



Cairn India Limited
Analyst Meet
February 4, 2009

Mr. Rick Bott: So, my name is Rick Bott. I am the Chief Operating Officer for Cairn India, and I want to explain to you what we are going to try to run through today. We will get the first slide up here. So, the three-day event that we have designed has really been to try to introduce as many people as we can to the status of our project. Because of logistics, we divided that into two teams. There was a team that went out to Barmer yesterday, and there is a team that will be going out tomorrow and so we have this day here to use as a sort of a common time for us to discuss mainly a corporate overview and a summary of the project and what is going on in the project, and to accomplish that, we have got a list of speakers here. There will be a considerable amount of additional information. For those who have already been to the field will have a lot more additional information on the project, the status, the construction. You will see some of the action in the field. We will talk about the pipeline, you will have a look at that out in the field for those who haven't been there. For those who have already been there, hopefully this will be just give you an overview, sort of a corporate view on where we stand and what our results were. So, we are going to start off with an introduction from Rahul, who probably does not need introduction. All of you know Rahul, our Chief Executive Officer. Then three of us will primarily focus on the Rajasthan project and the status of that, S. V. Nair and Mr. Bhalla are our directors of projects in mid streams. I am going to give you a lot more of introduction about their background when you come on to the field tomorrow. Those who have already seen that, have had a chance to spend some time with them and ask them questions directly, so you know them already. An interesting part of the focus today will be on the Rajasthan reserves and the future potential that we see both in the EOR and some of the unconventional or tight reservoirs that we have in the Barmer Basin and that is going to be covered by Ananthkrishnan. Ananth is one of our young sort of leaders, up and coming leaders. He has been in our organization for about 13 years, 18 years in the industry, and he started really as a lot of people started on the rig site as a well site geologist, has come up and been involved in all of Cairn's exploration programs and development programs. He is a geologist by background and now he leads a reservoir development team and a lot of his efforts is sort of the spearhead and the mastermind behind all the field development projects that we put in place with our partners and with the government, with the DGH. So, Ananth is going to talk to us about, particularly about EOR and some of the other things that we are doing in the resource side. Crude marketing is going to be covered by Elango. Elango has also been in our organization for a long time. He had 10 years with ONGC, and he has been 13 years with Cairn India. He has come up through as an asset manager of our Ravva field, and he has also really been sort of as a director of commercial and strategy, has really led a lot of our PSC negotiations, our crude marketing negotiations and continues to manage that responsibility for our organization for both Cambay and he is also going to talking to you about our plans on marketing the crude in Rajasthan. Santosh Chandra, you will get another introduction to him again tomorrow. Another one of our young guys who has come up through the ranks. He is now director of drilling and petroleum engineering. Santosh has been with the organization. He is really sort of a critical guy in lot of our developments in Ravva and CB as well. Santosh brings a real interest in technology, and he tries to help us apply that in our well planning and our well engineering and completion designs. David Ginger, our exploration director. He is going to then pick up, after we finish the Rajasthan assets, he is going to pick up and talk about what we are doing for future in exploration. David has been with Cairn India about almost three years. Prior to that, he was with Hess. He has experience all over Africa and South East Asia and really helped Hess build their business in South East Asia from the ground up with some successful and some important discoveries in Malaysia and other places. And then, of course, Indrajit Banerjee. Everybody already knows Indrajit, our Chief Financial Officer. He will sort of summarize where we are and what the funding looks like for the future and then of course Rahul will come up and give us a conclusion. Then, we are going to take a break. So, we will take a break after Elango's talk, a tea break for about 15 minutes, allow you to stretch your legs, grab something to drink and then come back in and we will get started and then we will have another sort of 5-minute break right after Rahul's conclusion so that we can get set up for questions and answers. Sir Bill Gammell, our Chairman, will have a few words to start off the question and answering period. So, with that, that is kind of the plan for today. A lot of material specifics on the project for those of you who were unable to go out to the field yesterday, will see that tomorrow. That will certainly answer quite a number of your questions, but that is the way we have tried to split it between the two days for the two groups. Rahul...

