968	265,370
Total		4,420,543	3,824,159
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	496,683	477,602
Intangible assets	8	3,918	3,596
Development capital work in progress	9	176,910	152,173
Exploration intangible assets under development	10	102,226	37,951
Non-current investments	11	1,603,825	1,603,825
Long-term loans and advances	13	373,803	239,321
Other non-current assets	14.2	34,735	22,356
		2,792,100	2,536,824
Current assets			
Current investments	15	1,353,617	1,037,202
Inventories	16	16,326	10,704
Trade receivables	14.1	149,930	116,954
Cash and bank balances	17	17,085	15,105
Short-term loans and advances	13	84,921	88,626
Other current assets	14.2	6,564	18,744
		1,628,443	1,287,335
Total		4,420,543	3,824,159
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P Elango

Interim CEO and
Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Statement Of Profit & Loss

For the year ended 31 March 2014

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

	Notes	31 March 2014	31 March 2013
Income			
Revenue from operations	18	992,753	920,098
Other income	19	190,164	89,967
Total revenue		1,182,917	1,010,065
Expenses			
Cess on crude oil		145,957	141,575
Share of expenses from producing oil and gas blocks		65,841	48,559
Change in inventories of finished goods	20	(987)	(1,406)
Employee benefit expenses	21	27,281	9,604
Other expenses	22	30,310	27,574
Depletion, depreciation and amortization expense	23	118,176	96,180
Finance costs	24	645	6,641
Exploration costs written off	10	18,149	6,828
		405,372	335,555
Profit before tax		777,545	674,510
Tax expenses			
Current tax		141,270	133,627
Less: MAT credit entitlement		(126,369)	(104,074)
Net current tax expense		14,901	29,553
Deferred tax charge/(credit)		17,211	(3,108)
Total tax expense		32,112	26,445
Profit for the year before impact of scheme of arrangement relating to earlier periods		745,433	648,065
Impact of scheme of arrangement relating to earlier periods	25	-	826,612
Profit for the year		745,433	1,474,677
Earnings per equity share in ₹	26		
[nominal value of share ₹ 10 (31 March 2013: ₹ 10)]			
Computed on the basis of profit for the year			
Basic		39.03	77.25
Diluted		38.95	77.14
Computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods			
Basic		39.03	33.95
Diluted		38.95	33.90
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Cash Flow Statement

For the year ended 31 March 2014

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

	31 March 2014	31 March 2013
Cash flow from operating activities		
Profit before tax	777,545	674,510
Adjustments for :		
Depletion, depreciation and amortization	123,892	100,319
Exploration costs written off	18,149	6,828
Employee stock compensation expense (equity settled)	19,868	1,198
Unrealized foreign exchange (gain)/loss (net)	1,218	(30,067)
Gain on sale of current investments (net)	(37,559)	(21,765)
Interest expense	617	6,494
Loan facility and management fees	-	100
Interest income	(14,631)	(18,474)
Share buy back expenses	375	-
Other non-operating income	(283)	(11,965)
Dividend income	(124,952)	(9,474)
Operating profit/(loss) before working capital changes	764,239	697,704
Movements in working capital :		
Increase/ (decrease) in trade payables, other liabilities and provisions	3,982	15,808
(Increase) in trade receivables	(36,594)	(37,477)
(Increase) in inventories	(15,284)	(602)
(Increase)/ decrease in loans and advances and other assets	(74,047)	14,825
Cash flow from operations	642,296	690,258
Direct taxes paid (net of refunds)	(151,027)	(125,352)
Net cash flow from operating activities before impact of scheme of arrangement relating to earlier periods	491,269	564,906
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	795,008
Net cash flow from operating activities (A)	491,269	1,359,914
Cash flows from investing activities		
Purchase of fixed assets (including capital advances)	(142,207)	(64,081)
Proceeds from sale of KG-DWN-98/2 block	17,225	-
Short term investments made (net)	(278,858)	(833,171)
Long term investments made	-	(13,758)
Deposits made having original maturity of more than three months	(1,001)	(362,297)
Proceeds from redemption/ maturity of deposits having original maturity of more than three months	85,001	493,324
Deposit made on escrow account	(14,313)	-
Interest received	11,573	20,521
Dividend received from subsidiaries	124,500	-
Dividend received on current investments	452	9,474
Payments made to site restoration fund	(2,718)	(1,996)
Net cash flow (used in) investing activities before impact of scheme of arrangement relating to earlier periods	(200,346)	(751,984)
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	(441,815)
Net cash flow (used in) investing activities (B)	(200,346)	(1,193,799)
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including securities premium)	1,481	5,887
Payment made for buy back of equity shares	(10,553)	-
Expenses paid for buy back of equity shares	(375)	-
Repayment of long-term borrowings	-	(125,000)

Cash Flow Statement (contd.)

For the year ended 31 March 2014

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

	31 March 2014	31 March 2013
Repayment of finance lease obligation	-	(184)
Dividend paid on equity shares	(238,805)	(95,488)
Tax paid on equity dividend	(40,585)	(15,491)
Interest paid	(419)	(9,304)
Net cash flow (used in) financing activities before impact of scheme of arrangement relating to earlier periods	(289,256)	(239,580)
Impact of scheme of arrangement relating to earlier periods (refer note 25)	-	(4,778)
Net cash flow used in financing activities (C)	(289,256)	(244,358)
Net increase in cash and cash equivalents (A + B + C)	1,667	(78,243)
Cash and cash equivalents at the beginning of the year	104	8,355
Cash and cash equivalents acquired on implementation of scheme of arrangement referred in note 25	-	69,992
Cash and cash equivalents at the end of the year	1,771	104
Components of cash and cash equivalents		
Cash on hand	1	1
With banks		
-deposits with original maturity of upto 3 months	1,769	60
-current accounts	1	43
Total cash and cash equivalents (note 17)	1,771	104

Notes:

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

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

P. Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary

Notes To Financial Statements

For the year ended 31 March 2014

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

1. NATURE OF OPERATIONS

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

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

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

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

Oil & Gas blocks/fields	Area	Participating Interest
Operated blocks		
Ravva block	Krishna Godavari	22.50%
CB-OS/2 – Exploration	Cambay Offshore	60.00%
CB-OS/2 -Development & production	Cambay Offshore	40.00%
RJ-ON-90/1 – Exploration	Rajasthan Onshore	50.00%
RJ-ON-90/1 – Development & production	Rajasthan Onshore	35.00%
PR-OSN-2004/1	Palar Basin Offshore	35.00%
KG-ONN-2003/1	Krishna Godavari Onshore	49.00%
KG-OSN-2009/3	Krishna Godavari Offshore	100.00%
MB-DWN-2009/1	Mumbai Deep Water	100.00%
Following block has been transferred		
Non – operated blocks		
KG-DWN-98/2 in September 2012	Krishna Godavari Deep water	10.00%
The participating interests were same in the previous year.		

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year, except to the extent stated in note 2.1 a below.

2.1 Summary of significant accounting policies

a. Change in accounting policy

During the current year, the Company has decided to measure all its outstanding stock option liabilities using the Fair value method (Black-Scholes) as against the previously followed Intrinsic value method. Accordingly, the stock option charge for the year ended 31 March 2014 is higher by ₹ 17,035 lacs (including ₹ 13,011 lacs for the period up to 31 March 2013) and profit after tax is lower by ₹ 15,276 lacs (including ₹ 11,730 lacs for the period up to 31 March 2013).

b. Oil and gas assets

The Company follows the successful efforts method of accounting for oil and gas assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI) on "Accounting for Oil and Gas Producing Activities" (Revised 2013).

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

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

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

Where results of exploration drilling indicate the presence of oil and gas reserves which are ultimately not considered commercially viable, all related costs are written off to the statement of profit and loss immediately. Following appraisal of successful exploration wells, when a well is ready for commencement of commercial production, the related exploratory and development work in progress are transferred into a single field cost centre within producing properties, after testing for impairment.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

Where costs are incurred after technical feasibility and commercial viability of producing oil and gas is demonstrated and it has been determined that the wells are ready for commencement of commercial production, they are capitalised within producing properties for each cost centre.

Subsequent expenditure is capitalised when it enhances the economic benefits of the producing properties or replaces part of the existing producing properties. Any costs remaining associated with such part replaced are expensed off in the financial statements.

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

Amounts which are not being paid by the joint venture partner in oil and gas blocks where the Company is the operator and have hence been funded by it are treated as exploration, development or production costs, as the case may be.

c. Site restoration costs

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

d. Impairment

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

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

e. Tangible fixed assets, depreciation, amortization and depletion

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

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

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

Leasehold lands are amortised over the lease period which is a maximum of 10 years. Leasehold improvements are amortized over the remaining period of the primary lease (3 to 6 years) or expected useful economic lives, whichever is shorter.

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

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

f. Intangible fixed assets and amortization

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

Computer software	2 to 4 years
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g. Leases

As lessee

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

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

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

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

h. Investments

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

i. Inventory

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

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

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

j. Joint Ventures

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

k. Revenue recognition

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

Revenue from operating activities

From sale of oil, gas and condensate

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

As operator from the joint venture

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

Tolling income

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

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

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

l. Borrowing costs

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

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

m. Foreign currency transactions and translations

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

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

n. Income taxes

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

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

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

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

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

o. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period/year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period/year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

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

p. Provisions

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

q. Cash and Cash equivalents

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

r. Employee Benefits

Retirement and Gratuity benefits

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

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

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

Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI.

The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

t. Segment Reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

u. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, is done on marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

v. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. SHARE CAPITAL	31 March 2014	31 March 2013
Authorised shares		
22,500 lacs (31 March 2013: 22,500 lacs) equity shares of ₹ 10 each	225,000	225,000
Issued, subscribed and fully paid up shares		
19,076 lacs (31 March 2013: 19,102 lacs) equity shares of ₹ 10 each	190,763	191,024
Total issued, subscribed and fully paid-up share capital	190,763	191,024

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2014		31 March 2013	
	No. lacs	₹ lacs	No. lacs	₹ lacs
At the beginning of the period	19,102	191,024	19,074	190,740
Issued during the period – ESOP	7	66	28	284
Shares extinguished pursuant to buy back (refer note 40)	(33)	(327)	-	-
Outstanding at the end of the period	19,076	190,763	19,102	191,024

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

	31 March 2014	31 March 2013
Sesa Sterlite Limited (formerly Sesa Goa Limited), the holding company 3,511 lacs (31 March 2013: 3,511 lacs) equity shares of ₹ 10 each fully paid	35,114	35,114
Twin Star Mauritius Holdings Limited, subsidiary of Sesa Sterlite Limited 7,389 lacs (31 March 2013: 7,389 lacs) equity shares of ₹ 10 each fully paid	73,887	73,887
Sesa Resources Limited, subsidiary of Sesa Sterlite Limited 327 lacs (31 March 2013: 327 lacs) equity shares of ₹ 10 each fully paid	3,270	3,270

Note: On 26 August 2013, Sesa Sterlite Limited acquired Twin Star Mauritius Holdings Limited and became the Company's holding company. However, as in the previous year, all the above entities and the Company continue to be the subsidiaries of Vedanta Resources Plc.

d. Aggregate no. of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued total 142 lacs equity shares (31 March 2013: 180 lacs equity shares) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP scheme) wherein part consideration was received in form of employee services. No other equity shares have been issued for consideration other than cash during the period five years immediately preceding the end of current period.

e. Aggregate number and class of shares bought back during the period of five years immediately preceding the reporting date:

The Company bought back 33 lacs equity shares (31 March 2013: Nil) during the period of five years immediately preceding the reporting date. Also refer note 40 below.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

3. SHARE CAPITAL CONTINUED

f. Details of shareholders holding more than 5% shares in the Company

	31 March 2014		31 March 2013	
	No. lacs	% holding in the class	No. lacs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Twin Star Mauritius Holdings Limited	7,389	38.73%	7,389	38.68%
Sesa Sterlite Limited (formerly Sesa Goa Limited)	3,511	18.41%	3,511	18.38%
Cairn UK Holdings Ltd	1,841	9.65%	1,962	10.27%
Life Insurance Corporation of India	1,704	8.93%	1,510	7.90%

As per records of the Company, including its register of shareholders/ members, the above shareholding represents legal ownerships of shares.

g. Shares reserved for issue under options

For details of shares reserved for issue under the ESOP scheme of the Company, refer note 28.

