



**Chairman's Speech at Cairn India's Fifth AGM on 18 August, 2011**

**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 Fifth Annual General Meeting of the company. It has been a fascinating 12 months since we last gathered here in Mumbai!

I am standing before you at your company's AGM as your Chairman Sir Bill Gammell is not here today. Sir Bill has a pressing personal matter that he needs to attend, which unfortunately could not be deferred. He sends his sincere apologies for not being present today and his best wishes to all of you.

In the summer of 2010, Cairn Energy PLC was approached by Vedanta Resources Plc with a proposal to purchase the majority of Cairn's Energy PLC's equity in your Company. The proposed transaction was approved by the shareholders of Cairn Energy PLC and Vedanta Resources Plc at the end of last year and the Government of India has also approved the transaction and has imposed certain conditions.

Cairn India has written to all of you to seek your views on accepting the conditions put in place by the Government for them to finally clear this transaction. The board views the ballot which will be declared on September 14 2011, as the most appropriate and democratic way to determine this decision.

The Board believes that the successful delivery of the large scale Rajasthan project and the focus on low cost operations across all of the company's assets has created a strong foundation for future growth and your company remains committed to growing shareholder value.

Cairn India and its joint venture partner ONGC, are currently producing 125,000 barrels of oil per day from the Rajasthan Block and have approved field development plans to produce up to 175,000 bopd. Our current understanding of the resource base in the Rajasthan Block supports a vision to produce 240,000 bopd, equivalent to a contribution of ~30% of India's current crude production, subject to further investments, partner and regulatory approvals including exploration rights in the development areas. Without the active support of the Gol and ONGC, it will not be possible for Cairn India to exploit the full potential of the resource base in Rajasthan.

Cairn India is now responsible for the delivery of significant domestic crude production from its operated assets across the country. This has brought substantial benefits to the nation, to the states of Rajasthan, Andhra Pradesh and Gujarat, our joint venture partner, Oil and Natural Gas Corporation Limited, and to the Company. With Cairn India now accounting for more than a fifth of India's total crude oil output, it has made a key contribution to savings in foreign exchange through reduced crude oil imports.

2011 has been a year of delivery for your Company. Production from the Rajasthan block has been the focus of that delivery.

The last year saw the successful completion of the first phase of the Rajasthan development - the three processing trains, multiple well pads and the pipeline infrastructure are complete and operational. The Rajasthan operations have achieved very high global standards of efficiency with more than 98% uptime.



Output reached 125,000 barrels of oil per day with the crude now being transported to a number of Indian refineries by the world's longest continuously heated and insulated pipeline. This pipeline infrastructure is not only a global engineering achievement, but also a strategically important asset because all the remaining fields and discoveries in Rajasthan can be quickly connected to the market.

The successful start-up of piped oil production from the Mangala Processing Terminal will provide a tremendous platform for future growth, and has already contributed a record turnover of 102.8 billion rupees, or USD 2.26 billion in the 2011 financial year; and profit after tax of 63.3 billion rupees, which translates to USD 1.39 billion. All of this could not have been achieved without the people who work on your behalf.

As such, I would like to recognise all the hard work and commitment the management, employees and contractor teams working for Cairn India have put in. At the peak of construction, more than 16,000 people were involved in building the Mangala Processing Terminal, the pipeline and related infrastructure – making it, without doubt, the biggest onshore oil and gas production project in India. The successful completion of Phase-I of the project stands testament to the skills and ingenuity that the Cairn India team has displayed in creating long lasting value to each of you as a shareholder and to other stakeholders in India.

Cairn India's experience has shown that it is possible to build world-class developments using the latest and most innovative technologies. The Rajasthan development has demonstrated your Company's ability to operate large scale projects in a safe and efficient manner and at a low cost.

Exploration is very important for the future growth of the Company. The Company continues to use leading-edge geophysical and geological technologies to enhance its probability of exploration success and monetise hydrocarbon resources.

The discovery in the KG-ONN-2003/1 block in the east coast of India is likely to help determine the onshore extent of the hydrocarbon potential of the prolific Krishna-Godavari Basin.

The commencement of drilling operations in the frontier Mannar Basin in Sri Lanka marks your Company's first international foray.

With the Rajasthan Phase I development complete, your Company is now focussed on commencing production from the Bhagyam and Aishwariya discoveries followed by the other discoveries in Rajasthan.

While there are increased execution challenges, the construction work is progressing on the remaining 80 kilometre Salaya to Bhogat section of the pipeline including the Bhogat terminal and marine facility. Completion of this segment will provide the Rajasthan crude access to more than 75% of the nation's refining capacity.

The Enhanced Oil Recovery pilot that commenced in early 2010 has now entered the chemical injection phase after a successful water-flood phase. Your Company is closely monitoring the pilot and on successful completion will implement EOR on a field-wide scale to allow access to further resources.

The support of the Government of India, the state governments, Oil and Natural Gas Corporation Limited, local communities, our other joint venture partners and key

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contractors has been vital to your Company's exciting journey. I would personally like to thank all those who have played their part in developing these key projects for India.

With a strong and sustainable cash flow, Cairn India, with the support of all stakeholders, is well positioned for future growth. It is now focused on maximising value from the phased development of the Rajasthan resource base in the coming years. Cairn India and its majority owners are committed to delivering energy security for India

I look forward to Cairn India producing more hydrocarbons for the nation, and generating more income and profits for you its shareholders.

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