Mr. Rahul Dhir: In terms of our objective, this is an important day, the three days we have is an important program for us. Really we are looking at achieving four objectives from our side. One is the, again to help you guys enhance your understanding of the resource base in the Barmer Basin and that is why we have got the session as Rick pointed out with Ananth today. In addition to that, you would have on our 4Q results that we outlined our plan for first oil in the third quarter this year. We want to give you guys a real sense of the progress in the project and get

you to the point where you share the same conviction as we do about crude oil delivery and also give you a sense on the state of the projects. Some of that will be covered today, but for the UK analysts, it was covered in some depth yesterday and for the Indian analysts it will be tomorrow. There has been a lot of questions about funding. We have said all along, you know, we are well funded. We have been, we believe, you know, fairly prudent in terms of our approach to the project as well as to the financing. We have maintained our operational and financial flexibility at all times. I am going to talk to you a little bit about what we have done in terms of on the funding side as well as in terms of optimizing the capital spend. I will cover some of that and then Indrajit will as well. So, that is the third objective and fourth really which is very important for us, hopefully it is for you as well is to help you understand our organization better, not just Rick and Indrajit and myself, but the rest of our team because this is critical. Everyone should share the same confidence in our team that I do.

In terms of the resource basin, really our understanding continues to improve. You have seen there has been some good success from an exploration point of view. We updated you all about the increased potential in Aishwarya, and Ananth will talk a lot more about the EOR and unconventional resources. It really is a world-class resource, I mean really if you look both in terms of the deliverability, the quality of the reservoir, the cost of operations, and, you know, our sense, and the more we look at it, is that really the potential for sustaining plateau, for enhancing it really is to us kind of unlimited. We discussed this at the 4Q. We have invested now in an additional train, so that is giving us enough capacity, enough flexibility from an operational point of view, and we don't see ourselves being capacity constrained any time in the future. The pipeline work is continuing. It has been designed to allow us to access multiple buyers. As it happens tomorrow, your visit is going to coincide with the visit of Mr. Murli Deora, our Minister of Petroleum as well as the Chief Minister of Rajasthan. They are coming to the site to inaugurate the construction of the Rajasthan part of the pipeline. That is something I know you guys have been asking us about for some time. So, it is not something that I engineered, but it just sort of happened that way with the timings. I think in terms of the rest of the assets, we continue to work on these, obviously they are mature, but as you have seen also from our last quarter results that we have been relatively successful in terms of, if you will, maintaining the lifting cost, lifting costs are running at about less than 2 dollars a barrel. Yes, it is a very much in decline, but we have some investment programs and stuff that Santosh will talk about and then David, as Rick mentioned, he will outline the exploration potential. There is a lot of work that has been done in terms of understanding our existing portfolio better. We have also started work on the Sri Lanka portfolio again to understand the opportunities that are there, and David will outline for you some of the approach there.

As always, we recognize in a resource business that really you are working with the governments, it is really a national asset that we are really managing. We see ourselves very much as stewards of this national assets, and we work very closely with both the state and central governments to make sure that the values are accruing to them, and to give you a sense, in Ravva and Cambay so far, we have generated about 4 billion dollars so far in terms of profit petroleum to the central government. Rajasthan is going to generate about 2 million dollars a day for the Rajasthan government in terms of oil revenues. So, it is very significant in terms of value creation for our major shareholders.

I wanted to recap with you our journey from the IPO. What is reassuring to me is the fact that our strategic focus has remained consistent. The strategy as we outlined at the time of the IPO was quite simple. It had four critical building blocks. The first was to make sure that we are maximizing the recovery from the existing asset base, really Ravva and CB and to that end we had an interim drilling program in both the assets which was quite successful. We also have had a singular focus on costs and really, you know, our view has been that for a successful company in a commodity business, really the only things you control are volume and cost and really what we are trying to do is to make that very much a key differentiator of our platform for future growth as well. We are also planning now a time lapse 4D seismic in Ravva, planning is underway for that and that will allow us to better understand bypass oil and things like that. So, again a lot of effort underway still in our existing assets to ensure that we can get as much of the oil out as possible. A big focus has been on executing the Rajasthan development. As I said, we are now committed to first production from Mangala in Q3 of this year. As I said, we have got the last bit of the major regulatory stuff sorted out, so we really see ahead of us a clear run where the focus very much is on the execution of the projects, construction work, delivery of equipment on site, and drilling of the wells and that is what you will see in the fields.

