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For Immediate Release 26 July, 2011

# Cairn India Limited
# First Quarter Financial Results for the period ended 30 June, 2011

*The following commentary is provided in respect of the unaudited financial results and operational highlights of Cairn India Limited and its subsidiary companies (referred to as "Cairn India" or the "Company", NSE: CAIRN, BSE: 532792) for the first quarter (from Apr - Jun 2011) for FY 2011-12, in accordance with Indian GAAP.*

*Please note: Symbol ₹ denotes Indian Rupee and US$ denotes US Dollar.*

Rahul Dhir, Managing Director and Chief Executive Officer, Cairn India said:

*"Cairn India's focus on safe and efficient operations ensured delivery of more than 50 million barrels of crude oil to Indian refineries. The Mangala reservoir continues to perform as per expectations and production has been maintained at 125,000 barrels of oil per day.*

*As per the approved field development plan, we are now focussed on commencing production from Bhagyam coupled with the commissioning of Train Four at the Mangala Processing Terminal.*

*The Rajasthan fields have significant growth potential and an increase in production from this world class asset will enhance the energy security of our nation. The optimal development of this resource will only be possible with the active support of our joint venture partner, ONGC and the Government of India.*

*The mobilisation of the drill ship brings us closer to the commencement of our exploration campaign in the frontier Mannar basin offshore Sri Lanka."*

## Q1 FY2011-12 Financial and Production Highlights

- Revenue of ₹37,127 million (US$ 830 million), up 342% year on year (y-o-y)
- Profit after Tax (PAT) of ₹27,266 million (US$ 610 million), up 869% y-o-y
- Cash Flow from Operations of ₹ 25,755 million (US$ 576 million), up 423% y-o-y
- Net cash of ₹ 45,869 million (US$ 1,025 million) as on 30 June, 2011
- Gross cumulative Rajasthan development capital expenditure at US$ 3,115 million as on 30 June, 2011, of which US$ 120 million was spent during the quarter
- Average Daily Sales (Working Interest) at 99,200 barrels of oil equivalent (boe)
- Average Daily Gross operated production at 171,801 boe (Working Interest production at 99,640 boe), contributing >20% of India's current domestic crude production

## India Highlights

- Rajasthan
  - Mangala field producing at a rate of 125,000 barrels of oil per day (bopd) since August last year; reservoir performance is as per expectations
  - Saraswati field commenced production at the end of May 2011; currently producing at the rate of 250 bopd
  - Bhagyam development on track with final testing and commissioning of the initial well pads underway; expected to commence production in Q4 CY 2011 and achieve FDP approved plateau rate of 40,000 bopd by end CY 2011, subject to Government of India (GoI) approval
  - Development of Aishwariya field underway; plan to commence production in H2 CY 2012, subject to Joint Venture (JV) and GoI approval
  - Cumulative crude sales in excess of 50 million barrels (mmbbls) to Indian refiners; generated

gross revenues of more than US$ 4 billion to date

- Enhanced Oil Recovery (EOR) pilot on track; water injection phase continues; trial polymer injection initiated in one well
- Train Four construction at Mangala Processing Terminal (MPT) on track; commissioning expected in Q4 CY 2011 to take MPT nameplate capacity to 205,000 bopd
- Commencement of crude oil supplies to Indian Oil Corporation Limited's (IOCL) refinery at Koyali expected in Q3 CY 2011
- Pace of production ramp-up affected; active support necessary from JV and GoI to realise the full potential of the resource

➢ Other Assets

- Ravva infill drilling campaign completed, workover programme in progress; infill programme met the objective of slowing down production decline
- In CB/OS-2, the North Tapti pipeline tie-in activities by ONGC are at an advanced stage of completion; tolling and processing of gas will commence following completion of the project
- In KG-ONN-2003/1 block, the JV has entered Phase-II of the exploration license; an exploration well is planned to be drilled by end CY 2011

## Sri Lanka Highlights

➢ SL 2007-01-001 block

- Frontier exploration drilling campaign to commence in August 2011
- A fifth generation drillship 'Chikyu' has been mobilised from Japan

## Financial Review

| ₹ million | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Revenue | 37,127 | 8,406 | 342% | 36,545 | 2% |
| EBIT | 28,621 | 4,359 | 557% | 25,951 | 10% |
| *Margin(%)* | *77%* | *52%* | - | *71%* | - |
| PAT | 27,266 | 2,814 | 869% | 24,578 | 11% |
| *Margin(%)* | *73%* | *33%* | - | *67%* | - |
| Basic EPS (₹) | 14.33 | 1.48 | 866% | 12.93 | 11% |
| Cash flow from operations | 25,755 | 4,928 | 423% | 26,110 | -1% |

| US $ million | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Revenue | 830 | 184 | 351% | 808 | 3% |
| EBIT | 640 | 95 | 571% | 574 | 12% |
| *Margin(%)* | *77%* | *52%* | - | *71%* | - |
| PAT | 610 | 62 | 890% | 543 | 12% |
| *Margin(%)* | *73%* | *33%* | - | *67%* | - |
| Basic EPS (US $) | 0.32 | 0.03 | 887% | 0.29 | 12% |
| Cash flow from operations | 576 | 108 | 434% | 577 | - |

Gross cash available as at 30 June, 2011 was ₹ 64,761 million (US$ 1,447 million). The loan draw down (including debenture) on 30 June, 2011 was ₹ 18,892 million (US$ 422 million).

