



Ladies and Gentlemen,

On behalf of the Board of Directors, I extend to each and every one of you a very warm welcome at this the Second Annual General meeting of your Company.

At the outset, I thank you for the tremendous support and the faith shown in your Company and its Management.

In its second year of operation, I am pleased to report that Cairn India has made significant progress in all of its operated assets since it was established as an autonomous Indian business.

I am delighted that the approval of the Government of India (GoI) has now been received to shift the delivery point of Rajasthan Crude from Barmer to the Gujarat Coast.

In the last few days the contractors, Larsen and Toubro, have started to lay the pipeline in preparation for delivering the first oil from Rajasthan in the second half of 2009.

Yesterday I visited the site in Gujarat where the laying of the pipeline has started. It is very much a breakthrough moment for your company. In consultation with the Government of India we had first proposed the idea of building the pipeline in 2006 and it is wonderful to actually see this happening on the ground! – This is a truly significant milestone for Cairn India and all of our stakeholders! What is heartening is that the bulk of the contracts for the pipeline have been awarded to Indian companies, in the face of international competition.

It has been a result of teamwork and partnership that has brought us to where we are today.

Cairn is working with all its stakeholders to provide solution that will aid India's energy supplies.

India is deficient in oil and gas and will continue to have significant excess demand for hydrocarbons in the years to come. Once oil starts to flow from Rajasthan, Cairn India will have the potential to account for 20% of India's oil production in the next decade. That would be a significant achievement for an entity which began its operations in this country just 13 years ago.

It makes my colleagues and me proud to have been given the privilege of working for an Indian listed company that will serve the nation's energy needs and, in doing so, maximise shareholder value.

With more than 40 hydrocarbon discoveries, Cairn has a proven track record of fast track development.

The Company has also pioneered the use of latest technologies to extend the production life of its fields and your Company is proud to be one of the lowest cost producers in the region.

**Allow me the opportunity to share with you some headline events of 2007 and 2008 to date.**

- **The most important news is the commitment by the Cairn India team to deliver first oil from Rajasthan by the second half of calendar year 2009. We have carefully reviewed the progress of the upstream project and are confident of delivering first oil from the Mangala field by that date, followed by oil from Bhagyam and Aishwariya in 2010**
- **We are equally confident of commissioning the Rajasthan-Gujarat oil pipeline, in time for first commercial oil production from Rajasthan.**
- **The FDP for the second biggest field in Rajasthan - Bhagyam has been approved and we are now preparing the revised field development plan for Mangala. This will allow Cairn and its partner ONGC to reach an estimated sustainable plateau rate of production from the three proven Rajasthan fields — Mangala, Bhagyam and Aishwariya — of 175,000 barrels of oil per day (bopd) an increase from the previously forecast figure of 150,000 barrels of oil per day. The revised field development plan will also include our proposals to start field trials for Enhanced Oil recovery which have the potential to add a further resource potential of over 300 million barrels of oil.**
- **The rigs that will begin to source the oil have been commissioned and will arrive in India in the next two months to carry out the development drilling in Rajasthan**
- **Cairn India's estimated hydrocarbon reserves have also increased. Your Company's proved**

plus probable gross hydrocarbons initially in place under development across India is now estimated at 3.05 billion barrels of oil equivalent (boe). If one adds contingent resources, Cairn India's Gross hydrocarbons initially in place is estimated at 5.1 billion boe.

- We have an attractive portfolio of oil and gas exploration, development and production assets in India. Currently, Cairn India has an exploration interest in 14 blocks and has been awarded one new block in Sri Lanka; and it is looking for additional assets as well. Our exploration programme for the coming year will include at least 10 wells and numerous seismic operations all aimed at securing future growth. Your Company, therefore, is actively involved in securing the long term future — not only from its producing assets but through judicious investments in exploration.
- We have the Operational and Financial flexibility that will allow us to commit to a spending programme across all of our Indian operations of approximately 2 billion dollars in the next 18 months. Increases in the scope of the Rajasthan upstream and pipeline projects as well as significant hikes in global equipment and contracting costs required your Company to seek additional operational and financial flexibility. I am proud to tell you that, despite turbulent global capital conditions, Cairn India's team succeeded in raising 625 million dollars in a preferential allotment, and in making available the existing financial facilities of 850 million dollars for the Rajasthan project.

Cairn India's oil and gas fields at Ravva and CB/OS-2 continue to be the cornerstone of its existing production.

Your Company's gross operated production across India in 2007 was more than 73 thousand barrels of oil equivalent per day (73,000) boepd.

It was a landmark year for the Ravva operations offshore Andhra Pradesh as the joint venture partners celebrated producing the 200 millionth barrel of oil from the field. This is a mark of your company's ability to grow the resource base and sustain production. When Cairn first became involved in Ravva in 1995, it was said to have a resource base of 100 million barrels with production of 3,500 barrels of oil per day. From 1999 until earlier this year it was on plateau production of 50,000 barrels of oil per day.

While in the Cambay Basin operations, we were able to maximize oil production to a peak of 10,000 barrels of oil per day.

Cairn India is committed to maintaining the highest standards of safety and social responsibility in its business activities and aims to make a difference wherever the company operates.

In collaboration with the investment arm of the World Bank the International Finance Corporation (IFC) and the International Centre for Entrepreneurship and Career Development (ICFECED) Cairn India has set up an Enterprise Centre in Barmer with support from the Rajasthan Government. A rural dairy development project has also been initiated in Rajasthan to provide rural families with an alternative source of income generation by supporting traditional dairy development activities. Your Company has also undertaken a Child and Maternal Health awareness initiative.

We also recognise that climate change is an important issue. Your Company has been monitoring and setting targets for both methane and greenhouse gas emissions since 2000 and have implemented several initiatives to reduce the emissions, including higher efficiency flares, additional compression and improving plant operations to minimize volumes of gas flared during plant upsets.

The next few years, once first oil comes into production from Rajasthan will be very exciting for your Company.

Working in close collaboration with the Government of India, State Government regulations and other key industry participants, the Company is dedicated to meet the energy needs of India and in doing so, deliver superior long term value to all its stake-holders.

With the support of your Company's employees, you our share holders and all our stakeholders, I believe that your Company will grow and deliver a strong base which will lead to sustainable growth in the near future and leave a mark as one of the leading companies in India in the Oil and Gas Industry.

Cairn India is committed to continuing investment for growth and is very much focused on creating shareholder value by developing its world class resource base in Rajasthan and seeking to continue Cairn's track record of exploration success both here in India and elsewhere.

The Cairn story in India is a relatively simple investment. There are key elements your company must aim to do:-

- Deliver the Rajasthan project
- Sustain peak production of 175,000 barrels of oil per day for as long as possible

- Continue to look for growth opportunities for the future
- Maximise the value of our existing assets
- Your company will do all it can to meet those targets while focusing on cost and technical capabilities at all times

We know that India's demand for oil and natural gas far exceeds domestic supply. Cairn India aims to be a company that can combine its core strengths in exploration with its ability to rapidly develop, produce and deliver oil and natural gas at globally competitive prices to help aid the national energy supply issue.

I thank you for your confidence in Cairn India.

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