There is also some major milestones. We got the delivery point shifted back in December of last year. Pretty much all major contracts are awarded. So, at the end of last year, we had a about billion and a half dollars in commitments and also we have now we have got a revision to the Mangala FDP. That has been submitted and that is under review both by DGH and by our partner, ONGC. So, this is very much in terms of making sure the infrastructure gets built to get the oil to market. In addition to that, there has been a fair amount of work done in terms of making sure we are maximizing the potential in Rajasthan. You will remember at the time of the IPO, we looked at plateau production estimates for Mangala of about 100,000 barrels a day. We then revised it up to 125. Bhagyam, we had an estimate of 25,000 barrels a day. That went up to 40. Aishwarya, our in-place resource has gone up to nearly 300 million barrels a day. We have not finished all the work in terms of recovery factor, but based on the numbers that we had in the past, we believe that Aishwarya can sustain a plateau of 20,000 barrels a day rather than 10. That is obviously subject to regulatory approval. So, again, the work very much has been done in terms of understanding what we have better, looking at new techniques to make sure that we enhance the recovery from

what we have, and also working to see what else we can find, and to that end, we had a discovery in December. We are also pleased that the government has awarded us an 800 square kilometer area for the Northern Appraisal Area. So, now we have over 3000 square kilometers under long-term development contracts within the Barmer Basin. So, again a lot of potential. David and his team along with Ananth and his team are working very hard to continue to enhance our understanding of that.

In addition to that, we have been working to create a platform for future growth. There is something which is not obviously on the bullet points here which is around skill base and part of what I am very keen for you to get an understanding of is the skills and the capabilities that this organization, has and if you look our weight class, sort of sub-20 billion dollar companies, our view is that not a lot of companies have the kind of operating skills and the project development and execution skills and the cost focus that we do and we believe that that is going to be a major differentiator for us going forward in this business, particularly given the sorts of opportunities that we see coming to market in our industry. That is a kind of a general point, now if you look specifically, what David and his team have done is spend a lot of time in terms of understanding what we had in the existing portfolio and then positioning ourselves gradually to access additional opportunities and Sri Lanka was a step in that direction, and taking into account the work that we have done in Sri Lanka and on the portfolio, we are looking at a net unrisks resource potential of about 1.4 billion barrels. In addition to that and that is again based on a lot of comprehensive work that has been done on the seismic and again in Sri Lanka, we are going to look to start our seismic program once the initial assessment has been completed.

I am not going to spend a lot of time on this. Hopefully, all of you know this. It is again just to recap very quickly, 14 blocks that we have of which true producing, this is Ravva and CB. Gross production about 63,000 barrels of oil equivalent per day. So, gradual decline there, but I feel pretty good because the production profile while declining is consistent with our expectations. Rajasthan is the third block and then there are 11 other blocks which are in various stages of exploration and that is 11 including the one that was awarded to us in Sri Lanka. What that does, of course, is position us very well for a real transformation in our production profile, both whether you look in terms of gross production or net production, we are looking at about a six-fold increase in production net to us over the next two years. This is going to be of interest to you. I said we have spent a lot of time in terms of ensuring that we have operations and financial flexibility. From an operational point of view, what we have tried to do really is to optimize the capital spend and the major step in that was the introduction of a smaller train, the 30,000 barrel a day train which is going to be the first one that comes on stream to allow us to reach plateau at Mangala with essentially much lower capital cost. So, from an initial production point of view, really what we have been able to do is more or less the same thing we were planning to do, but with a simpler kit and with less money. So, the implication of that is that you will recall, we have talked always about our CAPEX in sort of two-year chunks. So, we talked about CAPEX in 2008 and 2009 and just to remind you and I will talk about gross and net just to make sure everybody is clear. On a gross basis, on upstream, we had talked about 1.8 billion dollars between 2008 and 2009 and on the pipeline we talked about 800 million dollars. So, on a gross basis, we were looking at 2.6 billion dollars. That number we believe now is going to be about 2 billion dollars. So, there is about on a gross basis 600 million dollars of capital optimization that we have reintroduced. A big component of that is, of course, the introduction of the smaller first train that defers the CAPEX for the super-train 75,000 barrels a day train into 2010-2011 timeframe.