The company started sharing profit petroleum with the GoI in the RJ-ON-90/1 block at the rate of 20% under the Production Sharing Contract (PSC) framework. The profit petroleum thus applicable for the quarter was ₹1,876 million (US$ 42 million). This is based upon our understanding of the costs recoverable under the PSC framework that include certain costs which are awaiting regulatory approvals. The profit petroleum payments are made provisionally at the end of each quarter on an accumulative basis and final adjustments, if any, are done at the end of each year.

Cash flow from Operations refers to PAT (excluding other income) prior to non-cash expenses and exploration costs.

Amounts shown in US$ are conversions based on average exchange rate for Q1 FY 2011-12 at ₹ 44.72 for revenue items vs. ₹ 45.68 for Q1 FY 2010-11. The average Q4 FY 2010-11 exchange rate was at ₹ 45.23. The closing exchange rate as at 30 June, 2011 was ₹ 44.75.

## Corporate Developments

The holding company of Cairn India Limited, Cairn UK Holdings Limited, along with its holding company, Cairn Energy PLC (Company's ultimate holding company) has agreed to sell a substantial part of its shareholding in the Company to Vedanta Resources Plc and Twin Star Holdings Limited ('Acquirer').

Following the amendments to the sale and purchase agreement, Cairn Energy PLC has sold 191,920,207 (10.0%) shares to the Acquirer on 11 July 2011. Post this transaction Vedanta Plc group holds 28.5% in Cairn India on a fully diluted basis. Acquisition of an additional 30% by the Vedanta Group is subject to the final outcome of the conditional approval granted by the Government of India (GoI). Cairn Energy PLC currently remains the majority shareholder of Cairn India with a 52.1 per cent shareholding.

As per the letter dated 26 July, 2011, the transaction has been approved by the GoI subject to certain conditions. The conditions include that in respect of the RJ-ON-90/1 block, the Company must agree that the royalty payable under the PSC is a contract cost eligible for cost recovery and that it shall withdraw the arbitration with respect to payment of cess.

The Company has also received a requisition from Cairn UK Holdings Limited on 21 July, 2011 under Section 169 of The Companies Act, 1956, to convene an extraordinary general meeting of the Company to consider the conditions imposed by the GoI.

Based on the abovementioned requisition, the Cairn India Board has noted its obligations under section 169 of The Companies Act, 1956 and has today, further to the letter from the GoI, reached a conclusion that it would be appropriate to hold a postal ballot of all the shareholders to consider the conditions imposed by the GoI.

It should be noted that if royalty were to be cost recoverable, it would lead to a decline in the revenues and profit after tax for the current quarter by ₹12,916 million (US$ 289 m).

## Operational Review

| No. | Block Name | Region | Operator | Participating Interest |
|---|---|---|---|---|
| 1 | RJ-ON-90/1 | North Western India | Cairn India | 70% |
| 2 | PKGM-1 (Ravva) | Eastern India | Cairn India | 22.5% |
| 3 | CB/OS-2 | Western India | Cairn India | 40% |

| | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Average daily gross operated production (boepd) | 171,801 | 95,229 | 80% | 161,194 | 7% |
| Average daily working interest production (boepd) | 99,640 | 45,007 | 121% | 94,129 | 6% |
| Average oil price realisation (US$ per bbl) | 105.9 | 71.8 | 48% | 94.2 | 11% |
| Average gas price realisation (US$ per mscf) | 4.5 | 4.6 | -2% | 4.5 | - |
| Average price realisation (US$ per boe) | 103.6 | 66.9 | 55% | 91.9 | 11% |

### 1. Rajasthan (Block RJ-ON-90/1)

| | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Average daily gross operated production (bopd) | 125,127 | 44,660 | 180% | 118,151 | 6% |
| Average daily working interest production (bopd) | 87,589 | 31,262 | 180% | 82,706 | 6% |

The Mangala field swiftly ramped up to its currently approved plateau of 125,000 bopd within 60 days of the pipeline becoming operational and continues to produce at the same rate. Since production start-up, the MPT has had efficient and safe operations and has processed more than 50 mmbbls of crude oil, which has been sold to Public Sector Undertaking (PSU) and private refiners. The plant uptime stood at 100% during Q1 FY 2011-12.

Production commenced from the Saraswati oil field on 29 May, 2011. The field is currently producing 250 bopd and the oil is being trucked to the MPT for sale through the pipeline.

Cairn India is committed to maintaining the highest Health, Safety, Environment and Assurance standards and will continue to focus on maintaining a safe working culture in all its activities. As of July 2011, the Rajasthan Operations has achieved more than 3 million man-hours without any lost time injury (LTI).

*Rajasthan Project Development*

The MPT is designed to process crude from the Rajasthan fields and will have a capacity to handle 205,000 bopd with scope for further expansion. Three processing trains are commissioned whilst Train Four is on track for delivery in Q4 CY 2011. Key pressure vessels for Train Four are in place and final site works are underway.

Development drilling and well completion activities are progressing well. A total of 148 Mangala development wells have been drilled, of which 96 are complete. Currently, 64 wells are producing and 25 injector wells are injecting water into the reservoirs. The other wells will be brought on stream in a staged manner. The focused effort on drilling of high capacity horizontal wells in the Mangala field with the excellent reservoir performance supports higher plateau levels. Surface facilities and midstream infrastructure are ready to support production of 150,000 bopd from the Mangala field, subject to JV and GoI approval.

