



Chairman's Speech at Cairn India's Eighth AGM - 23 July, 2014

Good Morning Ladies and Gentlemen,

On behalf of the Board of Directors, I am delighted in welcoming you all to the Eighth Annual General Meeting of your Company.

Thank you for joining us today.

The world energy market is navigating a new era. China, India and other emerging markets will drive the global energy consumption. China and India will be the world's largest oil importers. This is in stark contrast with the U.S. which is witnessing a significant reduction in its dependence on imported oil.

Can we as a nation, draw lessons from the US?

Clearly, above-the-ground factors together with good infrastructure played a key role. Simple policy framework, predictability of taxes and fiscal regime, maintaining contract sanctity and facilitating private sector capital are key levers which have been effectively utilized by the U.S. This led to their energy renaissance.

Much like the U.S., maximum value can be created by encouraging domestic production of hydrocarbons. Thus, leveraging our nation's resource potential and increasing domestic production are crucial for enhancing economic growth.

Domestic production has a transformational role in a Nation's development. It increases Government's revenue because of taxes and production levies. In turn, however, imported barrels of oil result in transferring our wealth.

For a nation undergoing transformational changes, a simple and forward-looking policy to encourage investment that maximises domestic oil and gas production would be a key enabler. Adopting a strategic vision for our E&P sector and following through with a stable policy regime can be a game-changer for India's upstream Oil and Gas landscape. Not only will it help minimise costly imports but will also strengthen our nation's balance of trade. Thus, we need to make every effort to increase domestic production by maximizing our resource potential.

Your Company's role in Energy Security - a strategic perspective

Given this context, your Company has enormous responsibility and opportunity to play a part in securing the energy needs of our Nation through leveraging the potential of its natural resources, reducing dependence on costly imports and stemming the flow of wealth transfer.

To this end, your Company continues to play a key role in helping our Nation meet its ever-increasing energy needs. Last year our operations helped reduce the Nation's import bill by over INR 48,000 crore.

In a short span, your Company has emerged as the fastest-growing energy company in the world and is amongst the top 20 global independent E&P companies today.

Our annual contribution of over INR 32,000 crore (~USD 5.3 billion) to the Government and its nominees would further strengthen Government's efforts to initiate and implement developmental programmes and projects that benefit our citizens at large.

India's economic growth will have a far-reaching impact on world energy markets and environment. In order to meet this growing energy need, our fuel mix will have to be diversified. Increasing the share of

natural gas in India's fuel mix will not only help reduce the nation's import bill considerably, but also give us an option to choose a cleaner alternative fuel.

You will be happy to learn that your Company is actively pursuing Natural Gas Development Project in Rajasthan. We see this as being a key growth area, with the potential to be a significant part of the Company's overall production mix in the years to come.

Let me now talk about your Company's performance across the asset portfolio.

The Rajasthan block

The Rajasthan block is a world-class asset and of significant National importance. Production from this asset continues to reduce India's crude oil import bill considerably.

FY2014 was a year of special significance. During the year, the block produced a record output of 66.3 mm boe. It also achieved a milestone production of 200,000 boepd.

Since we resumed our exploration activities a little over a year ago, your Company has been highly active in this block. In Rajasthan we are carrying out the largest ever exploration and appraisal programme in the history of Cairn India. This exploration has already resulted in five new play types being opened up and established over one billion boe of hydrocarbons in place.

We continue our drilling programme targeting a total of 7 billion boe of hydrocarbons in place. Majority of the exploration wells drilled to date, have shown hydrocarbons. This is a testament of your Company's strong capability.

In order to optimise the Rajasthan development, we are continuing to deploy the most innovative technology in our work programmes. A clear example of this is implementation of the latest techniques being used in North America to maximise recovery from our own tight reservoirs in the Barmer Hill formation.

Ravva and Cambay fields

Beyond Rajasthan, we have once again seen a value-creating performance from both the Cambay and Ravva blocks in the West and East of India respectively.

Both assets remain good examples of Cairn India's ability to provide a compelling return on investment through efficient and timely application of technologies.

Ultimate recovery at Ravva is expected to be over 50% from the existing producing zones, which is a world class performance in itself.