4. RESERVES AND SURPLUS

	31 March 2014	31 March 2013
Securities premium account		
Balance as per the last financial statements	2,018,757	3,029,271
Less: adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	-	(1,016,703)
Add: additions on employee stock options exercised	1,415	5,605
Less: adjustment on account of buyback of equity shares (refer note 40)	(10,226)	
Add: transferred from stock options outstanding	777	584
Closing Balance	2,010,723	2,018,757
Capital redemption reserve		
Balance as per the last financial statements	-	-
Add: transferred from general reserve on buy back of equity shares	327	-
Closing Balance	327	-
Debenture redemption reserve		
Balance as per the last financial statements	-	4,396
Add: amount transferred to surplus balance in the statement of profit and loss	-	(4,396)
Closing Balance	-	-
Employee stock options outstanding		
Gross employee stock compensation for options granted in earlier years	24,450	2,739
Add: gross compensation for options granted during the year	6,854	2,182
Less: deferred employee stock compensation	(9,723)	(2,625)
Less: transferred to securities premium on exercise of stock options	(777)	(584)
Closing Balance	20,804	1,712
General reserve		
Balance as per the last financial statements	294,935	-
Less: transferred to capital redemption reserve on account of buy back of equity shares	(327)	-
Add: transferred from surplus balance in the statement of profit and loss	74,543	294,935
Closing Balance	369,151	294,935
Surplus in the statement of profit and loss		
Balance as per last financial statements	895,308	(33,543)
Profit for the year		
Less: Appropriations	745,433	1,474,677
Proposed final equity dividend [amount per share ₹ 6.50 (31 March 2013: ₹ 6.50)]	(123,996)	(124,165)
Tax on proposed final equity dividend	(22,033)	(20,143)

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

4. RESERVES AND SURPLUS CONTINUED		
	31 March 2014	31 March 2013
Interim equity dividend [amount per share ₹ 6 (31 March 2013: ₹ 5)]	(114,639)	(95,488)
Tax on interim dividend	(19,482)	(15,491)
Transfer from debenture redemption reserve	-	4,396
Transfer to general reserve	(74,543)	(294,935)
Net surplus in the statement of profit and loss Total reserves and surplus	1,286,048	895,308
Total reserves and surplus	3,687,053	3,210,712

5. PROVISIONS				
	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for employee stock options (cash settled)**	488	573	290	817
Provision for gratuity (refer note 27)	-	-	1,545	1,323
Provision for compensated absences	-	-	1,595	1,330
	488	573	3,430	3,470
Other provisions				
Provision for site restoration*	168,977	131,397	-	-
Provision for taxation (net of advance tax)	-	-	12,127	21,384
Proposed equity dividend	-	-	123,996	124,165
Provision for tax on proposed equity dividend	-	-	21,073	20,143
	168,977	131,397	157,196	165,692
	169,465	131,970	160,626	169,162
			31 March 2014	31 March 2013

* Provision for site restoration [refer note 2.1 (c) above]

Opening balance	131,397	-
Transferred pursuant to implementation of scheme of arrangement (refer note 25)	-	30,453
Additions from 1 January 2010 to 31 March 2012	-	73,406
Additions for the year	37,580	27,538
Closing balance	168,977	131,397

** Provision for employee stock options (cash settled) [refer note 2.1 (r) above]

Opening Balance	1,390	51
Transferred pursuant to implementation of scheme of arrangement (refer note 25)	-	3,861
Net payments from 1 January 2010 to 31 March 2012	-	(2,663)
Additions for the year	1,083	1,619
Payments during the year	(853)	(1,076)
Reversed during the year	(842)	(402)
Closing Balance	778	1,390

6. OTHER CURRENT LIABILITIES		
	31 March 2014	31 March 2013
Trade payables (refer note 34 for details of dues to micro and small enterprises)	50,169	43,557
Other liabilities		
Others		
Revenue received in excess of entitlement interest	264	4,789
Statutory dues payable	8,423	8,314
Interest accrued on other than borrowings	7,809	7,611
Profit petroleum payable	4,895	2,914
Liabilities for exploration and development activities	98,782	29,023
	120,173	52,651
	170,342	96,208

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

7. TANGIBLE ASSETS

	Freehold land	Leasehold land	Buildings	Plant and machinery	Office equipments	Furniture & fixtures	Leasehold improvements	Vehicles	Oil and gas producing facilities	Total
Cost or valuation										
At 1 April 2012	-	247	-	-	15	-	-	-	-	262
Transferred pursuant to implementation of scheme of arrangement*	413	15	670	1,292	4,322	103	2,806	144	193,111	202,876
Additions from 1 January 2010 to 31 March 2012*	24	7,407	42,576	295,708	2,031	368	10	292	194,717	543,133
Additions for the year	2	610	16,011	30,517	6,034	862	-	25	72,462	126,523
Disposals	-	-	-	-	(31)	-	-	(54)	-	(85)
At 31 March 2013	439	8,279	59,257	327,517	12,371	1,333	2,816	407	460,290	872,709
Additions for the year	-	280	17,845	23,984	3,030	178	-	17	94,529	139,863
Disposals	(247)	-	-	-	(609)	-	-	(26)	-	(882)
At 31 March 2014	192	8,559	77,102	351,501	14,792	1,511	2,816	398	554,819	1,011,690
Depreciation/Depletion										
At 1 April 2012	-	-	-	-	5	-	-	-	-	5
Transferred pursuant to implementation of scheme of arrangement*	-	7	462	43	2,382	84	1,092	77	146,150	150,297
Charge from 1 January 2010 to 31 March 2012*	-	1,052	6,938	53,688	2,245	122	1,562	76	81,697	147,380
Charge for the year	-	835	5,876	32,911	2,124	130	161	43	55,426	97,506
Disposals	-	-	-	-	(27)	-	-	(54)	-	(81)
At 31 March 2013	-	1,894	13,276	86,642	6,729	336	2,815	142	283,273	395,107
Charge for the year	-	891	7,367	35,210	3,626	242	-	44	73,148	120,528
Disposals	-	-	-	-	(602)	-	-	(26)	-	(628)
At 31 March 2014	-	2,785	20,643	121,852	9,753	578	2,815	160	356,421	515,007
Net Block										
At 31 March 2013	439	6,385	45,981	240,875	5,642	997	1	265	177,017	477,602
At 31 March 2014	192	5,774	56,459	229,649	5,039	933	1	238	198,398	496,683

* refer note 25

The above gross block includes ₹ 997,108 lacs (31 March 2013: ₹ 859,594 lacs) jointly owned with the joint venture partners. Accumulated depreciation on these assets is ₹ 504,050 lacs (31 March 2013: ₹ 384,037 lacs) and net book value is ₹ 493,058 lacs (31 March 2013: ₹ 475,557 lacs).

8. INTANGIBLE ASSETS

	Goodwill*	Computer Software	Total
Gross block			
At 1 April 2012	-	10	10
Transferred pursuant to implementation of scheme of arrangement*	-	4,386	4,386
Additions from 1 January 2010 to 31 March 2012*	-	3,993	3,993
Additions for the year	1,016,703	4,314	1,021,017
Deletions	(1,016,703)	-	(1,016,703)
At 31 March 2013	-	12,703	12,703
Additions for the year	-	3,686	3,686
Deletions	-	(349)	(349)
At 31 March 2014	-	16,040	16,040
Amortization			

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

8. INTANGIBLE ASSETS CONTINUED			
	Goodwill*	Computer Software	Total
At 1 April 2012	-	10	10
Transferred pursuant to implementation of scheme of arrangement*	-	3,311	3,311
Additions from 1 January 2010 to 31 March 2012*	-	2,973	2,973
Charge for the year	-	2,813	2,813
Deletions	-	-	-
At 31 March 2013	-	9,107	9,107
Charge for the year	-	3,364	3,364
Deletions	-	(349)	(349)
At 31 March 2014	-	12,122	12,122
Net Block			
At 31 March 2013	-	3,596	3,596
At 31 March 2014	-	3,918	3,918

* refer note 25

9. DEVELOPMENT CAPITAL WORK IN PROGRESS		
	31 March 2014	31 March 2013
Opening balance	152,173	-
Add: Additions/ transferred pursuant to implementation of scheme of arrangement*	115,251	227,199
Add: Additions from exploration intangible assets under development	-	7,410
Less: Transferred to tangible assets	(90,514)	(82,436)
Closing balance **	176,910	152,173

* refer note 25

** represents ₹ 10,139 lacs (31 March 2013: ₹ 16,916 lacs) relating to oil and gas producing facilities and ₹ 166,771 lacs (31 March 2013: ₹ 135,257 lacs) relating to other tangible assets.

10. EXPLORATION INTANGIBLE ASSETS UNDER DEVELOPMENT		
	31 March 2014	31 March 2013
Opening balance	37,951	-
Add: Additions/ transferred pursuant to implementation of scheme of arrangement*	82,424	52,189
Less: Transferred to development capital work in progress	-	(7,410)
Less: Exploration costs written off	(18,149)	(6,828)
Closing balance	102,226	37,951

* refer note 25

11. NON-CURRENT INVESTMENTS		
	31 March 2014	31 March 2013
Trade investments (valued at cost unless stated otherwise)		
<i>Unquoted instruments</i>		
Investment in subsidiaries		
4,208 lacs (31 March 2013: 4,208 lacs) Equity shares of GBP 1 each fully paid-up in Cairn India Holdings Limited, U.K. (refer note 25)	1,508,970	1,508,970
1,923 lacs (31 March 2013: 1,923 lacs) Equity shares of USD 1 each fully paid-up in CIG Mauritius Holding Private Limited	94,855	94,855
	1,603,825	1,603,825
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	1,603,825	1,603,825

The Company has made equity investments in CIG Mauritius Holding Private Limited ('CMHPL') mainly for funding the expenditure pertaining to block SL 2007-01-001 held by Cairn Lanka Private Limited (a wholly owned subsidiary of CMHPL). As the block is presently under exploration phase, no diminution in value of the said investments exists at the balance sheet date.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

12. DEFERRED TAX LIABILITIES (NET)

	31 March 2014	31 March 2013
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and book depreciation and amortization charged for the financial reporting	43,182	25,802
Gross deferred tax liabilities	43,182	25,802
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	888	719
Gross deferred tax assets	888	719
Net deferred tax liabilities	42,294	25,083

In accordance with the provisions of Accounting Standard 22 'Accounting for taxes on income', the Company would have had deferred tax assets of ₹ 16,245 lacs (31 March 2013: ₹ 4,645 lacs) in respect of accumulated long term capital losses and short term capital losses. However, as the management is not virtually certain of subsequent realization of the asset, the same has not been recognized in these financial statements.