Work on the development of the Bhagyam field, the second largest discovery in Rajasthan, is ongoing. The construction work is nearing completion for the initial phase and testing is underway. Production is expected to commence in Q4 CY 2011 and achieve the currently approved plateau rate of 40,000 bopd by end CY 2011, subject to GoI approval. A total of 33 Bhagyam development wells have been drilled to date. Well results from the Bhagyam development drilling have been as per expectations and the surface facility development work progresses as planned. The construction work for the Bhagyam trunk line to connect the Bhagyam field with the MPT is also nearing completion.

Post assessment of higher production potential and design optimisation of the Aishwariya field, due to increased reserves and resources, development work is currently underway. Production is expected to commence in H2 CY 2012, subject to JV and GoI approval. Civil works in the field have commenced. The tendering for both the long lead main equipment items and the main engineering, procurement and construction contracts are at an advanced stage.

*Mangala Development Pipeline*

The MPT to Salaya section with its delivery infrastructure continues to safely deliver crude oil to various buyers and has recorded more than 2.4 million LTI-free man-hours to date. In Q1 FY 2011-12, more than 11 mmbbls of crude oil were safely delivered through the pipeline.

Of the total pipeline length of approximately 670 km to Bhogat on the Arabian Sea coast, approximately 590 km to Salaya is operational. The pipeline system availability in Q1 FY 2011-12 was more than 99%.

While there are increased execution challenges, the construction work is ongoing on the remaining 80 km Salaya to Bhogat section of the pipeline including the Bhogat terminal and marine facility. This is expected to be completed during H2 CY 2012.

Once the entire pipeline from MPT to Bhogat is operational, the pipeline will have access to more than 75% of India’s refining market. Sales to other coastal refineries will then also be possible, subject to GoI approval.

*Sales*

Crude sales were maintained at 125,000 bopd levels to PSU and private refiners.

In accordance with the RJ-ON-90/1 PSC, the pricing is based on Bonny Light, comparable low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. The implied crude price realisation represents an average 10-15% discount to Brent on the basis of the prices prevailing for the twelve months to 30 June, 2011.

Sales arrangements are in place for 155,000 bopd with PSU and private refiners and discussions continue with GoI for further nominations. Commencement of crude oil supplies to IOCL’s refinery at Koyali is expected in Q3 CY 2011 following the completion of their facilities at Viramgam in Gujarat.

*Resource Base*

The Mangala, Bhagyam and Aishwariya (MBA) fields have gross recoverable oil reserves and resources of over 1 billion barrels. This includes proved plus probable (2P) gross reserves and resources of 656 mmboe with a further 300 mmboe or more of EOR resource potential. The MBA fields will contribute more than 20% of domestic crude production when they reach the currently approved plateau rate of 175,000 bopd.

In line with the objective of monetising the EOR potential, the first phase of the EOR pilot, in the Mangala field, consisting of four injectors, one producer and three observation wells are drilled, completed and hooked up to the facilities. The water injection phase commenced in December 2010 and continues to perform as per expectations. The EOR pilot is on track with the start of the trial polymer injection run in one well in July 2011.

A pilot hydraulic fracturing programme to test the potential of the Barmer Hill Formation is planned, subject to GoI approval. The pilot programme will allow evaluation of the appropriate cost effective technology for a fully optimised development of this low permeability oil resource base. A declaration of commerciality for the Barmer Hill Formation was submitted to the GoI in March 2010 and a Field Development Plan is under preparation.

The total resource base in Rajasthan supports a vision to produce 240,000 bopd (equivalent to a contribution of approximately 30% of India's total domestic current crude production), subject to further investments and regulatory approvals. Cairn India is facing delays in production ramp-up and in undertaking further studies and exploratory work in the block. Active support is necessary from the JV and GoI for the optimal development of this resource and to enhance the energy security of the nation.

2. Eastern India (Block PKGM-I – Ravva Field) – Krishna Godavari Block Basin

| | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Average daily gross operated production (boepd) | 37,819 | 37,042 | 2% | 33,108 | 14% |
| Average daily oil production (bopd) | 30,479 | 28,871 | 6% | 23,769 | 28% |
| Average daily gas production (mmscfd) | 44 | 49 | -10% | 56 | -21% |
| Average daily working interest production (boepd) | 8,509 | 8,334 | 2% | 7,449 | 14% |

Being a mature asset, various steps such as a 4D seismic survey, drilling of infill wells and workover campaigns are being undertaken to slow production decline and identify additional opportunities to increase reserves.

Infill drilling of five wells including one horizontal well has been completed. Workover activities at Ravva to augment oil production and water injection are also in progress. The purpose of the infill campaign is to help slow production decline, add incremental reserves and increase the water injection capacity in the field.

Cairn India and its JV partners are focussed on identifying bypassed oil zones in the reservoir, slowing down the production decline rate and evaluating the scope of further potential in the deeper zones.

The Ravva Asset achieved more than five million LTI free man-hours as of 30 June, 2011 and had an uptime of more than 98% in Q1 FY 2011-12.