Other domestic exploration assets

Exploration activity in the Krishna-Godavari basin - the onshore KG-ONN-2003/1 block - also holds significant potential future value.

In addition, pursuant to receipt of conditional clearances from the Government of India, planning for exploration projects has resumed in 3 other exploration blocks - the Mumbai Offshore, Palar and KG Offshore.

International assets - Sri Lanka and South Africa

Your Company is in discussions with the Sri Lankan Government for commercial terms before the next phase of drilling, to monetise the gas discoveries made in the block.

On the other hand, in South Africa, we have acquired both 2D and 3D seismic data. Both the seismic surveys were completed on schedule.

HSE and Sustainability

As you all will agree, your Company has always placed Health, Safety and Environment (HSE) at the very heart of the way we do business. Adhering to the highest standards of HSE performance is fundamental to protect our business and our people.

Even as we have ramped up our exploration and development activities, we are hard at work to adhere to and maintain the highest standards of HSE performance.

I take pride in informing you that your Company ranks amongst the top quartile of global exploration and production companies for its HSE track record. However, this is no reason for complacency and we are constantly challenging ourselves and seeking ways to improve our practices.

Your Company is and will continue to champion sustainability. Our team is strengthening the sustainability development initiatives within the organisation.

We are committed to build a strong and lasting relationship with the communities in which we operate. We believe partnering with local communities helps in building a collective vision and creating value for all stakeholders.

Our Vision

We share a common vision with the Government for the nation's energy security. Over the last many years, your Company has played a key role in the Indian Oil and Gas sector. We are well positioned to play an increasingly important role in future by enhancing our production significantly and deploying the best-in-class technologies to maximize the last barrel.

Your Company will make every effort to leverage the tremendous opportunity that is available and in the process deliver consistent growth and value to all stakeholders.

Value Creation & the path ahead - Investing for growth

We are committed to a net investment of US\$ 3 billion for our three year capital expenditure programme. We are confident that this will lead to a reserve replacement ratio of 150% and help us deliver a growth of 7% to 10% in production over the next three years, from the Rajasthan block.

Our development projects in the Rajasthan block will maximise the economic value from existing production and add to future production by expanding the Company's resources and reserves.

Your Company uniquely identified the opportunity to implement enhanced oil recovery programme at a very early stage of field life in order to sustain the plateau production rates. To this end, we are now in the process of implementing one of the world's largest polymer flood projects in Rajasthan.

As stated earlier, leveraging the gas potential of the Rajasthan block is a priority for Cairn India. While we had commenced commercial sale of gas from the block last year, there is potential for significant expansion. This represents a unique opportunity to establish Rajasthan as a major player in the Indian natural gas market.

We have now identified that the Raageshwari Deep Gas field has significantly higher gas resources. We believe that through additional infrastructure, we can quickly ramp-up production.

In addition, our on-going exploration programme around the field is yielding positive results. Initial assessments indicate a significantly large resource base.

We see natural gas as a key growth area with the potential to play a significant role in your Company's production growth in the years to come.

Given the potential, we are currently working on a gas production plan, which will include a new 24 inch / 30 inch pipeline to connect to the national grid.

Your Company, thus, is actively pursuing monetization of the natural gas resources to create further value for all stakeholders.

Acknowledgements

As I conclude, on your behalf, I would like to thank all the employees of Cairn India for their dedication and contribution to the success of your Company.

On behalf of your Board of Directors, I would like to express our appreciation for the contribution made by P. Elango, who after a successful stint at Cairn India, decided to step down for personal reasons.

The support of the Government of India, the State governments, ONGC and our other joint venture partners, business partners and local communities has been pivotal in our success. On behalf of all of us, I thank them for their cooperation and unflinching support.

I remain confident that with a balanced portfolio, world-class assets, a strong balance sheet and self-funded capital expenditure programme driven by a highly skilled and dedicated workforce; your Company will play an increasingly important role in enhancing energy security for the nation and in the process, deliver long-term value for shareholders.

On behalf of the Board of Directors and the employees of Cairn India, I once again thank you for your enduring support and encouragement.