

CAIRN INDIA LIMITED

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For Immediate Release

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Cairn India completes US\$1.6 billion financing

Cairn India, which started production from the world class Mangala Field in Rajasthan on 29 August, 2009 and delivered its first volumes of crude oil to MRPL on 8 October, 2009 has achieved another major milestone.

Cairn India has completed financing arrangements for US\$1.6 billion for funding its Rajasthan project. The borrowings are of a long term nature with tenure of six years. The proceeds from this facility will be used to repay the existing facility of US\$850 million and to continue to fund the ongoing projects in Rajasthan. The financing has been arranged through a combination of US dollars and Indian rupee borrowing by accessing both domestic and international markets.

The international borrowing of US\$ 750 million consists of a fully underwritten portion of US\$ 500 million by Standard Chartered Bank and US\$ 250 million loan by International Finance Corporation, a member of the World Bank Group. The domestic borrowing has been underwritten by the State Bank of India (SBI) for Rs.4,000 crore (~US\$850 million). SBI Capital Markets Ltd acted as advisors to Cairn India for the domestic borrowing.

The resource base has continually grown since the discovery of Mangala in 2004 and the focus in the coming years will be to realise the full potential of the Barmer Basin. The Mangala, Bhagyam and Aishwariya fields together with their Enhanced Oil Recovery (EOR) potential are being developed in sequence and when complete MBA production is expected to rise to at least 175,000 barrels of oil per day.

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

"We are delighted at the confidence shown by leading financial institutions, both in India as well as overseas, in our Rajasthan project and our business. The financing has been completed by accessing two diverse markets on competitive terms in these current challenging times.

This is in line with our strategy of funding development expenditure through debt and realigning the company's capital structure to provide financial flexibility for the future.

We stand committed to achieve our approved targets and deliver value to all our stakeholders"

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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 on the outskirts of Delhi, with operational offices in Chennai, Gujarat, Andhra Pradesh and Rajasthan.
- On 9 January 2007, Cairn successfully concluded the flotation of its Indian business with 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 65% shareholding in Cairn India Limited.
- Cairn India holds material exploration and production positions in 13 blocks in west India and east India along with new exploration rights elsewhere in India and Sri Lanka.
- This focus on India has already 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 2,000,000 barrels of oil per day (bopd). It produces approximately 700,000 bopd itself of which approximately 50,000 bopd comes from the Cairn India operated assets i.e. Ravva & CB-OS/2
- For further information on Cairn India Limited see www.cairnindia.com



Glossary

Corporate

Cairn India/CIL Company	Cairn India Limited and/or its subsidiaries as appropriate Cairn India Limited
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
E&P	exploration and production
GoI	Government of India
Group	the Company and its subsidiaries
ONGC	Oil and Natural Gas Corporation Limited

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
PSC	production sharing contract

The 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 Dungar 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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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 presentation 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 partners.