3. Western India (Block CB/OS–2) – Cambay Basin

| | Q1 | | y-o-y (%) | Q4 | q-o-q (%) |
|---|---|---|---|---|---|
| | FY 2011-12 | FY 2010-11 | | FY 2010-11 | |
| Average daily gross operated production (boepd) | 8,855 | 13,527 | -35% | 9,934 | -11% |
| Average daily oil production (bopd) | 5,579 | 8,229 | -32% | 6,368 | -12% |
| Average daily gas production (mmscfd) | 20 | 32 | -38% | 21 | -8% |
| Average daily working interest production (boepd) | 3,542 | 5,411 | -35% | 3,974 | -11% |

To sustain oil production from the block, an infill drilling campaign is planned in the Lakshmi field. The spare gas processing capacity of the CB/OS-2 facilities will be utilised by tolling and processing ONGC's gas from its North Tapti field (adjacent to the Lakshmi field). The North Tapti pipeline tie-in activities at the CB/OS-2 facilities are at an advanced stage of completion. The tolling and processing of gas shall commence after completion of the project by ONGC and necessary approvals.

The block recorded more than nine million LTI free man-hours over the last seven years, which reinforces the Company's commitment to the highest operating safety standards. The CB/OS-2 facilities had an up-time of more than 97% in Q1 FY 2011-12. To date, the asset has produced more than 12 mmbbls of commingled oil (crude + condensate) and 200 billion cubic feet of gas.

## Exploration Review

| Sr. No. | Block Name | Area | Cairn India's Interest (%) | JV partners | Area (in km$^2$) |
|---|---|---|---|---|---|
| 1 | RJ-ON-90/1 | Barmer Basin | 70% | ONGC | 3,111 |
| 2 | CB/OS-2 | Cambay Basin | 40% | ONGC, Tata Petrodyne | 1,657 |
| 3 | PKGM-1 (Ravva) | Krishna-Godavari Basin | 22.5% | ONGC, Ravva Oil, Videocon | 331 |
| 4 | KG-ONN-2003/1 | Krishna-Godavari Basin | 49% | ONGC | 3,288 |
| 5 | KG-OSN-2009/3 | Krishna-Godavari Basin | 100% | - | 1,988 |
| 6 | KG-DWN-98/2 | Krishna-Godavari Basin | 10% | ONGC | 7,295 |
| 7 | MB-DWN-2009/1 | Mumbai Offshore Basin | 100% | - | 2,961 |
| 8 | KK-DWN-2004/1 | Kerala-Konkan Basin | 40% | ONGC, Tata Petrodyne | 12,324 |
| 9 | PR-OSN-2004/1 | Palar-Pennar Basin | 35% | ONGC, Tata Petrodyne | 9,417 |
| 10 | SL 2007-01-001 | Mannar Basin | 100% | - | 3,000 |

*Note-all the blocks except KK-DWN-2004/1 and KG-DWN-98/2 are operated by Cairn India*

Cairn India has participating interests in 10 blocks in three strategically focused areas: one in Rajasthan; three on the west coast of India; six on the east coast of India including one in Sri Lanka. Out of these, eight blocks including the three which are into production are operated by Cairn India. Exploration activities are at different stages in some of these blocks. Cairn India continues to optimise its exploration portfolio by adding new prospective blocks and relinquishing low graded blocks after full evaluation and completion of work programmes, thereby increasing the Company's net unrisked potential resource base.

The blocks are located in the Barmer Basin, Krishna-Godavari Basin, the Palar-Pennar Basin, the Kerala-Konkan Basin, the Cambay Basin, the Mumbai Offshore Basin and the frontier Mannar Basin. The Company continues to use leading-edge geophysical and geological technologies to enhance its probability of exploration success and monetise hydrocarbon resources.

### India Block Updates

Technical evaluation work continues in the RJ-ON-90/1 block (Cairn India – 70%, Operator) to assess existing and new plays in the basin and generate further prospects in Rajasthan. Development wells drilled in CY 2010 and CY 2011 encountered additional hydrocarbons in shallower horizons in the Raageshwari and Bhagyam areas, which are being evaluated further. Detailed analysis of existing wells has succeeded in establishing live hydrocarbons in previously overlooked reservoirs in other parts of the block.

Following the discovery of the Nagayalanka-1z well and based on the well results, the JV has opted to enter Phase-II of the exploration license in the KG-ONN-2003/1 block (Cairn India – 49%, Operator) and an exploration well Nagayalanka SE-1 is planned to be drilled by the end of CY 2011.

In KG-OSN-2009/3 block (Cairn India – 100%, Operator) work is underway to obtain environmental clearance for a 3D survey, which is planned to start by the end of CY 2011. Tendering for the upcoming 3D seismic acquisition and processing is in progress.

In MB-DWN-2009/1 block (Cairn India – 100%, Operator), work is underway to obtain environmental clearance to enable the acquisition of a 2D survey during Q1 CY 2012. Tendering for the upcoming 2D seismic acquisition and processing is in progress.

In KK-DWN-2004/1 block (Cairn India – 40%, ONGC is the Operator), 3D seismic data processing is ongoing.

*Force majeure* declared by Cairn India due to denial of permission to drill in the restricted area in the PR-OSN-2004/1 block (Cairn India – 35%, Operator) has been accepted by the Directorate General of Hydrocarbons. Cairn India and the JV partners continue to actively pursue a resolution with the GoI.

