

CAIRN INDIA LIMITED

4th Floor | Vipul Plaza | Suncity | Sector 54 | Gurgaon | India - 122 002

T: +91 124 459 3000

www.cairnindia.com

Chairman's Speech at Cairn India's Sixth AGM on 22 August, 2012

Ladies and Gentlemen,

On behalf of the Board of Directors, I extend a warm welcome to you all at the Sixth Annual General Meeting of your Company.

This is the first time I am addressing you as Chairman of your Company. Let me take this opportunity to thank my predecessor, Sir Bill Gammell, for his exceptional stewardship of the Company so far.

As you may be aware, Rahul Dhir has decided to step down as your MD & CEO effective 31 August, to pursue his entrepreneurial interests. Under his able leadership, Cairn India has grown into one of the leading E&P companies in India. I thank Rahul for his valuable contribution and wish him success in his future endeavours.

The search for his successor is underway. In the intervening period, the Board has appointed P. Elango, Director – Strategy and Business Services and a member of Cairn India's Executive Committee, as the Interim CEO. Elango has been a key member of the Cairn India family for over 15 years now and an integral part of our journey.

Our nation is heavily dependent on imports to meet the growing demand for oil & gas. Every day, we import ~ 3.4 million barrels of crude oil. Such high dependence on imports has its own adverse economic consequences; last year, our nation spent more than US\$ 400 million on crude oil imports per day. With demand for oil & gas expected to increase further, it is critical to address energy security concerns.

India has enormous hydrocarbon potential. It is imperative to boost domestic oil & gas E&P activities. Conducive policy framework, pricing reforms and application of new technology and innovation can significantly reduce our dependence on imports.

It is in this context that your Company's contribution to nation's energy security should be evaluated. Let me now talk about our operations.

Operations

FY2012 was an exciting year for your Company, especially for the Rajasthan operations. Crude oil production from the Rajasthan block touched 175,000 barrels of oil per day. This was made possible because we got requisite approval for higher crude off-take from the Mangala field, and the commencement of production from the Bhagyam, Raageshwari and Saraswati fields in Rajasthan block.

In less than three years since commencing production, your Company reached a significant milestone of 100 million barrels cumulative oil production from the Rajasthan operations.

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During the year, your Company also carried out a comprehensive review of the resource potential in the Rajasthan block. The resource base for the block is now estimated to be 7.3 billion barrels of oil equivalent in-place – an increase of over 11%. Your company has also discovered gas in the Rajasthan Block and all efforts will be put to bring that into production as quickly as possible. The high exploration potential of the Block is evident from the fact that more than 100 prospects and leads have been identified. Ongoing exploration is an integral part of petroleum operations in any block and also consistent with international practice. Each day lost due to lack of exploration cannot be recovered since exploration is an essential precursor to production.

The Company believes that an expeditious execution of such an exploration programme will create value, enhance energy security for the nation and deliver significant additional financial benefits for the Government. The overarching preamble to the New Exploration Licensing Policy is to maximise domestic production and to reduce India's import dependency. In this regard, we would like to highlight the need for continued exploration in producing blocks, which can incrementally add to domestic production. To this end, we continue to actively engage with the Government and are confident of their support

The polymer phase of Enhanced oil recovery pilot project in the Mangala field has been successful. We have initiated the process to realise the full enhanced oil recovery potential.

Optimal performance of the processing and pipeline infrastructure in Rajasthan and Gujarat continues to ensure safe and consistent delivery of crude oil.

Let me now move to our other two producing assets.

Other producing assets

Ravva and Cambay fields continue to create enduring value.

Ravva field demonstrates the success of applying innovative ideas and technologies. To date, the field has produced more than 245 million barrels of crude oil and 300 billion cubic feet of gas — double the original estimates!

Cambay field is an example of optimal asset utilisation. In our efforts to optimise infrastructure usage, the spare capacity at the Cambay field is now being utilised to increase asset value by processing third party gas.