13. LOANS AND ADVANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Capital advances	7,736	1,709	-	-
Security deposit	3,291	1,705	1,000	702
Loan and advances to related parties (refer note 30)	-	-	504	662
Advances recoverable in cash or kind	-	-	76,627	13,782
	11,027	3,414	78,131	15,146
Unsecured and considered doubtful				
Advances recoverable in cash or kind	-	-	29,276	23,638
Less: provision	-	-	(29,276)	(23,638)
	-	-	-	-
Other loans and advances (unsecured and considered good)				
Advance income-tax (net of provision)	14,656	14,156	-	-
Recoverable from statutory authorities	-	-	3,000	-
Deposits with non-banking financial company	-	-	-	70,000
MAT credit entitlement	348,120	221,751	-	-
Fringe benefit tax paid (net of provision)	-	-	14	14
Prepaid expenses	-	-	3,776	3,466
	362,776	235,907	6,790	73,480
	373,803	239,321	84,921	88,626

Recoverable from statutory authorities represents education and secondary and higher education cess paid for the financial year 2013-14, for which the Company intends to file a claim for refund pursuant to circular no 978/2/2014-CX issued by Central Board of Excise & Customs.

14. TRADE RECEIVABLES AND OTHER ASSETS

14.1. TRADE RECEIVABLES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Other receivables	-	-	149,930	116,954
	-	-	149,930	116,954

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

14. TRADE RECEIVABLES AND OTHER ASSETS CONTINUED

14.2. OTHER ASSETS

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Unsecured and considered good				
Non-current bank balances (refer note 17)	13,540	10,822	-	-
Non-current inventory of stores and spares (refer note 16)	21,195	11,534	-	-
Insurance claim receivable	-	-	1,984	-
Receivable for assignment of participating interest of KG-DWN-98/2 block	-	-	-	17,225
Interest accrued on deposits and investments	-	-	4,580	1,519
	34,735	22,356	6,564	18,744

15. CURRENT INVESTMENTS (VALUED AT LOWER OF COST AND FAIR VALUE)

	31 March 2014	31 March 2013
Quoted mutual funds	836,410	276,840
Quoted bonds	154,349	50,000
Unquoted mutual funds	362,858	643,725
Unquoted certificate of deposits	-	66,637
	1,353,617	1,037,202
Aggregate amount of quoted investments [Market value: ₹ 1,034,787 lacs (31 March 2013: ₹ 330,837 lacs)]	990,759	3,26,840
Aggregate amount of unquoted investments	362,858	710,362
	1,353,617	1,037,202

The details of investments are as under :

QUOTED MUTUAL FUNDS		31 March 2014
1	800 Lacs units of ₹ 10 each of Axis Fixed Term Plan -Series 55 -Dir -Growth under Axis Mutual Fund -Growth plan	8,000
2	400 Lacs units of ₹ 10 each of Axis Fixed Term Plan -Series 60 (389 Days) -Dir -Growth under Axis Mutual Fund - Growth plan	4,000
3	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GR (399 Days) under Birla Sun Life Mutual Fund - Growth plan	4,000
4	600 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GT (366 Days) under Birla Sun Life Mutual Fund - Growth plan	6,000
5	700 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GV under Birla Sun Life Mutual Fund -Growth plan	7,000
6	1600 Lacs units of ₹ 10 each of Birla Sun Life Interval Income Fund-Annual Plan VIII -GR under Birla Sun Life Mutual Fund -Growth plan	16,000
7	890 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series HB under Birla Sun Life Mutual Fund -Growth plan	8,900
8	750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series -JQ (368 Days) under Birla Sun Life Mutual Fund - Growth plan	7,500
9	750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series JT (367 Days) under Birla Sun Life Mutual Fund - Growth plan	7,500
10	500 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series JU (369 days) under Birla Sun Life Mutual Fund - Growth plan	5,000
11	600 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series KA (415 days) -Dir under Birla Sun Life Mutual Fund -Growth plan	6,000
12	500 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KE (412 Days) -Dir under Birla Sun Life Mutual Fund -Growth plan	5,000
13	900 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan Series KR (385 days) -Dir under Birla Sun Life Mutual Fund -Growth plan	9,000
14	450 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 93 -12 M under DSP Blackrock Mutual Fund -Growth plan	4,500
15	550 Lacs units of ₹ 10 each of DSP BlackRock -FMP - Series 95 12 M under DSP Blackrock Mutual Fund -Growth plan	5,500
16	600 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 103 -12 M under DSP Blackrock Mutual Fund - Growth plan	6,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		
QUOTED MUTUAL FUNDS		31 March 2014
17	2000 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 104 -12 M under DSP Blackrock Mutual Fund - Growth plan	20,000
18	300 Lacs units of ₹ 10 each of DSP BlackRock FTP Series 36 - 15 M -Dir under DSP Blackrock Mutual Fund - Growth plan	3,000
19	500 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 144 -12M -Dir -Growth under DSP Blackrock Mutual Fund - Growth plan	5,000
20	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 23 under DWS mutual fund -Growth plan	4,000
21	700 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 26 under DWS mutual fund -Growth plan	7,000
22	240 Lacs units of ₹ 10 each of DWS FMP Series 30 under DWS mutual fund -Growth plan	2,400
23	400 Lacs units of ₹ 10 each of DWS Interval Fund -Annual Plan Series 1 under DWS mutual fund -Growth plan	4,000
24	300 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 36 -Direct Plan -Growth under DWS mutual fund - Growth plan	3,000
25	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 45 -Direct Plan -Growth under DWS mutual fund - Growth plan	4,000
26	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 46 -Direct Plan -Growth under DWS mutual fund - Growth plan	4,000
27	800 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan Series 57 -Direct Plan -Growth under DWS mutual fund - Growth plan	8,000
28	800 Lacs units of ₹ 10 each of HDFC FMP 384D March 2013 (1) under HDFC Mutual Fund -Growth plan	8,000
29	700 Lacs units of ₹ 10 each of HDFC FMP 366D April 2013 (1) under HDFC Mutual Fund -Growth plan	7,000
30	300 Lacs units of ₹ 10 each of HDFC FMP 370D April 2013 (1) under HDFC Mutual Fund -Growth plan	3,000
31	600 Lacs units of ₹ 10 each of HDFC FMP 370D April 2013 (2) under HDFC Mutual Fund -Growth plan	6,000
32	550 Lacs units of ₹ 10 each of HDFC FMP 369D June 2013 (1) Series 26 under HDFC Mutual Fund -Growth plan	5,500
33	500 Lacs units of ₹ 10 each of HDFC FMP 370 Days July 2013 (2) Series 26 under HDFC Mutual Fund -Growth plan	5,000
34	1020 Lacs units of ₹ 10 each of HDFC FMP 371D July 2013 (1) under HDFC Mutual Fund -Growth plan	10,200
35	750 Lacs units of ₹ 10 each of HDFC FMP 369D January 2014 (1) Series 29 -Dir -Growth under HDFC Mutual Fund - Growth plan	7,500
36	500 Lacs units of ₹ 10 each of HDFC FMP 372D Jan 2014 (1) under HDFC Mutual Fund -Growth plan	5,000
37	941 Lacs units of ₹ 10 each of HDFC FMP 370D January 2014 (1) -Series 29 -Dir under HDFC Mutual Fund - Growth plan	9,410
38	950 Lacs units of ₹ 10 each of HDFC FMP 371D January 2014 (2) -Series 29 -Dir under HDFC Mutual Fund - Growth plan	9,500
39	500 Lacs units of ₹ 10 each of HDFC FMP 372D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	5,000
40	350 Lacs units of ₹ 10 each of HDFC FMP 453D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	3,500
41	500 Lacs units of ₹ 10 each of HDFC FMP 371D February 2014 (1) Series 29 -Direct -Growth under HDFC Mutual Fund - Growth plan	5,000
42	1900 Lacs units of ₹ 10 each of ICICI FMP-66-420 Days Plan A under ICICI Prudential Mutual Fund -Growth plan	19,000
43	1000 Lacs units of ₹ 10 each of ICICI Prudential -FMP Series 66-407 Days Plan C under ICICI Prudential Mutual Fund - Growth plan	10,000
44	750 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 66 -407 Days Plan I under ICICI Prudential Mutual Fund -Growth plan	7,500
45	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 66 -412 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	3,500
46	500 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 67 -371 Days Plan C under ICICI Prudential Mutual Fund - Growth plan	5,000
47	600 Lacs units of ₹ 10 each of ICICI Prudential FMP series 67 - 371 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	6,000
48	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 67 - 366 Days Plan G under ICICI Prudential Mutual Fund - Growth plan	3,500
49	300 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 68 369 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	3,000
50	450 Lacs units of ₹ 10 each of ICICI Prudential Interval Fund VI - Annual Interval Plan F under ICICI Prudential Mutual Fund - Growth plan	4,500
51	900 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 68-368 Days Plan G under ICICI Prudential Mutual Fund - Growth plan	9,000
52	1500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 68 -369 Days Plan I under ICICI Prudential Mutual Fund - Growth plan	15,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		
QUOTED MUTUAL FUNDS		31 March 2014
53	450 Lacs units of ₹ 10 each of ICICI Prudential FMP -S 70 -372 Days -Plan L -Dir -Growth under ICICI Prudential Mutual Fund - Growth plan	4,500
54	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -366 Days Plan C -Dir under ICICI Prudential Mutual Fund - Growth plan	5,000
55	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 72 -366 Days Plan I -Dir under ICICI Prudential Mutual Fund - Growth plan	3,500
56	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -483 Days Plan J -Dir under ICICI Prudential Mutual Fund - Growth plan	5,000
57	500 Lacs units of ₹ 10 each of ICICI Prudential FMP series 72 -440 Days Plan L -Direct under ICICI Prudential Mutual Fund - Growth plan	5,000
58	680 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 72 -367 Days Plan R -Dir under ICICI Prudential Mutual Fund - Growth plan	6,800
59	500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -366 Days Plan A -Dir -Growth under ICICI Prudential Mutual Fund -Growth plan	5,000
60	500 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -407 Days Plan C -Dir -Growth under ICICI Prudential Mutual Fund -Growth plan	5,000
61	817 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 73 -391 Days Plan G -Dir -Growth under ICICI Prudential Mutual Fund - Growth plan	8,170
62	366 Lacs units of ₹ 10 each of ICICI Prudential Interval Fund Series VI Annual Interval Plan C -Dir under ICICI Prudential Mutual Fund - Growth plan	4,000
63	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 14 under IDFC Mutual Fund -Growth plan	3,000
64	320 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 10 under IDFC Mutual Fund -Growth plan	3,200
65	350 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 11 under IDFC Mutual Fund -Growth plan	3,500
66	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan -Series 20 -Direct under IDFC Mutual Fund -Growth plan	3,000
67	444 Lacs units of ₹ 10 each of IDFC Yearly Series Interval Fund-Series 1 -Dir under IDFC Mutual Fund -Growth plan	4,830
68	1077 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series-65 -Dir under IDFC Mutual Fund -Growth plan	10,770
69	316 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 67 -Direct -Growth under IDFC Mutual Fund -Growth plan	3,160
70	400 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 15 under JP Morgan Mutual Fund - Growth plan	4,000
71	700 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan-Series16 under JP Morgan Mutual Fund - Growth plan	7,000
72	600 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 21 under JP Morgan Mutual Fund - Growth plan	6,000
73	450 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 30 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	4,500
74	500 Lacs units of ₹ 10 each of JP Morgan India FMP Series -31 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	5,000
75	300 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series -32 -Dir -Growth under JP Morgan Mutual Fund - Growth plan	3,000
76	400 Lacs units of ₹ 10 each of Kotak FMP Series 95 under Kotak Mahindra Mutual Fund -Growth plan	4,000
77	400 Lacs units of ₹ 10 each of Kotak FMP Series 104 -Direct under Kotak Mahindra Mutual Fund -Growth plan	4,000
78	800 Lacs units of ₹ 10 each of Kotak FMP Series 105 under Kotak Mahindra Mutual Fund -Growth plan	8,000
79	500 Lacs units of ₹ 10 each of Kotak FMP Series 106 -370 Days under Kotak Mahindra Mutual Fund -Growth plan	5,000
80	700 Lacs units of ₹ 10 each of Kotak FMP Series 136 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	7,000
81	350 Lacs units of ₹ 10 each of Kotak FMP Series 137 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	3,500
82	500 Lacs units of ₹ 10 each of Kotak FMP Series 141 -Dir -Growth under Kotak Mahindra Mutual Fund -Growth plan	5,000
83	400 Lacs units of ₹ 10 each of Kotak FMP Series 147 -384 Days -Dir under Kotak Mahindra Mutual Fund -Growth plan	4,000
84	186 Lacs units of ₹ 10 each of Kotak FMP Series 151 -Direct under Kotak Mahindra Mutual Fund -Growth plan	1,860
85	270 Lacs units of ₹ 10 each of L&T FMP – VII (March13M A) under L&T mutual fund -Growth plan	2,700
86	350 Lacs units of ₹ 10 each of L&T FMP – Series 8 -Plan J -Direct Growth under L&T mutual fund -Growth plan	3,500
87	200 Lacs units of ₹ 10 each of L&T FMP - Series 10 -Plan L -Direct -Growth under L&T mutual fund -Growth plan	2,000
88	300 Lacs units of ₹ 10 each of LIC Nomura MF Fixed Maturity Plan Series 55 - 375 Days Direct Growth Plan under LIC Mutual Fund -Growth plan	3,000
89	500 Lacs units of ₹ 10 each of LIC Nomura MF Fixed Maturity Plan Series 66 - 371 Days Direct Growth Plan under LIC Mutual Fund -Growth plan	5,000
90	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 1 under Reliance Mutual Fund -Growth plan	4,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		31 March 2014
QUOTED MUTUAL FUNDS		
91	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 2 under Reliance Mutual Fund - Growth plan	5,000
92	1000 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -6 under Reliance Mutual Fund - Growth plan	10,000
93	800 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 8 under Reliance Mutual Fund - Growth plan	8,000
94	700 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXIV Series 4 -Direct under Reliance Mutual Fund - Growth plan	7,000
95	380 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIV -Series 1 under Reliance Mutual Fund -Growth plan	3,800
96	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXIV Series 18 -Growth -Direct under Reliance Mutual Fund - Growth plan	4,000
97	500 Lacs units of ₹ 10 each of Reliance Interval Fund II -Series I -Dir -Growth under Reliance Mutual Fund - Growth plan	5,000
98	350 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV Series 2 -Dir under Reliance Mutual Fund - Growth plan	3,500
99	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV -Series 14 Direct Plan Growth Plan under Reliance Mutual Fund - Growth plan	5,000
100	1838 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -1 -Dir under Reliance Mutual Fund - Growth plan	20,000
101	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 17 -Dir under Reliance Mutual Fund -Growth plan	5,000
102	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 19 -Dir -Growth under Reliance Mutual Fund - Growth plan	5,000
103	917 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 2 -Dir under Reliance Mutual Fund - Growth plan	10,000
104	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund -XXV -Series 22 -Dir under Reliance Mutual Fund - Growth plan	4,000
105	700 Lacs units of ₹ 10 each of Reliance FHF XXV -Series 24 -Dir under Reliance Mutual Fund - Growth plan	7,000
106	421 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 3 -Dir under Reliance Mutual Fund - Growth plan	4,610
107	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 27 -Dir under Reliance Mutual Fund - Growth plan	5,000
108	750 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 30 -Dir under Reliance Mutual Fund - Growth plan	7,500
109	666 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXV Series 32 -Dir under Reliance Mutual Fund - Growth plan	6,660
110	300 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII - Plan F (392 Days) under Religare Liquid Fund - Growth plan	3,000
111	470 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII -Plan D-399 Days under Religare Liquid Fund - Growth plan	4,700
112	350 Lacs units of ₹ 10 each of Religare Invesco FMP -Series XIX -Plan C under Religare Liquid Fund - Growth plan	3,500
113	350 Lacs units of ₹ 10 each of Religare Invesco FMP -Sr. 22 -Plan F (15 Months) -Dir under Religare Liquid Fund - Growth plan	3,500
114	500 Lacs units of ₹ 10 each of Religare Invesco Fixed Maturity Plan - Series 22 - Plan G under Religare Liquid Fund - Growth plan	5,000
115	300 Lacs units of ₹ 10 each of Religare Invesco FMP -Series 22 -Plan H -Dir -Growth under Religare Liquid Fund - Growth plan	3,000
116	750 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -14 under SBI mutual fund - Growth plan	7,500
117	800 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -15 under SBI mutual fund - Growth plan	8,000
118	1000 Lacs units of ₹ 10 each of SBI SDFS 366 Days 28 under SBI mutual fund - Growth plan	10,000
119	726 Lacs units of ₹ 10 each of SBI SDFS 366 Days - 29 under SBI mutual fund -Growth plan	7,260
120	500 Lacs units of ₹ 10 each of SBI SDFS 366 Days 30 under SBI mutual fund - Growth plan	5,000
121	450 Lacs units of ₹ 10 each of SBI SDFS 366 Days 31 under SBI mutual fund - Growth plan	4,500
122	850 Lacs units of ₹ 10 each of SBI SDFS 366 Days 32 under SBI mutual fund - Growth plan	8,500
123	700 Lacs units of ₹ 10 each of SBI SDFS 366 Days 33 under SBI mutual fund - Growth plan	7,000
124	350 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan-DC 15 Months under Sundaram Mutual Fund - Growth plan	3,500
125	380 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan DF 396 Days under Sundaram Mutual Fund - Growth plan	3,800
126	1250 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme G under Tata Mutual Fund - Growth plan	12,500
127	300 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme B under Tata Mutual Fund - Growth plan	3,000
128	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme H DI under Tata Mutual Fund -Growth plan	4,000
129	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 43 Scheme A under Tata Mutual Fund -Growth plan	5,000
130	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 44 Scheme A -Direct under Tata Mutual Fund - Growth plan	5,000
131	480 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme I -Dir under Tata Mutual Fund -Growth plan	4,800
132	750 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme L -Dir under Tata Mutual Fund -Growth plan	7,500
133	350 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme M -Dir under Tata Mutual Fund -Growth plan	3,500