## Sri Lanka Block Update

The acquisition and interpretation of 1,750 $km^2$ 3D seismic data in SL 2007-01-001 block (Cairn Lanka (Private) Limited, a wholly owned subsidiary of Cairn India – 100%, Operator) in the frontier Mannar Basin was completed during the period December 2009 to January 2010. Since then, several prospects and leads have been identified and technical work to understand the petroleum system in this basin is ongoing.

The drillship 'Chikyu' has been mobilised and the three well exploration drilling campaign in the SL 2007-01-001 block is planned to commence in August 2011.

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**In conjunction with these results Cairn India is hosting an Analyst Conference Call today. The live audio webcast for the call will be available at the Cairn India website (www.cairnindia.com) from 20:30 hrs IST.**

## Cairn India Limited Fact Sheet

On 9 January 2007, Cairn India Limited was listed on the Bombay Stock Exchange and the National Stock Exchange of India. Cairn Energy PLC currently holds a 52.1% shareholding in Cairn India Limited. Cairn India is headquartered in Gurgaon in the National Capital Region, with operational offices in Tamil Nadu, Gujarat, Andhra Pradesh, Rajasthan and Sri Lanka.

Cairn India is primarily engaged in the business of oil and gas exploration, production and transportation. Average daily gross operated production was 149,103 boe in FY2011. The Company sells its oil to major refineries in India and its gas to both PSU and private buyers.

The Company has a world-class resource base, with interest in nine blocks in India and one in Sri Lanka. Cairn India's resource base is located in three strategically focused areas namely one block in Rajasthan, three on the west coast of India and six on the east coast of India, including one in Sri Lanka.

The blocks are located in the Barmer Basin, Krishna-Godavari Basin, the Palar-Pennar Basin, the Kerala-Konkan Basin, the Cambay Basin, the Mumbai Offshore Basin and the frontier Mannar Basin. Cairn Lanka holds a 100% participating interest in the Mannar block in Sri Lanka.

Cairn India's focus on India has resulted in a significant number of oil and gas discoveries. Cairn made a major oil discovery (Mangala) in Rajasthan in the north west of India at the beginning of 2004. To date, twenty five discoveries have been made in the Rajasthan block RJ-ON-90/1.

In Rajasthan, Cairn India operates Block RJ-ON-90/1 under a PSC signed on 15 May, 1995. The main Development Area (1,859 $km^2$), which includes Mangala, Aishwariya, Raageshwari and Saraswati is shared between Cairn India and ONGC, with Cairn India holding 70% and ONGC having exercised their back in right for 30%. The Operating Committee for Block RJ-ON-90/1 consists of Cairn India and ONGC.

Further Development Areas (430 $km^2$), including the Bhagyam and Shakti fields and (822 $km^2$) comprising of the Kaameshwari West Development Area, is also shared between Cairn India and ONGC in the same proportion.The Mangala, Bhagyam and Aishwariya (MBA) fields have gross recoverable oil reserves and resources of over 1 billion barrels, which includes proved plus probable (2P) gross reserves and resources of 656 mmboe with a further 300 mmboe or more of EOR resource potential. The MBA fields will contribute more than 20% of India's domestic crude production when they reach the currently approved plateau rate of 175,000 bopd. The total resource base supports a vision to produce 240,000 bopd, (equivalent to a contribution of approximately 30% of India's current domestic crude production), subject to further investments and regulatory approvals.

In Andhra Pradesh and Gujarat, Cairn India on behalf of its JV partners operates two processing plants, 11 platforms and more than 200 km of sub-sea pipelines with a production of approximately 45,000 bopd.

India currently imports more than 2.4 million bopd of crude oil. The domestic crude oil production is approximately 0.7 million bopd of which approximately 170,000 bopd comes from the Cairn India operated assets (Ravva, CB/OS-2 and the RJ-ON-90/1).

For further information on Cairn India Limited see www.cairnindia.com

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## Corporate Glossary

| | |
|---|---|
| Cairn India/ CIL | Cairn India Limited and/or its subsidiaries as appropriate |
| Company | Cairn India Limited |
| Cairn Lanka | Refers to Cairn Lanka (Pvt) Ltd, a wholly owned subsidiary of Cairn India |
| Cairn | Refers to Cairn Energy PLC and/or its subsidiaries (including Cairn India), as appropriate |
| CY | Calendar Year |
| DoC | Declaration of Commerciality |
| E&P | Exploration and Production |
| EBIT | Earnings before Interest and Tax |
| FY | Financial Year |
| GBA | Gas Balancing Agreement |
| GoI | Government of India |
| Group | The Company and its subsidiaries |
| JV | Joint Venture |
| MPT | Mangala Processing Terminal |
| MC | Management Committee |
| NELP | New Exploration Licensing Policy |
| ONGC | Oil and Natural Gas Corporation Limited |
| OC | Operating Committee |
| qoq | Quarter on Quarter |
| yoy | Year on Year |

## Technical Glossary

| | |
|---|---|
| 2P | Proven plus probable |
| 3P | Proven plus probable and possible |
| 2D/3D/4D | Two dimensional/three dimensional/ time lapse |
| Boe | Barrel(s) of oil equivalent |
| Boepd | Barrels of oil equivalent per day |
| Bopd | Barrels of oil per day |
| Bscf | Billion standard cubic feet of gas |
| EOR | Enhanced Oil Recovery |
| FDP | Field Development Plan |
| Mmboe | million barrels of oil equivalent |
| Mmscfd | million standard cubic feet of gas per day |
| Mmt | million metric tonne |
| PSC | Production Sharing Contract |

