



For Immediate Release

27 March 2007

Cairn India Highlights from Cairn Energy PLC Preliminary Results

OPERATIONAL

India

- Rajasthan midstream solution progressing well - alignment with ONGC on pipeline evacuation, subject to Government of India (GoI) approval
- Rajasthan oil in place in excess of 3.6 billion barrels
- Rajasthan planned production of 150,000 bopd, including increased Bhagyam production plateau target of 40,000 bopd
- EOR potential for recovery increase and plateau extension
- First oil production from Mangala on schedule for 2009
- Gross operated production 82,770 boepd (entitlement 14,593 boepd)

Sir Bill Gammell, Chief Executive of Cairn Energy PLC said:

"We continue to be focused on delivering the Rajasthan development and ensuring the upstream project remains on track to produce first oil in 2009. Cairn India is aligned with its joint venture partner ONGC and intends to become an active participant in midstream activities with a view to optimising value from its exposure to the entire production and oil sales chain."

CHIEF EXECUTIVE'S REVIEW

Overview

Just over three years ago Cairn made the transformational discovery of Mangala in Rajasthan. Following successful completion of the IPO in 2007 and its establishment as an autonomous business, Cairn India is well placed to move that discovery and others in Rajasthan forward in preparation for first oil production in 2009.

India

The IPO of Cairn India is a natural evolution of our business building on the decade of remarkable achievement that Cairn has had in South Asia. The successful completion of the IPO has created an autonomous business with an experienced management team capable of developing and building on our world class assets in India.

Cairn India's oil and gas fields at Ravva and CB/OS-2 continue to be the cornerstone of its existing production. During 2006 both of these assets benefited from revised gas prices and improved oil production. An ongoing drilling programme at Ravva and new developments planned on CB/OS-2 will ensure that these assets continue to underpin Cairn's India's activities elsewhere in India.

A step change in production is expected from 2009, when the first of the Rajasthan developments is scheduled to come onstream. The Mangala field will be brought on production first followed by the Bhagyam and Aishwariya fields and the targeted gross production from these three fields is 150,000 barrels of oil per day (bopd). Once onstream, these fields will create enormous value for the GoI, the Rajasthan State Government and for investors and other stakeholders in both Cairn and Cairn India.

Laboratory studies have indicated that the early application of enhanced oil recovery (EOR) techniques on the Mangala and Bhagyam fields is expected to extend significantly the production plateau and ultimate reserves for these fields. Further work is also planned to determine the best method of extracting the oil from the potentially productive Barmer Hill formation.

India's exploration potential is huge, with the majority of the 26 hydrocarbon basins in the country being under-explored. Cairn India has recently secured two new exploration blocks in the NELP VI licensing round and now has an interest in a total of 15 blocks in India. Cairn India is well placed to build on this asset base and to bid for

further exploration acreage that may be offered in future licensing rounds.

Rajasthan Upstream

The upstream picture in Rajasthan progressing well. Current estimates for the proven and probable (2P) hydrocarbons in place for the six fields Mangala, Bhagyam, Aishwariya, Saraswati, Raageshwari Oil and Raageshwari Deep Gas total 2.2 billion boe and the associated 2P reserves plus contingent resources are 864 million boe.

The additional smaller and/or low permeability fields and reservoirs have an estimated 2P hydrocarbons in place volume of more than 1.4 billion boe. Over the coming years, Cairn India's focus will be on converting as much of this contingent resource base into 2P reserves as is economically possible.

In this regard, work is also ongoing to establish optimal enhanced oil recovery (EOR) techniques in the Rajasthan block to extend plateau production and maximise recovery factors. Laboratory work is currently underway to establish the potential of these technologies, particularly in relation to how they can be used in Mangala and Bhagyam, the largest of the Rajasthan fields.

The first phase of development drilling on Saraswati has been completed and development drilling is now underway on Raageshwari. Development drilling on Mangala is scheduled to commence in 2008.