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For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		
QUOTED MUTUAL FUNDS		31 March 2014
134	404 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme T -Dir under Tata Mutual Fund -Growth plan	4,040
135	500 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme O -Dir under Tata Mutual Fund -Growth plan	5,000
136	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 46 Scheme P -Dir under Tata Mutual Fund - Growth plan	4,000
137	600 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -I (368 days) under UTI Mutual Fund - Growth plan	6,000
138	350 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -II (367 days) under UTI Mutual Fund - Growth plan	3,500
139	300 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -III (366 days) under UTI Mutual Fund - Growth plan	3,000
140	700 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund -Series XV -IV (368 days) under UTI Mutual Fund - Growth plan	7,000
141	700 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -V (366 days) under UTI Mutual Fund -Growth plan	7,000
142	634 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -VII under UTI Mutual Fund - Growth plan	6,340
143	600 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund Series XV -VI (368 days) under UTI Mutual Fund -Growth plan	6,000
Total		836,410
UNQUOTED MUTUAL FUNDS		31 March 2014
1	40 Lacs units of ₹ 10 each of DWS Insta Cash Plus Fund -Dir Plan -Annual Bonus under DWS mutual fund - Bonus plan	3,939
2	753 Lacs units of ₹ 10 each of Sundaram Money Fund Direct Plan -Bonus under Sundaram Mutual Fund - Bonus plan	11,630
3	231 Lacs units of ₹ 100 each of Birla Sun Life Saving Fund -Direct under Birla Sun Life Mutual Fund - Growth plan	50,671
4	1452 Lacs units of ₹ 10 each of DWS Ultra Short Term Fund -Direct under DWS mutual fund - Growth plan	19,778
5	410 Lacs units of ₹ 100 each of ICICI Prudential Flexible Income Plan -Direct under ICICI Prudential Mutual Fund - Growth plan	87,955
6	1105 Lacs units of ₹ 10 each of IDFC Money Manager - Investment Plan under IDFC Mutual Fund -Growth plan	20,000
7	1183 Lacs units of ₹ 10 each of JM Money Manager Fund - Super Plus Plan (Direct) -Bonus Option -Principal Units (512) under JM Financial -Mutual Fund - Bonus plan	11,928
8	1972 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan - Direct under JP Morgan Mutual Fund - Bonus plan	20,005
9	481 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan - Direct under JP Morgan Mutual Fund - Bonus plan	5,000
10	31 Lacs units of ₹ 1000 each of Reliance Money Manager Fund -Direct under Reliance Mutual Fund -Growth plan	48,742
11	24 Lacs units of ₹ 1000 each of SBI SHDF -Ultra Short Term Fund -Direct under SBI mutual fund -Growth plan	35,956
12	14 Lacs units of ₹ 1000 each of Tata Floater Fund -Direct under Tata Mutual Fund -Growth plan	24,721
13	15 Lacs units of ₹ 1000 each of UTI Treasury Advantage -Direct under UTI Mutual Fund -Growth plan	22,533
Total		362,858
QUOTED BONDS		31 March 2014
1	1000 units of ₹ 10 Lacs each fully paid up of 8.46% India Infrastructure Finance Company Ltd tax free bonds	9,902
2	1000 units of ₹ 10 Lacs each fully paid up of 8.48% India Infrastructure Finance Company Ltd tax free bonds	9,923
3	1000000 units of ₹ 1000 each fully paid up of 8.55% India Infrastructure Finance Company Ltd tax free bonds	9,974
4	5000000 units of ₹ 1000 each fully paid up of 7.18% India Railway Finance Corporation Limited tax free bonds	46,878
5	127685 units of ₹ 5000 each fully paid up of 8.68% National Housing Bank tax free bonds	6,384
6	180492 units of ₹ 5000 each fully paid up of 8.63% National Housing Bank tax free bonds	9,025
7	1500 units of ₹ 10 Lacs each fully paid up of 8.48% National Highways Authority of India tax free bonds	14,981
8	395812 units of ₹ 1000 each fully paid up of 8.48% NTPC tax free bonds	3,926
9	400 units of ₹ 10 Lacs each fully paid up of 8.63% NTPC tax free bonds	4,000
10	971671 units of ₹ 1000 each fully paid up of 8.54% Power Finance Corporation Limited tax free bonds	9,685
11	420 units of ₹ 10 Lacs each fully paid up of 8.46% Rural Electrification Corporation Limited tax free bonds	4,159
12	500 units of ₹ 10 Lacs each fully paid up of 9.27% Power Finance Corporation Limited bonds	4,885
13	2000 units of ₹ 10 Lacs each fully paid up of 0% LIC Housing Finance Limited bonds	20,000
14	50 units of ₹ 10 Lacs each fully paid up of 0% Housing and Urban Development Corporation Limited bonds	627
Total		154,349