## Field Glossary

| | |
|---|---|
| Barmer Hill Formation | Lower permeability reservoir which overlies the Fatehgarh |
| Dharvi Dungar | Secondary reservoirs in the Guda field and is the reservoir rock encountered in the recent Kameshwari West discoveries |
| Fatehgarh | Name given to the primary reservoir rock of the Northern Rajasthan fields of Mangala, Aishwariya and Bhagyam |
| MBA | Mangala, Bhagyam and Aishwariya |
| Thumbli | Youngest reservoirs encountered in the basin. The Thumbli is the primary reservoir for the Raageshwari field |

***Disclaimer***

*These materials contain forward-looking statements regarding Cairn India, our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward- looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time. These forward-looking statements are by their nature subject to significant risks and uncertainties; and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions. Cairn India undertakes no obligation to revise any such forward-looking statements to reflect any changes in Cairn India's expectations with regard thereto or any change in circumstances or events after the date hereof. Unless otherwise stated the reserves and resource numbers within this document represent the views of Cairn India and do not represent the views of any other party, including the Government of India, the Directorate General of Hydrocarbons or any of Cairn India's joint venture partner.*

# Cairn India Limited

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi
Mumbai – 400025

Corporate Office: 3rd & 4th Floors, Vipul Plaza, Sun City, Sector-54
Gurgaon – 122002

**UNAUDITED CONSOLIDATED FINANCIAL RESULTS**

**FOR THE QUARTER ENDED 30 JUNE 2011**

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

| Sr. No. | Particulars | Quarter ended | | Previous Financial year ended |
|---|---|---|---|---|
| | | 30-June-11 | 30-June-10 | 31-Mar-11 |
| | | Unaudited | Unaudited | Audited |
| 1 | a) Income from operations | 371,267 | 84,060 | 1,027,793 |
| | b) Other operating income | - | - | - |
| 2 | Expenditure | | | |
| | a) (Increase)/Decrease in stock-in-trade | 564 | (6,699) | (2,636) |
| | b) Operating expenses | 42,569 | 21,881 | 151,703 |
| | c) Employee costs | 1,908 | 1,891 | 11,046 |
| | d) Depreciation, depletion & amortization | 34,601 | 16,595 | 119,296 |
| | e) Administration costs | 8,746 | 2,270 | 15,388 |
| | f) Foreign exchange fluctuation | 79 | 4,125 | 11,118 |
| | g) Exploration costs | 1,873 | 3,215 | 16,668 |
| | h) Total | 90,340 | 43,278 | 322,583 |
| 3 | **Profit/(Loss) from Operations before Other Income, Interest & Exceptional Items (1-2)** | **280,927** | **40,782** | **705,210** |
| 4 | Other Income | 5,279 | 2,807 | 12,879 |
| 5 | **Profit/(Loss) before Interest & Exceptional Items (3+4)** | **286,206** | **43,589** | **718,089** |
| 6 | Interest and finance costs | 4,459 | 4,926 | 29,091 |
| 7 | **Profit/(Loss) after Interest but before Exceptional Items (5-6)** | **281,747** | **38,663** | **688,998** |
| 8 | Exceptional Items | - | - | - |
| 9 | **Profit/(Loss) from Ordinary Activities before tax (7+8)** | **281,747** | **38,663** | **688,998** |
| 10 | Tax expense | | | |
| | a) Current tax | 55,838 | 10,977 | 156,107 |
| | b) MAT credit entitlement | (49,328) | (8,015) | (112,136) |
| | c) Deferred tax | 2,581 | 7,560 | 11,587 |
| | d) Total | 9,091 | 10,522 | 55,558 |
| 11 | **Net Profit/(Loss) from Ordinary Activities after tax (9-10)** | **272,656** | **28,141** | **633,440** |
| 12 | Extraordinary items (net of tax expense) | - | - | - |
| 13 | **Net Profit/(Loss) for the period (11-12)** | **272,656** | **28,141** | **633,440** |

| Sr. No. | Particulars | Quarter ended | | Previous Financial year ended |
|---|---|---|---|---|
| | | 30-June-11 | 30-June-10 | 31-Mar-11 |
| | | Unaudited | Unaudited | Audited |
| 14 | Paid-up Equity Share Capital<br>(Face value of ₹ 10 each) | 190,225 | 189,735 | 190,192 |
| 15 | Reserves excluding Revaluation Reserves | | | 3,833,584 |
| 16 | Earnings per share in ₹ (not annualized) | | | |
| | a) Basic earnings per share | 14.33 | 1.48 | 33.36 |
| | b) Diluted earnings per share | 14.28 | 1.48 | 33.20 |
| 17 | Public Shareholding | | | |
| | - Number of shares | 718,990,238 | 714,103,443 | 718,673,310 |
| | - Percentage of shareholding | 37.80% | 37.64% | 37.79% |
| 18 | Promoters and Promoter Group Shareholding | | | |
| | a) Pledged / Encumbered | | | |
| | - Number of shares | - | - | - |
| | -Percentage of shares (as a % of the total share shareholding of promoter and promoter group) | - | - | - |
| | -Percentage of shares (as a % of the total share capital of the Company) | - | - | - |
| | b) Non-encumbered | | | |
| | -Number of shares | 1,183,243,791 | 1,183,243,791 | 1,183,243,791 |
| | -Percentage of shares (as a % of the total share shareholding of promoter and promoter group) | 100% | 100% | 100% |
| | -Percentage of shares (as a % of the total share capital of the Company) | 62.20% | 62.36% | 62.21% |

**Notes:-**

1. The above unaudited financial results for the current quarter were subjected to a limited review by the auditors of the Company and reviewed and recommended by the Audit Committee in its meeting held on 25 July 2011 and approved by the Board of Directors at its meeting held on 26 July 2011.

