



PRESS RELEASE

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L&T Secures Major Order of More than Rs.1,300 Crores from Cairn India

Mumbai, January 7, 2008: The Engineering and Construction Division of Larsen and Toubro Limited has been awarded two major contracts for the Construction of Civil works and the Consolidated Construction Works for the Northern Area Development Project located near Barmer in Rajasthan as Cairn India and its joint venture partners ONGC get ready for first oil production in 2009.

The scope of work covers the development of infrastructure facilities, the construction of 18 well pad structures, detailed engineering and construction of all civil and electromechanical works at the Mangala and Raageshw ari Fields, Offsite infrastructure facilities, supply, installation and commissioning of 33 KVA high voltage power line system and the telecom netw ork.

The order was secured by L&T against both domestic and international competition, and the project completion schedule is estimated to be 18 months.

The Mangala processing facility w ill cover some 400 acres in the Thar desert in Rajasthan. The construction team will have to move approximately six million cubic metres of rock and soil to prepare the site for development.

The main access road to the Mangala site has already been constructed.

Cairn Energy India Pty Limited has drilled more than 140 wells and has made more than 20 discoveries to date in Rajasthan. The Government of India has given its approval for the Field Development Plans for the Mangala, Aishw ariya, Sarasw ati and Raageshw ari Fields. The initial focus w ill be to bring Mangala onstream at the earliest opportunity w hich is currently scheduled for 2009 w ith the other fields follow ing.

Cairn has a resource base of 3.6 billion barrels of oil equivalent in place. The implementation of the field developmental activities w ill lead to a step change in oil production levels for the company w hen its targeted production level of 150,000 bopd is reached. This project w ill make a significant contribution to reducing India's current oil supply / demand imbalance.

Announcing the order, Mr K Venkataramanan, President (Engineering & Construction Projects) & Member Board said, "*L&T is proud to be associated with Cairn in being able to leverage our own strengths to boost India's needs of fuel resources. Our technology and dedicated team will be able to deliver the job, on time*"

Rahul Dhir Chief Executive Cairn India said: "*The awarding of these contracts is a significant milestone as Cairn India prepares for oil production from the Rajasthan fields. This is one of the largest onshore developments undertaken in India and one that can help provide some of the country's energy needs for the future.*"

Notes to Editors:

L&T is a USD 5 billion technology, engineering and construction company w ith global operations. It is one of the largest and most respected companies in India's Private sectors.

A strong customer-focused approach and the constant quest for top-class quality have enabled L&T to attain and sustain leadership in its major lines of business across 7 decades.

L&T is presently executing a 80 MMSCMD onshore Gas Processing Terminal for M/s Reliance at Kakinada. It is also executing an Aviation Fuel Oil terminal w ith Pipelines for M/s Kuw ait Aviation Fuel Company, Kuw ait.

Cairn India is headquartered in Gurgaon on the outskirts of Delhi, w ith 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 69% shareholding in Cairn India Limited.

Cairn India is currently focused on exploration and production in India where it has a working interest in 15 blocks, two of which are producing hydrocarbons. The company holds material exploration and production positions in west India and east India along with new exploration rights elsewhere in India.

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. More than 20 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.