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

15. CURRENT INVESTMENTS CONTINUED		
QUOTED MUTUAL FUNDS		31 March 2013
1	300 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series FU under Birla Sun Life Mutual Fund -Growth plan	3,000
2	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series FV (367 Days) under Birla Sun Life Mutual Fund- Growth plan	4,000
3	750 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GG (368 Days) under Birla Sun Life Mutual Fund- Growth plan	7,500
4	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GJ (367 Days) under Birla Sun Life Mutual Fund - Growth plan	4,000
5	400 Lacs units of ₹ 10 each of Birla Sun Life Fixed Term Plan -Series GR (399 Days) under Birla Sun Life Mutual Fund- Growth plan	4,000
6	300 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 81-12M under DSP Blackrock Mutual Fund -Growth plan	3,000
7	300 Lacs units of ₹ 10 each of DSP BlackRock FMP-Series 82-12M under DSP Blackrock Mutual Fund -Growth plan	3,000
8	450 Lacs units of ₹ 10 each of DSP BlackRock -FMP -Series 93 -12 M under DSP Blackrock Mutual Fund -Growth plan	4,500
9	400 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 23 under DWS mutual fund -Growth plan	4,000
10	700 Lacs units of ₹ 10 each of DWS Fixed Maturity Plan -Series 26 under DWS mutual fund -Growth plan	7,000
11	240 Lacs units of ₹ 10 each of DWS FMP Series 30 under DWS mutual fund -Growth plan	2,400
12	300 Lacs units of ₹ 10 each of HDFC FMP 371D November 2012 (1) Growth -Series 23 under HDFC Mutual Fund - Growth plan	3,000
13	300 Lacs units of ₹ 10 each of HDFC FMP 371D November 2012 (2) Growth -Series 23 under HDFC Mutual Fund - Growth plan	3,000
14	434 Lacs units of ₹ 10 each of HDFC FMP 372D January 2013 (3) Series 23 under HDFC Mutual Fund -Growth plan	4,340
15	800 Lacs units of ₹ 10 each of HDFC FMP 384D March 2013 (1) under HDFC Mutual Fund -Growth plan	8,000
16	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 367 Days Plan B under ICICI Prudential Mutual Fund - Growth plan	3,000
17	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 367 Days Plan H under ICICI Prudential Mutual Fund- Growth plan	3,000
18	300 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 65 - 366 Days Plan I DP under ICICI Prudential Mutual Fund- Growth plan	3,000
19	1900 Lacs units of ₹ 10 each of ICICI FMP-66 420 Days Plan A under ICICI Prudential Mutual Fund -Growth plan	19,000
20	1000 Lacs units of ₹ 10 each of ICICI Prudential -FMP Series 66 - 407 Days Plan C under ICICI Prudential Mutual Fund- Growth plan	10,000
21	750 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 66 -407 Days Plan I under ICICI Prudential Mutual Fund -Growth plan	7,500
22	350 Lacs units of ₹ 10 each of ICICI Prudential FMP Series 66 - 412 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	3,500
23	500 Lacs units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan Series 67 -371 Days Plan C under ICICI Prudential Mutual Fund -Growth plan	5,000
24	600 Lacs units of ₹ 10 each of ICICI Prudential FMP series 67 - 371 Days Plan E under ICICI Prudential Mutual Fund - Growth plan	6,000
25	400 Lacs units of ₹ 10 each of IDFC Yearly Series Interval Fund -Series I under IDFC Mutual Fund -Growth plan	4,000
26	300 Lacs units of ₹ 10 each of IDFC Fixed Term Plan Series 14 under IDFC Mutual Fund -Growth plan	3,000
27	320 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 10 under IDFC Mutual Fund -Growth plan	3,200
28	350 Lacs units of ₹ 10 each of IDFC Fixed Term Plan – Series 11 under IDFC Mutual Fund -Growth plan	3,500
29	400 Lacs units of ₹ 10 each of JP Morgan India Fixed Maturity Plan Series 15 under JP Morgan Mutual Fund - Growth plan	4,000
30	700 Lacs units of ₹ 10 each of JPMorgan India Fixed Maturity Plan-Series 16 under JP Morgan Mutual Fund - Growth plan	7,000
31	400 Lacs units of ₹ 10 each of Kotak FMP Series 95 under Kotak Mahindra Mutual Fund -Growth plan	4,000
32	270 Lacs units of ₹ 10 each of L&T FMP – VII (March 13M A) under L&T mutual fund -Growth plan	2,700
33	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 31 (366 days) under Reliance Mutual Fund - Growth plan	3,000
34	300 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXII Series 35 -367 days under Reliance Mutual Fund - Growth plan	3,000

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		
QUOTED MUTUAL FUNDS		31 March 2013
35	400 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 1 under Reliance Mutual Fund -Growth plan	4,000
36	500 Lacs units of ₹ 10 each of Reliance Fixed Horizon Fund XXIII -Series 2 under Reliance Mutual Fund -Growth plan	5,000
37	2000 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series -1 under Reliance Mutual Fund -Growth plan	20,000
38	1850 Lacs units of ₹ 10 each of Reliance Yearly Interval Fund -Series 2 under Reliance Mutual Fund -Growth plan	18,500
39	300 Lacs units of ₹ 10 each of Religare FMP Series XVI -Plan C (367 days) under Religare Liquid Fund -Growth plan	3,000
40	300 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII – Plan F (392 Days) under Religare Liquid Fund -Growth plan	3,000
41	470 Lacs units of ₹ 10 each of Religare Fixed Maturity Plan -Series XVII -Plan D-399 Days under Religare Liquid Fund -Growth plan	4,700
42	400 Lacs units of ₹ 10 each of SBI SDFS 366 days -18 under SBI mutual fund -Growth plan	4,000
43	220 Lacs units of ₹ 10 each of SBI SDFS 366 days -20 under SBI mutual fund -Growth plan	2,200
44	750 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -14 under SBI mutual fund -Growth plan	7,500
45	800 Lacs units of ₹ 10 each of SBI Debt Fund Series -13 Months -15 under SBI mutual fund -Growth plan	8,000
46	350 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan-DC 15 Months under Sundaram Mutual Fund -Growth plan	3,500
47	380 Lacs units of ₹ 10 each of Sundaram Fixed Term Plan DF 396 Days under Sundaram Mutual Fund -Growth plan	3,800
48	1250 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme G under Tata Mutual Fund -Growth plan	12,500
49	300 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme B under Tata Mutual Fund -Growth plan	3,000
50	400 Lacs units of ₹ 10 each of Tata Fixed Maturity Plan Series 42 Scheme H DI under Tata Mutual Fund -Growth plan	4,000
51	269 Lacs units of ₹ 10 each of UTI Fixed Income Interval Fund -Annual Interval Plan -IV under UTI Mutual Fund -Growth plan	4,000
52	400 Lacs units of ₹ 10 each of UTI Fixed Term Income Fund -Series XIII -I (368 Days) under UTI Mutual Fund -Growth plan	4,000
Total		276,840

UNQUOTED MUTUAL FUNDS		31 March 2013
1	397 Lacs units of ₹ 10 each of JM High Liquidity Fund -Regular Plan -Bonus Option -Principal Units (52) under JM Financial -Mutual Fund -Bonus plan	3,902
2	495 Lacs units of ₹ 10 each of Sundaram Money Manger under Sundaram Mutual Fund -Daily Divi Reinvt plan	5,004
3	231 Lacs units of ₹ 100 each of Birla Sun Life Saving Fund -Direct under Birla Sun Life Mutual Fund -Growth plan	50,671
4	3015 Lacs units of ₹ 10 each of DWS Ultra Short Term Fund -Direct under DWS mutual fund -Growth plan	41,085
5	2010 Lacs units of ₹ 10 each of HDFC Floating Rate Fund -STP under HDFC Mutual Fund -Growth plan	40,000
6	473 Lacs units of ₹ 100 each of ICICI Prudential Flexible Income Plan -Direct under ICICI Prudential Mutual Fund -Growth plan	101,402
7	1105 Lacs units of ₹ 10 each of IDFC Money Manager -Investment Plan under IDFC Mutual Fund -Growth plan	20,000
8	3944 Lacs units of ₹ 10 each of JP Morgan India Treasury Fund -Bonus Plan -Direct under JP Morgan Mutual Fund -Bonus plan	60,016
9	2337 Lacs units of ₹ 10 each of Kotak Floater Long Term -Direct under Kotak Mahindra Mutual Fund -Growth plan	42,732
10	37 Lacs units of ₹ 1,000 each of Reliance Money Manager Fund -Direct under Reliance Mutual Fund -Growth plan	57,656
11	38 Lacs units of ₹ 1,000 each of SBI SHDF -Ultra Short Term Fund -Direct under SBI mutual fund -Growth plan	55,637
12	29 Lacs units of ₹ 1,000 each of Tata Floater Fund -Direct under Tata Mutual Fund -Growth plan	50,753
13	3055 Lacs units of ₹ 10 each of Templeton India Ultra Short Bond Fund -Direct under Templeton Fund -Growth plan	45,691
14	44 Lacs units of ₹ 1,000 each of UTI Treasury Advantage -Direct under UTI Mutual Fund -Growth plan	67,749
15	1 Lacs units of ₹ 1,000 each of UTI Treasury Advantage -Bonus under UTI Mutual Fund -Bonus plan	1,427
Total		643,725

CERTIFICATE OF DEPOSITS		31 March 2013
1	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of IDBI Bank under IDBI Bank - plan	9,149
2	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of ICICI Bank under ICICI Bank - plan	9,145
3	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Axis Bank under Axis Bank - plan	4,575
4	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of ICICI Bank under ICICI Bank - plan	4,574

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

15. CURRENT INVESTMENTS CONTINUED		
CERTIFICATE OF DEPOSITS		31 March 2013
5	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Andhra Bank under Andhra Bank -plan	4,575
6	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Allahabad Bank under Allahabad Bank - plan	4,575
7	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of UCO Bank under UCO Bank -plan	4,574
8	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Corporation Bank under Corporation Bank - plan	4,575
9	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,580
10	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of Vijaya Bank under Vijaya Bank - plan	4,572
11	0.1 Lacs units of ₹ 100,000 each of certificate of deposits of State Bank of Travancore under State Bank of Travancore - plan	11,743
Total		66,637

TAX FREE BONDS		31 March 2013
1	50 Lacs units of ₹ 1,000 each fully paid up, 10 year 7.18% tax free bonds of Indian Railway Finance Corporation	50,000
		50,000

16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)				
	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Finished goods (crude oil)*	-	-	7,625	6,638
Stores and spares	21,195	11,534	8,701	4,066
	21,195	11,534	16,326	10,704
Less: amount disclosed under other non-current assets	(21,195)	(11,534)	-	-
	-	-	16,326	10,704

*includes stock in pipeline ₹ 4,871 lacs (31 Mar 2013: ₹ 4,720 lacs).