In addition to that, Santosh and his team have done a fair amount of clever optimization in terms of the drilling program and then also SV and his team have looked at how we can optimize in phase the Bhagyam and Aishwarya capital commitment. So, combined all of these, net to us is about 400 million dollar impact, so we are going to be able to do what we said we were going to do to you with about net to us about 400 million dollars less. So, net CAPEX 2008-2009 when you look is going to be about 1.4 billion dollars. Now, that raises the question, so when is the money going to be spent, so we are giving you now as we did last back in 2008, we are giving you guidance for 2010-2011 CAPEX. This is in the range of 1.5 to 1.8 billion dollars. This is gross. So, again, net to us would be somewhere between 1 to 1.2 billion. Again, as we fine tune this, we will give you more clarity once the contracts are placed and uncertainty range is going to narrow. You will ask what goes into this CAPEX. It is pretty straight forward. It is the super train 4. So, that is a 75,000 barrels a day. It is going to be the CAPEX for Bhagyam and Aishwarya as well as the marine export facilities for the pipeline. So, that is the four major components of that. Against the 1.4, because we are very focused on making sure that we are funded through the end of this year till such time as we get Rajasthan to a fairly decent plateau and we get to a self-funding level, we have access to capital of 2.1 billion dollars. This includes the 600 odd million, 625 that we raised in April of last year and includes the 850 facility we have and the 200 or so cash flow from operations along with the cash we had in the beginning of last year and Indrajit will detail more of these in his presentation. So, comparing 2.1 to 1.4, we feel pretty comfortable and that is why when we have spoken to you in the past and when people have asked us about funding we have said, look we are fine because we have generally been very prudent in terms of how we have looked at capital raising on one hand and also looked at capital allocation on the other. Going forward, obviously because of the cost and the relatively low operating cost of the business, we feel that the cash flow generation is going to be very significant, so we don't really see funding the residual development as being of major concern. In addition, obviously as we have always done is we look opportunistically at raising capital like we did back in April of last year. So, you know, there has been some talk, people have asked us we are going to look at raising debt or whatever. We don't need to raise the capital right now at this stage, but we are looking optimistically to see if there is an opportunity to do that. So, that should hopefully give you comfort in terms of our ability to fund development in

the near term and also longer term. With that, I am going to hand it back to Rick, and he is going to talk to you more about the business and the projects.

Mr. Rick Bott: Thanks Rahul. Yeah, I am going to try to answer just a couple of the key questions about the projects and then I don't want to take the thunder away from Ananth and SV and Mr. Bhalla and we talked about the drilling and some of that phasing. That is one of the key elements, particularly use of the application of technology, you are going to see a whole lot more of in the field and it is really interesting to see it out there in the field and Santosh will be explaining that to us tomorrow when you go out there. Those of you who have been there, have already seen it. This is really just an overview of the asset for those gentlemen in the room who have been here throughout. It has been a very exciting journey for Mike Watson and Bill Gammell, but I am relatively new to the organization. I have been here about eight months, and I think one thing that really strikes me about this organization is and you can see it day one when you come here is the entrepreneurial sort of can do attitude, and I think that translates into the way this company approaches anything that is in front of them including this project, but I think that is also as we talked yesterday and we will talk again tomorrow is very consistent with the sort of the attitude of the local people in Barmer and we also talked yesterday and we will do again tomorrow about how we try to learn from our hosts when we are out there and one of those key things that we learnt from them is that sort of a ruggedness and creativity and initiative and I think that translates into the organization. Another thing that is interesting that we talked about is in that learning from our hosts would be the ability I think when you first start going out there, there is a tremendous amount of change that has taken place, but you first start going out there, there is very, very...it is a very rugged and barren land and very remote, extremely remote and so it is that you spend a lot of time out there that you try to look deeper and try to see the beauty of the region, you see it in the color of the costumes and the dress and the dance and their customs and I think that looking deeper and probing deeper is one thing that has been kind of a metaphor for Cairn's journey out here in the Barmer Basin because where others have failed, Cairn kept looking harder, kept looking deeper and found the resources beneath the surface in Mangala in 2004 and it hasn't stopped since including 25 discoveries later, the whole organization is 100% focused on the last point there, the 175,000 barrel a day target and the trains bringing on stream as we have talked about in our press release and we are going to spend more time today. So, I just want to sort of set this stage of an overview of how I see this thing has evolved and how the organization has evolved with it.

