



Chairman Speech for AGM – 18th August 2009.

Ladies and Gentlemen,

On behalf of the Board of Directors of Cairn India, I extend a warm welcome to each and every one of you at the Third Annual General Meeting of the company.

The tremendous support and faith shown by you in your Company has allowed us to continue to create value for all stakeholders in the company.

Its 120 years since oil was first discovered in Upper Assam at the famous Digboi well. The discovery of the Mumbai offshore fields in the 1970s added a new chapter to the hydrocarbon history in the country - the Cairn discoveries in Rajasthan are the biggest onshore discoveries in India in more than two decades.

It is five years since the discovery of Mangala in Rajasthan and it is now on the verge of producing its first oil.

The scale and scope of the development based around the Mangala Processing Terminal (MPT) has grown significantly since 2004 and it is ready to deliver.

When it is on stream at the currently approved peak production of one hundred and seventy five thousand barrels of oil per day - Cairn India will account for twenty percent of domestic crude production.

At the last AGM I had just returned from viewing the first stages of construction of the pipeline and other related facilities - today the huge infrastructure that will help transform this company is well on its way to completion.

Operations

I am pleased to report that Cairn India has made significant progress in all of its operated assets but first let me provide you with an update on the Rajasthan operations; –

Train One with a capacity of 30,000 barrels of oil per day at the Mangala Processing Terminal has been successfully completed and is ready to commence production.

The crude oil pipeline is targeted to be completed by the end of 2009 and until then the crude will be evacuated by trucks to the Gujarat Coast to be shipped to two of the buyers nominated by the Government of India, namely MRPL and HPCL.

As part of the change in the scale and scope of the project your Company has received Government approval for the revised Mangala Field Development Plan, incorporating an increased offtake of 125,000 barrels of oil per day for Mangala and a processing capacity of 205,000 barrels of oil per day for the Mangala Processing Terminal

The construction of Trains two and three at the MPT with a combined capacity of 100,000 barrels of oil per day is targeted to attain the Mangala plateau production of 125,000 barrels of oil per day in the first half of 2010.

The pipeline continues to make progress. Teams are working in Rajasthan and Gujarat to meet the target of completion by the end of the year while pre-commissioning and testing activities have already commenced on the pipeline.

However, while we continue to target the end of 2009 for completion of train two and the pipeline, the extreme weather in both Gujarat, with the monsoon and the heat in Rajasthan along with other factors continue to pose schedule risks. Cairn India and its major contractor, Larsen and Toubro, are doing all they can to mitigate these risks.

Stakeholders

Teamwork and partnership has brought us to where we are today and Cairn is working with all its stakeholders to provide a development that will enhance India's energy supplies.

By 2011, Cairn and its joint venture partner will have invested up to 20,000 crore rupees (USD 4 Billion) on the development of the Mangala, Bhagyam and Aishwariya fields.

The Rajasthan project is one of the biggest onshore oil and gas developments undertaken in India in recent years and the production from Rajasthan at the current envisaged rates has the potential to create significant value for

all of our stakeholders.

Both the Rajasthan Government and Government of India will get substantial proceeds once production starts. Savings will also be made on the country's net oil import bill - While numerous Indian companies have also benefited in the construction phase, from our main contractor Larsen and Toubro to the smaller companies in Rajasthan and Gujarat.

Crude Sales

The Government of India has nominated MRPL, IOC and HPCL for the offtake of the first crude from the Rajasthan Block for the period 2009-10 and 2010-11.

The commercial terms and pricing negotiations for the initial offtake of the Rajasthan crude have been concluded with IOC and MRPL and your Company is in the advanced stages of concluding the Crude Oil Sales Agreements.

Operated Assets

Elsewhere in India the Company's oil and gas fields at Ravva in Andhra Pradesh and CB/OS-2 in the Cambay basin in Gujarat continue to be the cornerstone of its existing production.

Your Company's operated gross production across India in 2008-09 was more than sixty six thousand barrels of oil equivalent per day - Our share of this was more than 17,000 barrels of oil equivalent per day and we expect this to increase significantly with the addition of crude production from Rajasthan in the current financial year.

In the Cambay basin, work-over activities and the upgrading of the production facilities, has allowed your company to be able to attain a peak production of 10,000 barrels of oil per day.

Ravva, on the East coast, will complete 15 years of production in October 2009 - which is much beyond its originally predicted economic life and has already generated billions of dollars of revenue for the authorities in India.

The field direct operational expenses for the two producing blocks of Ravva and Cambay was USD 2.4 per barrel last year, one of the lowest operating costs in the world - we will aim to maintain and consolidate the position of being a low cost operator, both in these blocks and when we start production in Rajasthan.

Health and Safety and CSR

Your Company is committed to the highest standards of health and safety in its business activities. With almost eleven thousand people employed on delivering the Rajasthan project, minimal time to date has been lost due to injuries and we continue to target running our operations in the most safe and efficient manner.

Ensuring we look after the people in the communities near our operations has been a key focus of the past year with a number of Corporate Social Responsibility initiatives launched and developed

- The Enterprise Centre in Barmer, which was set up with support from the Rajasthan Government and the International Finance Corporation is fulfilling its commitment of to aid and support the economic welfare of the local people
- The rural dairy development project in Rajasthan, which aims to provide rural families with an alternative source of income generation by supporting traditional dairy development activities is progressing well

We also recognise that climate change is a key issue and your Company has implemented several initiatives to reduce its emissions, including higher efficiency flares, additional compression and improving plant operations to minimise the volumes of gas that are flared.

Outlook

Much of what I have addressed this morning is about the past twelve months. I now want to focus on the years ahead.

Underpinning the strategy for growth is the sequential development of our twenty five oil discoveries in Rajasthan, where your Company is entering a period of transformational growth with the phased build up of oil production, followed by a sustainable plateau, from its world class oil fields in Rajasthan.

Let me tell you about some of the key actions your Company plans to target

- Commence crude oil production from Barmer shortly
- Complete the construction work at the Mangala Processing Terminal of Trains two and three along with the insulated crude oil pipeline
- Once those elements are complete the production target in the first half of 2010 will be 125,000 barrels of

oil per day

- The Mangala, Bhagyam and Aishwariya fields have a 2P recoverable resource of almost 700 million barrels of oil with a further 300 million barrels of Enhanced Oil Recovery potential presently classified as contingent resource
- The challenge in the coming years will be to exploit the full resource potential in the Barmer basin in Rajasthan through the use of EOR techniques and through further work on the remaining fields including the Barmer Hill reservoirs
- More than 3,000 square kilometres in Rajasthan are now under long term development contract. There is further incremental production growth potential across this acreage as demonstrated by the Raageshwari East well, which flowed 500 barrels of oil per day in December 2008
- We believe there is potential to extend and also enhance peak plateau production from the resource base of the Rajasthan fields above the level of 175,000 bopd
- In Sri Lanka, we aim to commence exploration activities and work towards increasing Cairn India's presence in the international oil and gas arena

It is an exciting and transformational time for your company.

We are ready to go and to grow in Rajasthan!

Your Company would like to thank our Joint venture partners in Rajasthan, ONGC and our contractors who along with the Government of India and the state governments have provided excellent and invaluable support.

I thank you for your confidence in Cairn India and look forward to your continued support in our pursuit to discover and produce more oil and gas for the nation.

I now propose the resolution for adoption of the Accounts and Reports.