17. CASH AND BANK BALANCES				
	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Balances with banks:				
- Current accounts	-	-	1	43
- Deposits with original maturity of upto 3 months	-	-	1,769	60
Cash on hand	-	-	1	1
	-	-	1,771	104
Other bank balances				
- Deposits with original maturity for more than 12 months	-	-	1,000	1
- Deposits with original maturity for more than 3 months but upto 12 months	-	-	1	15,000
- Escrow account (refer note 40)	-	-	14,313	-
- Site restoration fund	13,540	10,822	-	-
	13,540	10,822	15,314	15,001
Less: amount disclosed under other non-current assets	(13,540)	(10,822)	-	-
	-	-	17,085	15,105

18. REVENUE FROM OPERATIONS		
	31 March 2014	31 March 2013
Sale of finished goods		
Crude oil and condensate	1,293,118	1,123,241
Gas	17,319	14,031

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

18. REVENUE FROM OPERATIONS CONTINUED		
	31 March 2014	31 March 2013
Less: Government share of profit petroleum	(321,039)	(219,126)
	989,398	918,146
Sale of services (tolling income)	3,301	1,462
Other operating revenue (income received as operator from joint venture)	54	490
	992,753	920,098

19. OTHER INCOME		
	31 March 2014	31 March 2013
Interest income on		
Bank deposits	2,581	16,697
Current investments	9,816	1,585
Others	2,234	192
Dividend income on current investments	452	9,474
Dividend income from subsidiaries	124,500	-
Gain on sale of current investments (net)*	37,559	21,765
Exchange differences (net)	12,739	28,289
Other non-operating income	283	11,965
	190,164	89,967

* net of loss on adjustment to carrying value of current investment of ₹ 3,447 lacs (31 March 2013: Nil)

20. CHANGE IN INVENTORIES OF FINISHED GOODS		
	31 March 2014	31 March 2013
Inventories at the end of the year	7,625	6,638
Inventories at the beginning of the year (previous year includes inventory acquired pursuant to the implementation of scheme of arrangement referred to in note 25)	6,638	5,232
	(987)	(1,406)

21. EMPLOYEE BENEFIT EXPENSES		
	31 March 2014	31 March 2013
Salaries, wages and bonus	59,287	44,917
Contribution to provident fund	2,598	2,028
Contribution to superannuation fund	1,498	1,321
Employee stock option scheme (note 28)	20,110	2,415
Gratuity expense (refer note 27)	867	1,023
Compensated absences	373	704
Staff welfare expenses	6,928	4,672
	91,661	57,080
Less: Cost allocated to joint ventures	(64,380)	(47,476)
	27,281	9,604

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

22. OTHER EXPENSES		
	31 March 2014	31 March 2013
Data acquisition and analysis	1,194	874
Arbitration costs	55	65
Royalty	1,749	1,932
Legal and professional fees	22,164	17,283
Donations to political parties	750	-
Auditors' remuneration		
As auditor:		
Fees for audit of standalone and consolidated financial statements	41	41
Fees for limited review of standalone and consolidated quarterly financial results	45	45
Fees for certification and agreed upon procedures	10	9
Fees for audit of the tax financial statements and form 3CD	3	42
Fees for other services	11	11
Reimbursement of expenses	5	9
Travelling and conveyance	6,355	4,950
Commission to independent directors	498	-
Share buy back expenses	375	-
Directors' sitting fees	15	14
Contract employee charges	7,089	4,692
Rent	4,578	3,592
Rates and Taxes	1,835	1,643
Insurance	2,182	1,945
Repairs and maintenance		
Buildings	1,030	1,613
Others	5,062	4,287
Miscellaneous expenses	13,102	13,573
	68,148	56,620
Less: Cost allocated to joint ventures	(37,838)	(29,046)
	30,310	27,574

23. DEPLETION, DEPRECIATION AND AMORTIZATION EXPENSE		
	31 March 2014	31 March 2013
Depreciation and depletion of tangible assets	120,528	97,506
Amortization of intangible assets	3,364	2,813
Less: Cost allocated to joint ventures	(5,716)	(4,139)
	118,176	96,180

24. FINANCE COSTS		
	31 March 2014	31 March 2013
Interest	630	6,514
Loan facility and management fees	-	100
Bank charges	28	47
	658	6,661
Less: Cost allocated to joint ventures	(13)	(20)
	645	6,641

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

25. SCHEME OF ARRANGEMENT

The shareholders of the Company had in February 2010 approved a Scheme of Arrangement ('Scheme') between the Company and four of its wholly owned subsidiaries, Cairn Energy India Pty Ltd ('CEIPL'), Cairn Energy India West BV ('CEIW'), Cairn Energy Cambay BV ('CEC'), Cairn Energy Gujarat BV ('CEG'), (collectively the 'transferor companies'), with an appointed date of 1 January 2010. The Scheme had been approved by the Hon'ble High Court of Madras and Hon'ble High Court of Bombay and was subsequently approved by other relevant regulatory authorities on 18 October 2012. Accordingly, from 1 January 2010, the Indian undertakings of the transferor companies stood transferred to and vested in the Company on a going concern basis.

In accordance with the provisions of the aforesaid Scheme net assets of ₹ 478,575 lacs were transferred from the transferor companies to the Company. The said net assets were further reduced by ₹ 5,093 lacs on account of adjustments required to align the balances to the Company's accounting policies and tax rates etc. Consequentially, there was a reduction in the value of investments in the Company's direct subsidiary Cairn India Holdings Limited by ₹ 1,016,703 lacs leading to creation of a goodwill of an equivalent amount.

Further, in accordance with the Special Resolution passed by the shareholders of the Company under sections 78 and 100 to 103 of the Companies Act, 1956, which was an integral part of the aforesaid Scheme approved the Courts, the aforesaid goodwill had been adjusted against the securities premium account and as a result both goodwill and securities premium account were stated lower by ₹ 1,016,703 lacs each. This accounting, although different from that prescribed under the Accounting Standards, was in conformity with the accounting principles generally accepted in India, as the same had been approved by the Court and had no impact on the profits for the previous year.

Since the Scheme received all the requisite approvals during the previous year, net profit of ₹ 826,612 lacs relating to the operations of the Indian undertakings of the transferor companies from 1 January 2010 to 31 March 2012 was accounted for in the previous year's statement of profit and loss as a separate line item. Further, net cash flows for the period 1 January 2010 to 31 March 2012 pertaining to the transferor companies on account of operating, investing and financing activities aggregating to ₹ 795,008 lacs, ₹ (441,815) lacs and ₹ (4,778) lacs respectively had been included in the previous year's statement of cash flows as a separate line item under the respective heads.

26. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2014	31 March 2013
Profit for the year as per Statement of Profit & Loss	745,433	1,474,677
Less: Impact of scheme of arrangement relating to earlier periods	-	826,612
Profit for the year before impact of scheme of arrangement relating to earlier periods	745,433	648,065
	No. lacs	No. lacs
Weighted average number of equity shares in calculating basic EPS	19,101	19,089
Effect of dilution:		
Stock options granted under employee stock options	39	29
Weighted average number of equity shares in calculating diluted EPS	19,140	19,118
Earnings per equity share in ₹ computed on the basis of profit for the year		
Basic	39.03	77.25
Diluted	38.95	77.14
Earnings per equity share in ₹ computed on the basis of profit for the year before impact of scheme of arrangement relating to earlier periods		
Basic	39.03	33.95
Diluted	38.95	33.90

27. GRATUITY

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and amounts recognized in the balance sheet for the respective plans.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

27. GRATUITY CONTINUED		
	31 March 2014	31 March 2013
Statement of profit and loss		
Net employee benefit expense recognized in the employee cost		
Current service cost	752	609
Interest cost on benefit obligation	294	216
Expected return on plan assets	(192)	(172)
Net actuarial (gain) / loss recognized in the year	13	370
Net benefit expense	867	1,023
Actual return on plan assets	197	176
Balance sheet		
Benefit asset/ liability		
Present value of defined benefit obligation	4,503	3,676
Fair value of plan assets	2,958	2,353
Plan asset / (liability)	(1,545)	(1,323)
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation*	3,676	2,698
Current service cost	752	609
Interest cost	294	216
Benefits paid	(237)	(221)
Actuarial (gains) / losses on obligation	18	374
Closing defined benefit obligation	4,503	3,676
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets*	2,353	1,820
Expected return	192	172
Contributions by employer	645	578
Benefits paid	(237)	(221)
Actuarial gains / (losses)	5	4
Closing fair value of plan assets	2,958	2,353

* For the year 2012-13, opening defined benefit obligation and opening fair value of plan assets include ₹ 2,595 lacs & ₹ 1,820 lacs respectively, transferred from the transferor companies pursuant to the implementation of the scheme of arrangement referred to in note 25.

The Company's expected contribution to the fund in the next year is ₹ 1,054 lacs (31 March 2013: ₹ 939 lacs).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31 March 2014	31 March 2013
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

	31 March 2014	31 March 2013
Discount rate	9.00%	8.00%
Future salary increase	12.00%	10.00%
	31 March 2014	31 March 2013
Expected rate of return on assets	9.45%	9.45%
Employee turnover	10.00%	5.00%
Mortality rate	IALM (2006 -08)	IALM (1994-96)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

27. GRATUITY CONTINUED

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Amounts for the current and previous four periods are as follows:

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	4,503	3,676	103	80	66
Plan assets	2,958	2,353	-	-	-
Surplus/ (deficit)	(1,545)	(1,323)	(103)	(80)	(66)
Experience adjustments on plan assets	5	4	-	-	-
Experience adjustments on plan liabilities	(396)	(374)	(2)	5	(6)

The Company is maintaining a fund with the Life Insurance Corporation of India (LIC) to meet its gratuity liability. The present value of the plan assets represents the balance available with the LIC as at the end of the year. The total value of plan assets is as certified by the LIC.

28. EMPLOYEE STOCK OPTION PLANS

The Company has provided various share based payment schemes to its employees. During the year ended 31 March 2014, the following schemes were in operation:

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Board Approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Date of Shareholder's approval	17-Nov-06	17-Nov-06	Not applicable	Not applicable
Number of options granted till March 2014	12,499,781	30,112,439	4,026,214	758,370
Method of Settlement	Equity	Equity	Cash	Cash
Vesting Period	3 years from grant date	3 years from grant date	3 years from grant date	3 years from grant date
Exercise Period	3 months from vesting date	7 years from vesting date	Immediately upon vesting	Immediately upon vesting

Number of options granted till 31 March 2014:

Particulars	CIPOP	CIESOP	CIPOP Phantom	CIESOP Phantom
Date of Grant				
24-Nov-06	-	-	-	-
01-Jan-07	1,708,195	3,467,702	-	-
20-Sep-07	3,235,194	5,515,053	-	-
29-Jul-08	789,567	3,773,856	822,867	324,548
10-Dec-08	-	36,040	-	38,008
22-Jun-09	-	-	69,750	-
29-Jul-09	994,768	5,405,144	1,230,416*	211,362
27-Jul-10	584,144	3,027,463	614,999*	93,572
23-Dec-10	-	-	23,645	-
26-Jul-11	1,006,415	4,733,714	390,654	66,385
23-Jul-12	890,501	4,153,467	441,624	24,495
23-Jul-13	3,290,997	-	432,259	-
Total	12,499,781	30,112,439	4,026,214	758,370

* includes 169,944 & 260,288 options converted from CIPOP to CIPOP Phantom in 29-Jul-09 & 27-Jul-10 grants respectively during the financial year 2011-12.