2. The individual items in the above financial results are net of amounts cross charged to oil and gas blocks where the Group is the operator. The Group's share of such net expenses in oil and gas blocks is treated as exploration, development or operating costs, as the case may be.

3. Employee costs for the current quarter include stock option charge of ₹ 368 lakhs, computed under the Intrinsic Value Method. The said charge for the current quarter would have been ₹ 1,290 lakhs, if computed under the Fair Value (Black Scholes) Method.

4. 316,928 additional equity shares were issued during the current quarter on exercise of stock options by the employees of the Cairn India Group.

5. Exploration costs include costs pertaining to geological/geophysical studies, seismic studies, other surveys and unsuccessful wells and have been charged to the profit and loss account as per the provisions of the Successful Efforts Method of accounting.

6. The shareholders of the Company have approved a Scheme of Arrangement between the Company and some of its wholly owned subsidiaries, to be effective from 1 January 2010. The Scheme of Arrangement has been approved by the Hon'ble High Court of Madras and the Hon'ble High Court of Bombay; however, it is pending for approval from other regulatory authorities. Pending receipt of such approvals, no accounting impact of the scheme has been given in the above results.

7. As per the letter dated 26 July 2011, issued by the Government of India (GoI), the transaction of sale of shares of the Company by Cairn UK Holdings Limited (the Company's holding company) along with its holding company, Cairn Energy Plc. to Vedanta Resources Plc. and its subsidiaries (collectively the 'Vedanta group') resulting in change of control in the management of the Company has been approved by GoI subject to compliance of certain conditions including those discussed in note no. 8 below. The Company has received a requisition from Cairn UK Holdings Limited under section 169 of the Companies Act, 1956 to convene a shareholders' meeting to consider

the conditions imposed by the GoI. Further, Cairn UK Holdings Limited sold 191,920,207 equity shares of the Company to Vedanta group subsequent to the end of the quarter, bringing down the effective promoter holding to 52.11 % and Vedanta group holding now stands at 28.75 %. Since Cairn Energy Plc. along with its subsidiaries continue to hold majority shares in the Company, it has been treated as the promoter of the Company.

8. As stated in note no.7 above, the GoI has imposed several conditions on the Company, and more specifically relating to the Rajasthan block RJ-ON-90/1. Two of the conditions stated in the letter are that: (i) the royalty payable under the Production Sharing Contract (PSC) is contract cost eligible for cost recovery; and (ii) the Company withdraws its arbitration with respect to the payment of the cess. Further, as stated in the said note a requisition has been received from the Company’s holding company that a meeting of the shareholders be convened to consider the conditions imposed by the GoI. Accordingly the Board of Directors has noted its obligation under section 169 of the Companies Act, 1956. The Board today, further to the letter from the GoI, reached a conclusion that it would be appropriate to hold a postal ballot of all the shareholders to consider the conditions imposed by the GoI. It should be noted that if royalty were to be considered as cost recoverable, the revenues and profits after tax for the current quarter would be lower by ₹ 129,165 lakhs (including ₹ 12,851 lakhs for previous periods). The auditors of the Company have expressed an emphasis on this matter in their limited review report.

9. In respect of the RJ-ON -90/1 block, profit petroleum payable to Government of India (GoI) has triggered during current quarter and revenues of Cairn India Group are net of the estimated share of profit petroleum of ₹ 18,756 lakhs.

10. The Group operates in only one segment i.e. "Oil and Gas Operations".

11. Previous quarter / year figures have been regrouped / rearranged wherever necessary to confirm to the current quarter’s presentation.

**For and on behalf of the Board of Directors**

**Place: Edinburgh**
**Date: 26 July 2011**

**Rahul Dhir**
**Managing Director and Chief Executive Officer**

# Cairn India Limited

Registered Office: 101, West View, Veer Savarkar Marg, Prabhadevi
Mumbai – 400025

Corporate Office: 3rd & 4th Floors, Vipul Plaza, Sun City, Sector-54
Gurgaon – 122002