I just want to touch briefly on the resource base because Ananth is going to cover this in significant detail for you, but this is the resource base that we are talking about strictly for the three big prizes, Mangala, Bhagyam, and Aishwarya, how much is under development, the 2 billion barrels of oil under development and a reserves of a billion barrels and how that is split out and Ananth is going to talk to you about, of course, the primary and secondary recoverable which is about 685 million barrels and then a 300 million barrels of tertiary recovery he will spend some time on. We are also working very hard on the small fields to figure out the most optimal development strategy for those as well as the Barmer Hill which we talked about as what we call an unconventional opportunity. It is a tight reservoir. I think there has been tremendous advances in dealing with these types of reservoirs, particularly in North America, that has actually been translated also to Australia, to look at unique completion and drilling opportunities and stimulation type technologies that we are going to be looking at over the next year or two, to try to see whether or not we can figure out a way to monetize it a very cost-effective way, that 400 million barrels of oil in place in the Barmer Hill and that is the Barmer Hill in the main Mangala area. That reservoir extends further within the basin and Ananth is going to talk to you about that in a little bit more detail, but the work is just starting on that.

I want to show you sort of the schematic production profile and really just use this to talk about the trains as we have put out in our press release and Rahul has talked about the various trains and when they come on schedule and again this is schematic and we have talked about this is the primary and secondary recovery and we have talked about the regulator approved 175,000 barrels a day profile. This is dashed for a specific reason. We are not writing that into our value, but our EOR has always been primarily designed to extend that plateau, although we do see the potential after we get out there and do our field tests to see whether or not we could actually enhance the plateau. Then you couple on top of that the small fields and the potential that we might see in the unconventional resource like the Barmer Hills and there is potential to enhance that plateau, but that is the type of thing that we have to work very closely with our partners, to make sure that technically and commercially it is sound and then, of course, take the joint solution to the regulator. So, that will be the things that Ananth and his team is going to be working on in the next couple of months and years.

Wanted to use this slide, we used a little bit yesterday and you will see it again in the fields, but this is, if you will, this is a, I will call it a table diagram. So, for those of you who don't know, haven't seen this before, just with a piece of paper in your mind sort of draw a line right there and fold it in half, right here, and then pretend that I have lifted this front section here, this is a picture of the earth, and I have lifted it up and so you are looking at a cross section of what is beneath the earth in the Barmer Basin. So, that is a picture of what is beneath the earth and then from that line backwards, pretend that is the surface and you are looking back at what we are building at the Mangala processing terminal, and so in one diagram you can see what is happening beneath the surface and what is the development concept on the surface for all the different types of equipment that you are going to see pictures of. So, that is what this diagram, this table diagram is meant to represent. So, let me just walk you through what happens on the subsurface and how that links to the surface. Santosh and you will see a lot of in the field

tomorrow about the drilling that we are going to do from the pad locations, but essentially we will be drilling vertical wells into the main Fatehgarh reservoir which is shown here. It has actually got four primary reservoirs within that, but this is a schematic look. We will also be drilling from some of the pad wells, we will be drilling horizontal wells in there because we will get a higher production rate out of horizontal wells than we will from most of the verticals. So, to balance that...then the oil will come up, it will come together from the various well pads and it will come into the Mangala processing terminal where the main...there are two main things that will happen. We are separating out the water, gas, and oil and we are also separating...and then there is also a place where we are going to heat the oil and the water. So, as we take the gas off, the gas comes over here and then it is joint gas that comes from the Raageshwari Gas Fields at the south and S. V. Nair is going to show you a diagram of how this all looks like in more detail on the surface and then after the oil continues on, it goes to the storage tanks and then it goes to the export pipeline. The gas is then used to generate the heat for the water that we are going to put back into the reservoir. So, let me talk a little bit about the water and how that happens. So, we take...we have done an extensive work mapping in the aquifers out in the Barmer Basin and so there is the Thumbli Aquifer which is the saline aquifer. We extract water from this aquifer, we bring it in and we heat it. We also treat it to make sure the chemistry is appropriate for the reservoir and then we put that water back into the reservoir and that is really to push the oil up and to maintain pressure and that is sort of the system as it works together between the subsurface and the surface and we will talk about that a little bit more detail as you will see some of the bits and pieces that comprise that kit that we are constructing.

