



For Immediate Release

23 March 2010

Update on Rajasthan Project and Resource Base

HIGHLIGHTS

Rajasthan Resource Base

- Rajasthan potential resource for the block is now estimated to be 6.5 billion barrels of oil equivalent (boe) in place
 - Exploration upside has increased. Prospective resource base now estimated at 2.5 billion boe in place
 - Discovered resource base increased from 3.7 to 4 billion boe in place
- Resource base provides a basis for a vision to produce 240,000 barrels of oil per day (bopd), subject to Government of India (GoI) approval and additional investments

Rajasthan Development

- Train One currently producing ~20,000 bopd
- Trains Two and Three at the Mangala Processing Terminal (MPT) to be ready in Q2 CY 2010
- The entire pipeline section from MPT to Salaya to be commissioned in Q2 CY 2010
- Mangala production expected to ramp up to the currently approved plateau rate of 125,000 bopd in H2 CY 2010
- Sales arrangements in place for 143,000 bopd with four refineries, MRPL, IOC, Reliance and Essar
- Development drilling at Mangala indicates production potential of 150,000 bopd subject to GoI approval and additional sales arrangements

A comprehensive review of the resource potential in the block has been carried out by Cairn India through the application of innovative technologies and advanced geoscience. In addition, DeGolyer and MacNaughton have conducted an independent estimate of reserves and contingent resources, and have also reviewed the majority of the leads and prospects in prospective resources. Their work is in line with the CIL estimates.

The Rajasthan potential resource is now estimated to be 6.5 billion boe in place. The resource in Mangala, Bhagyam, Aishwariya (MBA) and other fields has increased from 3.7 to 4 billion boe in place. The Fatehgarh Formation in the MBA fields hold 2.1 billion boe in place of which the Proved and Probable recoverable resource base is over 1 billion barrels, including an Enhanced Oil Recovery (EOR) potential of over 300 million barrels (mmbbls). EOR trials are currently underway with a ten well pilot programme.

The twenty two other fields (including the Barmer Hill Formation) are estimated to hold ~1.9 billion boe in place of which the gross recoverable resource is estimated to be 140 million boe. Evaluation work is underway for these fields. The recently successful hydraulic stimulation test in one of the Raageshwari Deep gas wells encourages us to replicate this in the Barmer Hill Formation. A pilot hydraulic fracturing programme in the Barmer Hill is planned in 2010. A Declaration of Commerciality has been submitted for the Barmer Hill Formation.

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The exploration upside is now estimated at 2.5 billion boe in place. Detailed basin re-evaluation through re-analysis of well data, reprocessing of seismic data and updated understanding of petroleum systems has resulted in a significant growth in the exploration portfolio, with the gross risked prospective recoverable resources increasing from 35 to 250 million boe. The Tukaram-2 well is currently being drilled to test the potential to extend known hydrocarbons from the Tukaram-1 discovery.

The current estimate of the resource base in Rajasthan provides a basis for our vision to produce 240,000 bopd from the block, subject to regulatory approvals and additional investments.

The current Mangala production of ~20,000 bopd is being processed through Train One. Trains Two & Three with a combined capacity of 100,000 bopd is targeted for completion in Q2 CY 2010. The pipeline from MPT to Salaya will be commissioned in Q2 CY 2010. Work on the final delivery infrastructure to each buyer is also nearing completion. The crude production from Mangala is expected to ramp up to the currently approved plateau of 125,000 bopd in H2 CY 2010.

Sales arrangements for 143,000 bopd (two PSU buyers and two private sector buyers) set a clear roadmap for aligning sales volume with production ramp-up. In addition, discussions are underway with PSU refiners as well as refiners in Special Economic Zones and overseas, subject to Gol approval.

Results from the ongoing development drilling campaign in the Mangala Field confirm the excellent reservoir quality of the Fatehgarh Formation, and support an increase in the production potential to 150,000 bopd, subject to Gol approvals and additional sales arrangements.

This is in line with our strategic focus on Rajasthan to maximise reserves, production and ultimately value to all stakeholders.

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

"The increase in the Rajasthan resource base supports our vision of greater production potential in the Barmer basin.

We remain committed to working with the Government of India, Government of Rajasthan and ONGC to further explore and develop this resource in the most optimal manner to secure the energy needs for our nation."

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About Cairn India Limited

- "Cairn India" where referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate.
- Cairn Lanka (Private) Limited, is a wholly owned subsidiary of Cairn India that holds a 100% participating interest in the Mannar block.
- "Cairn" where referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India), as appropriate.
- Cairn India is headquartered in Gurgaon in the National Capital Region, with operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- 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 62.39% shareholding in Cairn India Limited.
- Cairn India holds material exploration and production positions in 10 blocks in India and one in Sri Lanka.
- The focus on India has resulted in a significant number of oil and gas discoveries. In particular, Cairn made a major oil discovery (Mangala) in Rajasthan in the north west of India at the beginning of 2004. Twenty five discoveries have been made in Rajasthan block RJ-ON-90/1.
- In Rajasthan, Cairn India operates Block RJ-ON-90/1 under a Production Sharing Contract (PSC) signed on 15 May 1995. The main Development Area (1,858 km²), which includes Mangala, Aishwariya, Saraswati and Raageshwari is shared between Cairn India and ONGC, with Cairn India holding 70% and ONGC having exercised their back in right for 30%. A further Development Area (430 km²), including the Bhagyam and Shakti fields, is also shared between Cairn India and ONGC in the same proportion.
- The Operating Committee for Block RJ-ON-90/1 consists of Cairn India and ONGC.
- India currently imports more than 2.4 million barrels of oil per day (bopd). The domestic production is approximately 0.7 million barrels of oil per day of which approximately 69,000 bopd comes from the Cairn India operated assets (Ravva, CB-OS/2 and the Rajasthan block)
- For further information on Cairn India Limited see www.cairnindia.com

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Glossary

Corporate

Cairn India/CIL Company	Cairn India Limited and/or its subsidiaries as appropriate Cairn India Limited
CY	Calendar Year
DoC	Declaration of Commerciality
JV	Joint Venture
MBA	Mangala, Bhagyam and Aishwariya
MPT	Mangala Processing Terminal
MRPL	Mangalore Refinery and Petrochemicals Limited, (subsidiary of ONGC)
IOC	Indian Oil Corporation
HPCL	Hindustan Petroleum Corporation Limited
RIL	Reliance Industries Limited
E&P	exploration and production
Gol	Government of India
Group	the Company and its subsidiaries
MC	Management Committee
ONGC	Oil and Natural Gas Corporation Limited
OC	Operating Committee
GBA	Gas Balancing Agreement

Technical

2P	proven plus probable
3P	proven plus probable and possible
2D/3D	two dimensional/three dimensional
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

Fatehgarh is the name given to the primary reservoir rock of the Northern Rajasthan fields of Mangala, Aishwariya and Bhagyam.

The Barmer Hill is a lower permeability reservoir which overlies the Fatehgarh.

The Dharvi Dungan forms the secondary reservoirs in the Guda field and is the reservoir rock encountered in the recent Kameshwari West discoveries.

The Thumbli forms the youngest reservoirs encountered in the basin. The Thumbli is the primary reservoir for the Raageshwari field.

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