The GoI has approved the Declaration of Commerciality for Bhagyam, the second largest field in Block RJ-ON-90/1, along with the Shakti field. FDPs for Bhagyam and Shakti are expected to be submitted to the GoI in Q2 2007.

Rajasthan Midstream

Cairn India is aligned with its joint venture partner ONGC on a midstream solution and intends to become an active participant in midstream activities with a view to optimising value from its exposure to the entire production and oil sales chain.

Through third party discussions and studies relating to the evacuation of the crude, Cairn India now has a comprehensive understanding of the construction schedule for a pipeline from the fields in Rajasthan. Specialist consulting engineers have been retained to help develop this knowledge base further and to assist Cairn India in addressing the associated technical and commercial issues involved.

A proposal is currently being prepared for submission to the GoI seeking approval to include within the FDP a pipeline to transport Rajasthan crude from Mangala to a coastal terminal facility. The proposed routing of the pipeline will allow access to the existing pipeline infrastructure and refinery network, with a final coastal delivery point that also affords access to the majority of India's refining capacity. It is proposed that the pipeline will fall within the definition of the field development activities and will accordingly be funded 70% by Cairn India and 30% by ONGC. If the pipeline is included in the FDP, the costs would be recoverable under the PSC. The conceptual engineering and route identification for the pipeline are at an advanced stage.

Cairn India and ONGC are continuing discussions on the approach to pricing of the Rajasthan crude.

Rajasthan Project Funding

Cairn India's funding for the initial upstream development will be provided from ongoing cash generation, its retained proceeds of the IPO (\$600 million) and specific banking facility (\$850 million). Funding for the midstream pipeline can also largely be met from these sources. Once the Mangala oil field is onstream subsequent development phases will be funded out of the resultant cash flows and retained borrowings under the facility.

Financial Overview

Cairn India continues to be well placed financially with positive operating cash flows, a US\$850m syndicated revolving credit facility and cash generated from the flotation of the Indian business to drive forward the Rajasthan development and pursue opportunities in other business areas.

The financial results of Cairn Energy PLC comprise the consolidated results of Cairn Energy PLC compiled in United States Dollars in accordance with International Financial Reporting Standards (IFRS) for the year ended December 31, 2006. In addition to its operations in India, Cairn Energy PLC have operations in Bangladesh and Nepal, as well as having its establishment in the United Kingdom.

Cairn India Limited will in accordance with Indian generally accepted accounting principles (IGAAP) announce its results for the quarter ended 31st March 2007 as per the Listing Agreement.

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About Cairn India Limited

- "Cairn India" w here referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate
- "Cairn" w here referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India), as appropriate.
- Cairn India is headquartered in Gurgaon on the outskirts of Delhi, w ith operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- On 9 January 2007, Cairn successfully concluded the flotation of its Indian business w ith the commencement of trading of Cairn India Limited on the Bombay Stock Exchange and the National Stock Exchange of India. Cairn Energy PLC currently holds a majority shareholding in Cairn India Limited.
- Cairn India is currently focused on exploration and production in India w here it has a w orking interest in 15 blocks, tw o of w hich are producing hydrocarbons. The company holds material exploration and production positions in w est India, east India along w ith new exploration rights elsew here in India.
- This focus on India has already resulted in a significant number of oil and gas discoveries. In particular, Cairn India made a major oil discovery (Mangala) in Rajasthan in the north w est of India at the beginning of 2004. Cairn India has now made 20 discoveries 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), w hich includes Mangala, Aishw ariya, Sarasw ati and Raageshw ari; is shared betw een Cairn India and ONGC, w ith 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 betw een Cairn India and ONGC in the same proportion.
- India currently imports approximately 2,000,000 barrels of oil per day (bopd). It produces approximately 700,000 bopd itself of w hich approximately 50,000 bopd comes from the Cairn India operated Ravva field on the east coast of India
- For further information on Cairn India Limited see www.cairnindia.com