The vesting conditions of the above plans are as under-

CIPOP plan (including phantom options)

Options will vest (i.e., become exercisable) at the end of a "performance period" which has been set by the remuneration committee at the time of grant (although such period will not be less than three years). However, the percentage of an option which vests on this date will be determined by the extent to which pre-determined performance conditions have been satisfied. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

CIESOP plan (including phantom options)

There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Details of activities under employees stock option plans

CIPOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	1,505,363	10.00	1,082,340	10.00
Granted during the year	3,290,997	10.00	890,501	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	221,029	10.00
Forfeited / cancelled during the year	357,047	10.00	246,449	10.00
Outstanding at the end of the year	4,439,313	10.00	1,505,363	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 265.08 (31 March 2013: ₹ 320.98)

Weighted average share price at the date of exercise of stock options is NA (31 March 2013: ₹ 344.46)

CIESOP Plan	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	13,971,816	298.51	13,963,416	278.49
Granted during the year	Nil	NA	4,153,467	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	662,266	223.66	2,621,017	223.86
Forfeited / cancelled during the year	786,472	325.70	1,524,050	320.70
Outstanding at the end of the year	12,523,078	300.76	13,971,816	298.51
Exercisable at the end of the year	5,499,118	266.86	4,135,249	228.10

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 188.87)

Weighted average share price at the date of exercise of stock options is ₹ 314.11 (31 March 2013: ₹ 331.27)

CIPOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	873,689	10.00	49,041	10.00
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	Nil	NA	989,165	10.00
Granted during the year	432,259	10.00	441,624	10.00
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	236,392	10.00	Nil	NA
Forfeited / cancelled during the year	470,782	10.00	606,141	10.00
Outstanding at the end of the year	598,774	10.00	873,689	10.00
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is ₹ 280.3 (31 March 2013: ₹ 323.11)

Weighted average share price at the date of exercise of stock options is ₹ 303.45 (31 March 2013: NA)

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the beginning of the year	41,975	327.86	Nil	NA
Add: Adjustment pursuant to implementation of Scheme of Arrangement (refer note 25)	Nil	NA	263,711	278.79
Granted during the year	Nil	NA	24,495	326.85
Expired during the year	Nil	NA	Nil	NA
Exercised during the year	Nil	NA	Nil	NA
Forfeited / cancelled during the year	7,659	331.25	246,231	275.21

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

CIESOP Plan – Phantom options	31 March 2014		31 March 2013	
	Number of options	Weighted average exercise price in ₹	Number of options	Weighted average exercise price in ₹
Outstanding at the end of the year	34,316	327.11	41,975	327.86
Exercisable at the end of the year	Nil	NA	Nil	NA

Weighted average fair value of options granted on the date of grant is NA (31 March 2013: ₹ 100.84)

The details of exercise price for stock options outstanding as at 31 March 2014 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	4,439,313	1.89	10.00
CIESOP Plan	160-331.25	12,523,078	0.46	300.76
CIPOP Plan – Phantom options	10.00	598,774	1.78	10.00
CIESOP Plan – Phantom options	326.85-327.75	34,316	1.03	327.11

The details of exercise price for stock options outstanding as at 31 March 2013 are:

Scheme	Range of exercise price in ₹	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price in ₹
CIPOP Plan	10.00	1,505,363	1.83	10.00
CIESOP Plan	143-331.25	13,971,816	1.04	298.51
CIPOP Plan – Phantom options	10.00	873,689	1.37	10.00
CIESOP Plan – Phantom options	326.85-331.25	41,975	1.72	327.86

Effect of Employees Stock Option Plans on Financial Position

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

Particulars	31 March 2014	31 March 2013
Total Employee Compensation Cost pertaining to share-based payment plans	20,110	2,415
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	19,868	1,198
Compensation Cost pertaining to cash-settled employee share-based payment plan included above	242	1,217
Equity settled employee stock options outstanding as at year end	20,804	1,712
Liability for cash settled employee stock options outstanding as at year end	778	1,390
Deferred compensation cost of equity settled options	9,723	2,625
Deferred compensation cost of cash settled options	1,052	1,147

Inputs for Fair valuation of Employees Stock Option Plans

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

Variables – CIPOP		
Grant date	23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the date of grant (₹)	326.85	306.70
Vesting date	23 July 2015	23 July 2016
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	44.25%	28.30%
Risk free rate	8.18%	8.47%
Time to maturity (years)	3.12	3.13
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	320.98	265.08

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

Variables – CIESOP	
Grant date	23 July 2012
Stock Price/fair value of the equity shares on the date of grant (₹)	326.85
Vesting date	23 July 2015
Vesting %	100.00%
Volatility	44.25%
Risk free rate	8.18%
Time to maturity (years)	6.50
Exercise price (₹)	326.85
Fair Value of the options (₹)	188.87

Note: No options have been granted during the year under CIESOP scheme.

Variables – CIPOP Phantom		
Grant date	23 July 2012	23 July 2013
Stock Price/fair value of the equity shares on the reporting date (₹)	333.00	333.00
Vesting date	23 July 2015	23 July 2016
Vesting %	Refer vesting conditions	Refer vesting conditions
Volatility	23.48%	26.54%
Risk free rate	8.48%	8.65%
Time to maturity (years)	1.31	2.32
Exercise price (₹)	10.00	10.00
Fair Value of the options (₹)	308.05	297.10

Variables – CIESOP Phantom	
Grant date	23 July 2012
Stock Price of the equity shares on the reporting date (₹)	333.00
Vesting date	23 July 2015
Vesting %	Refer vesting conditions
Volatility	23.48%
Risk free rate	8.48%
Time to maturity (years)	1.31
Exercise price (₹)	326.85
Fair Value of the options (₹)	46.32

Note: No options have been granted during the year under CIESOP Phantom scheme.

Volatility is the measure of the amount by which the price has fluctuated or is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. Time to maturity /expected life of options is the period for which the Company expects the options to be live. Time to maturity has been calculated as an average of the minimum and maximum life of the options.

Impact of Fair Valuation Method on net profits and EPS

In March 2005, the Institute of Chartered Accountants of India has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

	31 March 2014	31 March 2013
Profit as reported	745,433	1,474,677
Add: Employee stock compensation under intrinsic value method	-	2,415
Less: Employee stock compensation under fair value method	-	(7,246)

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

28. EMPLOYEE STOCK OPTION PLANS CONTINUED

	31 March 2014	31 March 2013
Proforma profit	745,433	1,469,846
Earnings Per Share in ₹		
Basic		
- As reported	39.03	77.25
- Proforma	39.03	77.00
Diluted		
- As reported	38.95	77.14
- Proforma	38.95	76.88

29. LEASES

Operating Lease: as lessee

The Company has entered into operating leases for office premises and office equipments, some of which are cancellable and some are non-cancellable. The leases have a life of 3 to 6 years. There is an escalation clause in the lease agreement during the primary lease period. There are no restrictions imposed by lease arrangements and there are no subleases. There are no contingent rents. The information with respect to non cancellable leases are as under:

Particulars	31 March 2014	31 March 2013
Lease payments made during the year	391	393
Within one year of the balance sheet date	2,593	343
Due in a period between one year and five years	10,930	236
Due after five years	23,979	-

30. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Holding / Ultimate holding company	Vedanta Resources Plc.
	Vedanta Resources Holdings Limited
	Volcan Investments Limited
	Sesa Sterlite Limited (formerly Sesa Goa Limited) *

* With effect from 26 August 2013 Sesa Sterlite Limited became the Company's holding company. Prior to that date, it was a fellow subsidiary and also had significant influence over the 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

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

30. RELATED PARTY DISCLOSURES CONTINUED

16. Cairn Energy Hydrocarbons Limited
17. Cairn Petroleum India Limited **
18. Cairn Energy Gujarat Block 1 Limited
19. Cairn Exploration (No. 4) Limited **
20. Cairn Exploration (No. 7) Limited
21. Cairn Lanka (Pvt) Limited
22. Cairn Energy Group Holdings BV **
23. Cairn Energy India West BV
24. Cairn Energy India West Holding BV **
25. Cairn Energy Gujarat Holding BV **
26. Cairn Energy India Holdings BV **
27. Cairn Energy Netherlands Holdings BV
28. Cairn Energy Gujarat BV
29. Cairn Energy Cambay BV
30. Cairn Energy Cambay Holding BV **
31. Cairn South Africa Proprietary Limited

** Liquidated during the year.

Related parties with whom transactions have taken place

Fellow subsidiaries	Twin Star Mauritius Holdings Limited ***
	Sterlite Industries (India) Limited (merged into Sesa Sterlite Limited on 17 August 2013)
	Sesa Resources Limited

*** also has significant influence over the Company.

Key management personnel

P. Elango, Wholetime Director and Interim Chief Executive Officer (from 1 September 2012)
Rahul Dhir, Managing Director and Chief Executive Officer (upto 31 August 2012)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of the Transactions	Related Party	31 March 2014	31 March 2013
Reimbursement of expenses	Cairn Energy Hydrocarbons Limited	503	181
	Sterlite Industries (India) Limited	86	150
	Sesa Sterlite Limited	120	-
	Total	709	331
Equity contributions made during the year	CIG Mauritius Holding Private Limited	-	13,757
Dividend paid	Twin Star Mauritius Holdings Limited	43,893	36,944
	Sesa Resources Limited	92,359	1,635
	Sesa Sterlite Limited	4,088	17,557
	P. Elango	22	9
	Total	140,362	56,145
Dividend received	Cairn India Holdings Limited	124,500	-
Remuneration	Rahul Dhir	-	1,707
	P. Elango	511	116
	Total	511	1,823

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

30. RELATED PARTY DISCLOSURES CONTINUED

Remuneration to the key management personnel does not include provisions made for gratuity and leave benefits, as the same is determined on an actuarial basis for the Company as a whole.

Balances outstanding as at the end of the year:

Nature of the Balance	Related Party	31 March 2014	31 March 2013
Other current liabilities including trade payables	Cairn Energy Hydrocarbons Limited	-	588
	Sesa Sterlite Limited	7	14
	Total	7	602
Loans & Advances	Cairn Lanka Private Limited	21	21
	Cairn Energy Hydrocarbons Limited	486	-
	Cairn Energy Gujarat Block 1 Limited	-	127
	Cairn Exploration (No. 2) Limited	-	324
	Cairn Exploration (No. 6) Limited	-	7
	Cairn Exploration (No. 7) Limited	-	163
	Cairn Energy Holdings Limited	-	20
	Total	507	662
Guarantee given	Cairn Lanka Private Limited	3,195	3,195

31. CAPITAL AND OTHER COMMITMENTS

Capital commitments (net of advances)

Company's share of Joint Ventures' Exploration activities and Development activities – ₹ 101,607 lacs (31 March 2013: ₹ 14,772 lacs) and ₹ 226,117 lacs (31 March 2013: ₹ 72,383 lacs) respectively.

Other commitments

Company's share of Joint Ventures' minimum exploration commitments as per the production sharing contracts - ₹ 109,534 lacs (31 March 2013: ₹ 4,132 lacs).

32. CONTINGENT LIABILITIES

a. Ravva Joint Venture Arbitration proceedings : Base Development Cost

Ravva joint venture had received a claim from the Director General of Hydrocarbons (DGH) for the period from 2000-2005 for USD 166.4 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Company's share will be USD 37.4 million (approximately ₹ 16,880 lacs) [31 March 2013: 37.4 million] plus potential interest at applicable rate (LIBOR plus 2% as per PSC).