Another key question is where are we on the project and are we going to be able to deliver it on time and within budget. Rahul talked about what we are doing to optimize that. This slide is meant to be not really a timeline because of extremely complicated series of timelines that are really hard to depict fairly on one slide, so this is kind of our checklist of where we are on the upstream side and SV's team, the team that he is leading and on the pipeline side, the teams that Mr. Bhalla is leading. And so, this is for you to run through the process of the project development. Of course, the detailed engineering and design has been done for both of those. Land acquisition is complete for upstream, almost complete, very, very close to being completing as Rahul said, the Rajasthan portion will be announced tomorrow. Procurement of all our long lead items that goes back in our contracting strategy which I am going to touch on again momentarily. That has all happened many, many months in advance. So, those are on their way in train. Construction mobilization is all ready on various aspects. We have got many, many places where the pipeline is working firm and, of course, the MPT is working in three big phases, the Raageshwari, the well pads, and the MPT area. The actual construction activities that are ongoing now, it is really ongoing in all of those key areas. As I mentioned, the production facilities, Raageshwari gas facilities, the well pads. You saw the well pads yesterday. You will see them tomorrow. You will see some pictures of them today. The terminal building, the substations, the electrical hookups, and the inter-field flow-lines are all in place. You will see a lot of activity with the pipe racks. The piping is going in there, then electrical and mechanical will come in on top of that and that all starts in the next month to six weeks. Then, on the pipeline side, the pipeline is well underway. We have got...one of our key objectives here is we saw the monsoons last year extend longer than we had anticipated and so we also had some teething problems in the initial stages of starting up our plant to deliver the insulated pipes. So, we are doing everything we can to mitigate the risk and so there are 13 spreads that we mobilize, 3 of those spreads will be working in Rajasthan, those are all focused on delivering the pipeline. The complicated part of all this, the above ground insulations are the heating stations and all the road and river crossings. That work has been well underway for many, many months and is moving along well. Pipeline works as we said are all in progress. The drilling rig, you are going to see pictures of. We actually spudded the first, it is mobilized here, first rig. It spud the first development well and we are working on that well now and you will see it on the location. The second rig has just completed its exploration work in the Bihar area and will be arriving in the next few weeks. It is about 10 days to bring it over, so we will be starting...about mid month, we will be starting that second development well and those two rigs will be on long-term contracts and will be drilling the full development program. The commissioning of our first oil as we talked about is targeted for Q3 of 2009 and Q4 to start putting oil down the pipeline. That is our project delivery.

I am going to use this last slide as sort of a springboard into what SV and Mr. Bhalla are going to cover. It is really just a lame stage for the construction in any major project like this. The key to success in the construction phase is always about how well you contract it and your strategy around contracting. We have talked to you many times about some of our key elements of the contracting strategy, how we stagger those contracts, long lead items as I mentioned earlier, trying to guarantee the delivery of those for the schedule, ordering the line pipe as we talked about, setting up a purpose built plant in India to be able to source that, so we have complete control over it, the strategic use of our local resources, we will cover that again tomorrow in the field, and an interesting and novel thing that is first time done in India is supply chain management contract that we have with Sumitomo to provide the tubulars for our drilling and completion. So, our joint venture partners are looking at this with a lot of interest because we think there is a lot of value here and it is going to help us streamline our operations and it will be a first for India and hopefully can be something that will be replicated many, many times. The overarching part of the contracting strategy is really trying to understand strategic sourcing and the total cost of ownership and so we look very hard as we go through our contracting strategy to try to determine where the risk is best placed, who is the best placed to carry the risk and so it ends up becoming a risk sharing discussion recognizing that our success, everybody's success in delivering this project is heavily dependent on our vendors and our contractors as well.