Thus, your Company's world class assets continue to play a significant role in enhancing our nation's energy security and contributing to the national exchequer. The Government of India, Government of Rajasthan and our Joint Venture partner, ONGC, receive more than 80% of revenues from the Rajasthan Block by way of profit petroleum, royalties, cess and taxes. In a single year, your Company reduced the nation's oil import bill by ~US\$ 6 billion and contributed ~US\$ 2.4 billion to the national exchequer.

Exploration

During the year, your Company achieved several exploration successes.

The innovative geological studies aided by 3D seismic data led to two discoveries in the frontier Mannar basin off Sri Lanka. These are the first ever discoveries in Sri Lanka, which helped establish a new hydrocarbon province. Your Company has now entered the second phase of exploration and intends to commence the next exploration drilling campaign in mid 2013.

The onshore block in KG basin had its second consecutive discovery, Nagayalanka SE-1, helping establish an in-place resource base of around 550 million barrels of oil equivalent.

Corporate Development

With effect from 8 December, 2011, the Vedanta Group became the promoter of your Company. Vedanta Resources plc and your Company share similar operating philosophies and complementary skill sets, with a focus on efficient delivery and optimal growth. Your company will also be able to leverage Vedanta's M&A track record. Your Company is now well poised for its next phase of growth.

To simplify and consolidate the multi-layered structure comprising foreign subsidiaries, your Company had formulated a Scheme of Arrangement between the Company and some of its subsidiaries. The scheme has been approved by the Hon'ble High Courts of Madras and Bombay, shareholders and Joint Venture partners. We are actively pursuing the matter with regulatory authorities and these approvals are expected soon. As you will appreciate, it is only after the regulatory authorities' approval that your Company will be able to declare and pay dividend.

You may recollect that your Company's dividend policy was approved by the Board of Directors in April 2012. As part of this policy, we aim a dividend payout ratio of around 20% of the annual consolidated net profits to our shareholders.

HSE & CSR

Your company is committed to meet world-class standards in safety and operational excellence, and I can confidently say that everyone joins me in this commitment.

Cairn India's HSE vision is to be a "safe operator leading the industry in safety standards and demonstrate top quartile HSE performance among peers". Your Company continues to excel in HSE performance and for the last three years achieved top Quartile performances among the global majors.

Cairn India is committed to the highest standards of CSR. It is the Company's conviction that business growth should empower communities and create value for all stakeholders.

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The key strategy has been to partner with local communities and work actively on sustainable solutions for their development.

Let me now talk about the path ahead.

Outlook

Based on the revised estimates, the total Rajasthan resource base now supports a potential production of 300,000 barrels of oil per day, subject to approvals from the Government of India and our joint venture partner, the Oil and Natural Gas Corporation Limited (ONGC) and further investments. Such a production level is equivalent to more than ~35% of India's current crude oil production, which will help reduce the annual import bill by over US \$ 10 Billion and contribute annual revenue of US \$ 5 Billion to the Government. .

Over the next two years, your Company envisages net capital expenditure of US\$ 2 billion. With the expected approvals, your Company plans to invest ~ US\$ 600 million in Rajasthan exploration. Following initial success in Sri Lanka, your Company is further expanding its international footprint: we have now successfully concluded a new acquisition in South Africa. This is a step forward in achieving your Company's strategic goal of growing its resource base by acquiring exploration and appraisal assets not only in India but also outside Indian sub-continent.

The support of the Government of India, the state governments, joint venture partners, business partners and local communities has been a key enabler. I personally thank them for their help.

The performance of your Company is a testament to the strength of its employees. On your behalf, I thank all the employees of your Company for their focus and commitment on finding and producing oil & gas safely and efficiently.

I remain confident that we will continue to meet our nation's energy challenges and deliver long-term value to our shareholders.

As I conclude, on behalf of the Board of Directors and the employees of your Company, I once again thank you for your enduring support and encouragement.