**UNAUDITED STANDALONE FINANCIAL RESULTS**

**FOR THE QUARTER ENDED 30 JUNE 2011**

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

| Sr. No. | Particulars | Quarter ended | | Previous Financial year ended |
|---|---|---|---|---|
| | | 30-June-11 | 30-June-10 | 31-Mar-11 |
| | | Unaudited | Unaudited | Audited |
| 1 | a) Income from operations | 55 | 116 | 239 |
| | b) Other operating income | - | - | - |
| 2 | Expenditure | | | |
| | a) Data acquisition cost | - | - | 200 |
| | b) Employee costs | 390 | 514 | 2,170 |
| | c) Depreciation, depletion & amortization | 1 | 1 | 3 |
| | d) Legal & professional charges | 367 | 373 | 1,717 |
| | e) Administration costs | 140 | 162 | 1,191 |
| | f) Foreign exchange fluctuation | 9 | 211 | - |
| | g) Exploration costs | 629 | 1,159 | 6,827 |
| | h) Total | 1,536 | 2,420 | 12,108 |
| 3 | **Profit/(Loss) from Operations before Other Income, Interest & Exceptional Items (1-2)** | **(1,481)** | **(2,304)** | **(11,869)** |
| 4 | Other Income | 2,729 | 1,838 | 9,271 |
| 5 | **Profit/(Loss) before Interest & Exceptional Items (3+4)** | **1,248** | **(466)** | **(2,598)** |
| 6 | Interest and finance costs | 2,872 | 3,811 | 18,669 |
| 7 | **Profit/(Loss) after Interest but before Exceptional Items (5-6)** | **(1,624)** | **(4,277)** | **(21,267)** |
| 8 | Exceptional Items | - | - | - |
| 9 | **Profit/(Loss) from Ordinary Activities before tax (7+8)** | **(1,624)** | **(4,277)** | **(21,267)** |
| 10 | Tax expense (current tax) | 7 | - | - |
| 11 | **Net Profit/(Loss) from Ordinary Activities after tax (9-10)** | **(1,631)** | **(4,277)** | **(21,267)** |
| 12 | Extraordinary items (net of tax expense) | - | - | - |
| 13 | **Net Profit/(Loss) for the period (11-12)** | **(1,631)** | **(4,277)** | **(21,267)** |

| Sr. No. | Particulars | Quarter ended | | Previous Financial year ended |
|---|---|---|---|---|
| | | 30-June-11 | 30-June-10 | 31-Mar-11 |
| | | Unaudited | Unaudited | Audited |
| 14 | Paid-up Equity Share Capital (Face value of ₹ 10 each) | 190,225 | 189,735 | 190,192 |
| 15 | Reserves excluding Revaluation Reserves | | | 2,985,717 |
| 16 | Earning/(Loss) per share in ₹ (not annualized) | | | |
| | a) Basic earnings/(loss) per share | (0.09) | (0.23) | (1.12) |
| | b) Diluted earnings/(loss) per share | (0.09) | (0.23) | (1.12) |
| 17 | Public Shareholding | | | |
| | - Number of shares | 718,990,238 | 714,103,443 | 718,673,310 |
| | - Percentage of shareholding | 37.80% | 37.64% | 37.79% |
| 18 | Promoters and Promoter Group Shareholding | | | |
| | a) Pledged / Encumbered | | | |
| | -Number of shares | - | - | - |
| | -Percentage of shares (as a % of the total share shareholding of promoter and promoter group) | - | - | - |
| | -Percentage of shares (as a % of the total share capital of the Company) | - | - | - |
| | b) Non-encumbered | | | |
| | -Number of shares | 1,183,243,791 | 1,183,243,791 | 1,183,243,791 |
| | -Percentage of shares (as a % of the total share shareholding of promoter and promoter group) | 100% | 100% | 100% |
| | -Percentage of shares (as a % of the total share capital of the Company) | 62.20% | 62.36% | 62.21% |

**Notes:-**

1. The above unaudited financial results for the current quarter were subjected to a limited review by the auditors of the Company and reviewed and recommended by the Audit Committee in its meeting held on 25 July 2011 and approved by the Board of Directors at its meeting held on 26 July 2011.

2. Employee costs for the current quarter include stock option charge of ₹ 120 lakhs computed under the Intrinsic Value Method. The said charge for the current quarter and year would have been ₹ 1,041 lakhs if computed under the Fair Value (Black Scholes) Method.

3. 316,928 additional equity shares were issued during the current quarter on exercise of stock options by the employees of the Cairn India Group.

4. Exploration costs include costs pertaining to geological/geophysical studies, seismic studies, other surveys and unsuccessful wells and have been charged to the profit and loss account as per the provisions of the Successful Efforts Method of accounting.

5. The shareholders of the Company have approved a Scheme of Arrangement between the Company and some of its wholly owned subsidiaries, to be effective from 1 January 2010. The Scheme of Arrangement has been approved by the Hon’ble High Court of Madras and the Hon’ble High Court of Bombay; however, it is pending for approval from other regulatory authorities. Pending receipt of such approvals, no accounting impact of the scheme has been given in the results.

6. As per the letter dated 26 July 2011, issued by the Government of India (GoI), the transaction of sale of shares of the Company by Cairn UK Holdings Limited (the Company’s holding company) along with its holding company, Cairn Energy Plc. to Vedanta Resources Plc. and its subsidiaries (collectively the ‘Vedanta group’) resulting in change of control in the management of the Company has been approved by GoI subject to compliance of certain conditions. Further, Cairn UK Holdings Limited sold

191,920,207 equity shares of the Company to Vedanta group subsequent to the end of the quarter, bringing down the effective promoter holding to 52.11 % and Vedanta group holding now stands at 28.75 %. Since Cairn Energy Plc. along with its subsidiaries continue to hold majority shares in the Company, it has been treated as the promoter of the Company

7. The Company operates in only one segment i.e. "Oil and Gas Operations".

8. Information on investors' complaints for the quarter: opening-Nil, received-9, disposed-9, and closing-Nil.

9. Previous quarter / year figures have been regrouped / rearranged wherever necessary to confirm to the current quarter’s presentation.

**For and on behalf of the Board of Directors**

**Place: Edinburgh**
**Date: 26 July 2011**

**Rahul Dhir**
**Managing Director and Chief Executive Officer**