L&T is our primary contractor and we have been working very, very closely with them in both the upstream with some integration opportunities because they are working both the upstream and the pipeline. An example of that is when we talk about the risk sharing, there are opportunities for...they build plants on a large scale all over India. So, the type of things that we can...that they can leverage, their expertise, and their buying power, we can get those at a lower cost by allowing them to do the procurement of those type of items, whether or not they be long lead items or near term items. Other perhaps more technologically stricter requirements or a higher tech approach like the drilling rig and other things like that we do ourselves. Some of the specifics of the oil field services we might do ourselves. We might procure those things ourselves. Some of things SV has procured himself to make sure we have control over the critical path items on the upstream, but another....I used the Jindal contract there with the line pipe, that is a perfect example. Set up purpose built, Indian companies do that, and then we bring in ThermaPipe who are the experts in insulating and they set up a plant here so we are able to generate that and deliver the pipe in time...just in time for the project just when we need it. That is a little of our contracting strategy that I said, it really sets the framework for us to be successful in the construction phase. So, with that, I will turn it over to SV.

Mr. S. V. Nair: Good afternoon everyone. I think some of you have already seen the facilities in Mangala and the next team will be going tomorrow, but you can see for yourselves what activities are going on there. So, I will just take you through some of the highlights of what is happening. The Mangala development activities consist of four main elements. Pipeline, Mangala terminal where the processing is being done, Thumbli water field, the Raageshwari gas, as well as well pads. The Raageshwari area is about 90 kilometers away from MPT which is the center of activities where we will be bringing in the fluids...we bring the liquids from different locations. We also transfer the utility requirements from the Mangala terminal to these locations. Mr. Bhalla will talk about the pipeline and other related activities. Just to give you an overview of what the facility is all about, this is Mangala Processing Terminal. We have now started working on the entire facilities. If you talk about the liquids that is coming in, this is the area where the liquids will be coming in. These are the process facilities. This is the oil settling tanks where the oil will be settled. The finished products will come into the export tanks and this is the pipeline which will be connected to the export pipeline. The nerve center of the whole facility is here which is the steam boilers and the steam turbine generators. All equipments for this are at site and the construction activity is going on at this stage. We have got water tanks, other utility requirements, all these activities are ongoing. We have about 6,000 people working now and we are on schedule to meet the first delivery by third quarter this year. Just to show you some of the activities which are happening at site, some of you have already seen it. I have shown you earlier the boiler area. The high boilers, all the equipments are at site. You can see the boilers, some of them have already been installed. Remaining work is going on in this area. This is the pipe rack. Rick mentioned about the pipe racks that are coming up. You can see the pipes already here. This is the switchgear room, two level, again under construction. So, work is progressing in a rapid phase at the site. Tanks, we have got about 20 numbers of tanks you can see. All these are coming up. There is a 4-shell course already, we have to go for another 3-shell course, which will be on schedule to meet our requirements. This is the well pad, a typical well pad, a new concept which we have introduced here. It is to enable us move the rig with a limited time. Once the work is completed which you will see tomorrow, this surface will be closed out with covers and when you look at the well pad, there will not be anything above the surface level. Everything will be underground, just about 5.6 meters below ground. There is a conductor that has been driven and the rig will come and sit on top of it to do the drilling. Again, the well pad number 8 has already been ready and the rig is already at site. We started the drilling at this stage and 9 is also ready. We are sequencing the remaining activities that is going on. That is in general that's all I have to talk about because you will be seeing the balance activities tomorrow at site. Thank you. Mr. Bhalla.....

Mr. H. P. Bhalla: Thank you SV. I am going to talk about mid stream and it will be in two slides only. I will try to tell you the status. The pipeline which is 24 inch...24 inch pipeline, this will be starting from Mangala terminal and then going towards the coastal location. It is passing from two states, like the first state is Rajasthan whereas Rahul has told tomorrow we are going to start the construction of pipeline and the minister is visiting. Second, this is the Gujarat state. So, this will be passing through two states and about 8 districts and each district has about 30 villages where it will be crossing. So, this pipeline is 24 inches, but when we insulate this pipe it becomes 32 inches. So, as Rick was telling, a special insulation plant has been installed in India in the Jindal Works itself where the pipes have been manufactured and after the manufacture and hydro test is done, insulation is done and then shifted to the site. Presently, there are seven spreads are working in Gujarat area and now three to four spreads will be working in Rajasthan area and here presently the number of people are more than 3,000 working and it will be increased to 4,000 shortly. Capacity of the pipe is more than 150,000 barrels to take it. This is a schematic which will show the total system of pipeline. Again, it is starting from Mangala. This green line shows the 24 inch pipeline throughout. So, the main one is Mangala Terminal, second is Viramgam terminal, this is storage cum pumping station and also we can export from here. Third will be coastal terminal and in between there will be a distribution place known as Salaya. Of course, there will be different sites here in between where pigging facilities for the pipeline will be there. So, two pipes are running. One is 24-inch pipe which is a oil line and another red which is shown is the gas line which is 8 inch line and it will be coming, gas will be coming from Raageshwari field and it will start running along with the main line throughout. These small dots shown, these are the heating stations. There will be 35 stations throughout the route and each station will be producing about 1 megawatt of power. First four stations will not be having a generation capacity, reason being we will be having mostly the heated oil available from the Mangala fields which will be around 90 degrees initially. So, these both pipes then will be laid in the ground, say like