This claim relates to the Indian Government's allegation that the Ravva JV had recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV had also allowed these excess costs in the calculation of the Post Tax Rate of Return (PTRR). Joint venture partners initiated the arbitration proceedings and Arbitration Tribunal published the Award on 18 January 2011 at Kuala Lumpur, allowing claimants (including the Company) to recover the Development costs spent to the tune of USD 278 million and disallowed over run of USD 22.3 million spent in respect of BDC along with 50% legal costs reimbursable to the Joint venture partners. High Court of Kuala Lumpur dismissed Government of India's (GOI) application of setting aside the part of the Award on 30 August 2012 with costs. However, GOI appealed before the Court of Appeal against the High Court's order and the same is pending adjudication.

b. Service tax

The Company has received six show cause notices from the tax authorities in India for non-payment of service tax as a recipient of services from foreign service providers, against which replies have already been filed before the authorities except the last SCN received for the period 1st April 2011 to 31st March 2012 whose reply will be submitted in due course.

These notices cover periods from 1 April 2006 to 31 March 2012. A writ petition has been filed with Chennai High Court challenging the scope of some services in respect of first show cause notice (1 April 2006 to 31 March 2007).

Should future adjudication go against the Company, it will be liable to pay the service tax of approximately ₹ 11,021 lacs (31 March 2013: ₹ 11,248 lacs) plus potential interest of approximately ₹ 10,235 lacs (31 March 2013: ₹ 9,013 lacs), although this could be recovered in part, where it relates to services provided to Joint Venture of which the Company is operator.

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

32. CONTINGENT LIABILITIES CONTINUED

c. Tax holiday on gas production

Section 80-IB (9) of the Income Tax Act, 1961 allows the deduction of 100% of profits from the commercial production or refining of mineral oil. The term 'mineral oil' is not defined but has always been understood to refer to both oil and gas, either separately or collectively.

The 2008 Indian Finance Bill appeared to remove this deduction by stating [without amending section 80-IB (9)] that "for the purpose of section 80-IB (9), the term 'mineral oil' does not include petroleum and natural gas, unlike in other sections of the Act". Subsequent announcements by the Finance Minister and the Ministry of Petroleum and Natural Gas have confirmed that tax holiday would be available on production of crude oil but have continued to exclude gas.

The Company filed a writ petition to the Gujarat High Court in December 2008 challenging the restriction of section 80-IB to the production of oil. Gujarat High Court did not admit the writ petition on the ground that the matter needs to be first decided by lower tax authorities. A Special Leave Petition has been filed before Supreme Court against the decision of Gujarat High court.

In the event this challenge is unsuccessful, the potential liability for tax and related interest on tax holiday claimed on gas is approximately ₹ 24,843 lacs (31 March 2013: ₹ 24,317 lacs).

d. Withholding tax on payments made on acquiring a subsidiary

In March 2014, the Company received a show cause notice from the Indian Tax Authorities ("Tax Authorities") for not deducting withholding tax on the payments made to Cairn UK Holdings Limited ("CUHL") UK, for acquiring shares of Cairn India Holdings Limited ("CIHL"). Tax Authorities have stated in the said notice that a short term capital gain of ₹ 2,450,350 lacs accrued to CUHL on transfer of the shares of CIHL to the Company, in financial year 2006-2007, on which tax should have been withheld by the Company. The Company believes that the transaction is not liable for any withholding tax on account of retrospective amendment by insertion of Explanation 5 to Section 9(1)(i) of India Income Tax Act 1961 and the Company intends to defend its position before the Tax Authorities. The Company has, accordingly filed reply to the above notice in April 2014 and is cooperating with the Tax Authorities.

e. Others

i) Pursuant to the provisions of the Rajasthan Entry Tax Act, 1999, an entry tax demand has been raised for ₹ 581 Lacs (31 March 2013: ₹ 332 lacs) plus penalty and interest which the Company has contested before the Deputy Commissioner. The Company believes that this levy is not constitutionally valid and its writ petition in this regard is pending before the Honorable Rajasthan High Court.

ii) Other claims against the Company not acknowledged as debts amounts to ₹ 1,500 lacs (31 March 2013: ₹ 1,500 lacs).

Based on an analysis of the legal positions, the management is of the view that the liabilities in the cases mentioned in (a) to (e) above are not probable and accordingly no provision has been considered necessary there against.

33. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

	31 March 2014	31 March 2013
Trade receivables	149,950	116,954
Loans and advances and other assets	39,053	191,272
Other current liabilities including trade payables	118,494	65,064
	307,497	373,290

34. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	31 March 2014	31 March 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

35. VALUE OF IMPORTS CALCULATED ON CIF BASIS		
	31 March 2014	31 March 2013
Stores and spares	8,304	4,542

36. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
	31 March 2014	31 March 2013
Exploration and development expenditure	84,904	27,003
Share of expenses from producing oil and gas blocks	21,034	444
Salaries, wages and bonus	10,363	9,011
Staff welfare expenses	1,973	1,732
Legal and professional fees	4,761	3,499
Data acquisition and analysis	1,184	825
Travelling and conveyance	351	245
Insurance	1,976	1,758
Repairs and maintenance	1,667	1,879
Miscellaneous expenses	3,449	4,433
	131,662	50,829

37. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)		
	31 March 2014	31 March 2013
Revenue from operations*	992,753	920,098
Interest income on bank deposits**	-	6,051
	992,753	926,149

* Post implementation of scheme of arrangement referred to in note 25 above, the revenue is realised in equivalent rupees as on date of settlement.

** represents the earnings of the transferor companies, referred to in note 25 above, for the period 1 April 2012 to 18 October 2012.

38. IMPORTED AND INDIGENOUS SPARE AND PARTS CONSUMED IN OIL & GAS EXPLORATION ACTIVITIES				
	Percentage of total consumption		Amount	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Imported	69.00%	53.64%	13,422	4,975
Indigenous	31.00%	46.36%	6,030	4,299
	100.00%	100.00%	19,452	9,274

39. NET DIVIDEND REMITTED IN FOREIGN EXCHANGE		
Year of remittance (ending on)	31 March 2014	31 March 2013
Period to which it relates	1 April 2012 to 31 March 2013 & 1 April 2013 to 31 March 2014	1 April 2012 to 31 March 2013
Non-resident shareholders	9	8
Equity shares held on which dividend was due (numbers in lacs)	9,351	9,351
Amount remitted (in USD lacs)	1,939	863
Amount remitted (in equivalents ₹ lacs)	116,881	46,753

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

40. BUY BACK OF EQUITY SHARES

During the current year, the Company has approved a proposal for buy back of its equity shares at a price not exceeding ₹ 335 per equity share for an aggregate amount not exceeding ₹ 572,500 lacs. The buy back, which commenced on 23 January 2014, is being done from open market other than from promoters and persons in control and is open for a maximum period of six months. During the year, the Company has bought back and extinguished 33 lacs equity shares of face value of ₹ 10/- each for a total consideration of ₹ 10,553 lacs. The Company pursuant to the Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998 ('the Regulations') has deposited a sum of ₹ 14,313 lacs, being 2.5% of the maximum buy back size, in an escrow account.

In the event the Company is unable to (i) complete a buyback of at least ₹ 286,250 lacs, being 50% of the maximum buy back size; and (ii) comply with the conditions specified in regulation 15B(8) of the Regulations, SEBI can forfeit the deposit amount. As the buyback is in progress with 22 July 2014 being the last date and the Company is in compliance with the provisions of the Regulations, no provision is considered necessary towards the amount deposited in the escrow account.

41. OIL & GAS RESERVES AND RESOURCES

The Company's gross reserve estimates are updated at least annually based on the forecast of production profiles, determined on an asset-by-asset basis, using appropriate petroleum engineering techniques. The estimates of reserves and resources have been derived in accordance with the Society for Petroleum Engineers "Petroleum Resources Management System (2007)". The changes to the reserves are generally on account of future development projects, application of technologies such as enhanced oil recovery techniques and true up of the estimates. The management's internal estimates of hydrocarbon reserves and resources at the period end is as follows:

Particulars	Gross proved and probable hydrocarbons initially in place		Gross proved and probable reserves and resources		Net working interest proved and probable reserves and resources	
	(mmboe)		(mmboe)		(mmboe)	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Rajasthan MBA Fields	2,208	2,193	594	636	208	223
Rajasthan MBA EOR	-	-	271	270	95	95
Rajasthan Block Other Fields	2,412	2,005	345	181	121	63
Rawa Fields	667	681	49	50	11	11
CB-OS/2 Fields	217	209	22	20	9	8
Other fields	481	479	75	74	37	37
Total	5,985	5,567	1,356	1,231	481	437

The Company's net working interest proved and probable reserves is as follows:

Particulars	Proved and probable reserves		Proved and probable reserves (developed)	
	Oil	Gas	Oil	Gas
	(mmstb)	(bscf)	(mmstb)	(bscf)
Reserves as of 1 April 2012*	170.65	15.16	104.89	15.16
Additions / revision during the year	(0.97)	8.34	15.78	7.57
Production during the year	24.10	5.56	24.10	5.56
Reserves as of 31 March 2013**	145.58	17.94	96.57	17.17
Additions / revision during the year	17.44	29.76	17.88	3.39
Production during the year	25.96	5.92	25.96	5.92
Reserves as of 31 March 2014***	137.06	41.78	88.49	14.64

Note: Reserves as at 1 April 2012 have been acquired during the year pursuant to implementation of scheme of arrangement referred to in note 25.

* Includes probable oil reserves of 47.73 mmstb (of which 29.91 mmstb is developed) and probable gas reserves of 6.40 bscf (of which 6.40 bscf is developed)

** Includes probable oil reserves of 39.62 mmstb (of which 20.20 mmstb is developed) and probable gas reserves of 10.42 bscf (of which 9.70 bscf is developed)

*** Includes probable oil reserves of 44.95 mmstb (of which 17.37 mmstb is developed) and probable gas reserves of 29.72 bscf (of which 7.89 bscf is developed)

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

Notes To Financial Statements (contd.)

For the year ended 31 March 2014

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

42. SEGMENTAL REPORTING

Business segments

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

Geographical segments

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by location of the assets. The figures appearing in these financial statements relate to the Company's single geographical segment, being operations in the Indian sub-continent.

43. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES AND FIRMS/ COMPANIES IN WHICH DIRECTORS ARE INTERESTED

Details of amounts recoverable from subsidiary companies in which directors are interested are the same as disclosed under note no 30. The balance outstanding as at the year end is also the maximum amount outstanding during the year in all cases except for in current year in the case of Cairn Energy Hydrocarbons Limited where the maximum amount outstanding was ₹ 905 lacs. No loans have been given to the subsidiaries, associates, firms and companies, in which directors are interested.

44. PREVIOUS YEAR FIGURES

The Company has reclassified and regrouped the previous year figures to confirm to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per Raj Agrawal

Partner

Membership No.: 82028

Navin Agarwal

Chairman

DIN 00006303

For and on behalf of the Board of Directors

P Elango

Interim CEO and

Whole Time Director

DIN 06475821

Aman Mehta

Director

DIN 00009364

Place: Gurgaon

Date: 23 April 2014

Sudhir Mathur

Chief Financial Officer

Neerja Sharma

Director-Risk Assurance
& Company Secretary