here this pipe as I told you becomes 32 inches and these lifting booms are in the field by L&T and is usually about 1 kilometer of line is lifted for link. So, 1 kilometer of line is lifted and these are laid in this trench. The trench is usually 2 meters wide here and 1.8 meters downwards, but this again depends on different areas to areas because curvature can be 60 degree or 30 degree depending on the soil conditions anywhere. So, Viramgam as I told that there is a terminal in between which will be pumping from distribution terminal. So, here we are constructing the tanks, same, what is the system, first foundation is made here, then one of the shell plate is constructed all round, it is welded and thereafter the roof of the tank is constructed. Once roof is constructed, then with the help of jetting system, these are lifted. The main reason is that people have not to go for welding on top because there will be about eight shells for completing these tanks and these types of...these three tanks at Viramgam started in October end, November beginning, and you can see the status today where we have reached and our idea is, our planning is to complete this by April and hydro test it. Thank you gentlemen.

Mr. Ananthkrishnan: Thank you Bala saab and thank you Rick for the kind introduction initially. As most of us here know, we have established a world class resource in the Barmer Basin and I term it as Barmer Basin for the very reason and not as a block because it is indeed a basin as a whole and the area of this block which is over 10,000 square kilometers initial area could be around more than 10 times the North Sea block which itself gives us a clear...gives us the confidence that there is much more potential in here than we have actually established. We have established currently around 3.7 billion barrels of oil in place, of which 2 billion barrels is in the MBA fields, the Mangala, Bhagyam, and Aishwarya, the three biggest fields in the block. This particular slide shows the recoverable volumes in the second and the middle part, the middle columns and through primary and secondary recovery, that is water flood right from the start of production, we hope to recover around 685 million barrels through field life from these three fields. We have always recognized the EOR potential in these fields and we currently estimate that the EOR, chemical flooding EOR could add another 300 million barrels of recoverable oil through field life to 2040. Also, on the third columns, you can see the net working interest for the MBA fields. We have great confidence in our estimates currently and it basically comes from the fact that there are lot of studies and data that we have collected, a world-class database has been established in these three fields and also the independent estimates that we have done few times have shown that our estimates are in line with the independent estimates. Right from the time we discovered Mangala, at which time we had an initial estimate of around 800 million barrels, I think the subsurface evaluation of this block goes to the fact that we have been very prudent in our data collection. It is a world-class database as I indicated both of the rocks and the testing and the fluid data and through this acquisition of the data and subsurface evaluation inhouse, we have been able to consistently upgrade our estimates of the in-place volumes and this is very important from the point of development optimization of the field. From the time of the IPO where the Mangala field was estimated as around 1 billion barrels, now our current estimate stands at close to 1.3 billion barrels which brings in additional reserves as well as the production potential, an increase in production potential of around 25% to 125,000 barrels from the field. This has been mainly, as I said, mainly possible due to the high quality of technical work that has been, most of it being carried out inhouse by the subsurface team in Cairn except for some lab work which, of course, has to take place outside the company. Also, just a few facts. I think the studies from the Mangala fields, we have actually documented them through publishing quite a few technical papers in the SPG. We have over 10 papers in SPG as well as few more papers in the APG and the SPWLA. The recent SP in Mumbai last year had a special session on Mangala. The reason I say this is the basic fact the quality of the technical work that has been carried out and which is behind these estimates are truly of international standards. On Bhagyam, we have an FDP approved at 40,000 barrels off-take and currently the front-end engineering design has been completed. As Rahul pointed out, we have upgraded our Aishwarya in-place volumes along the lines of what we did in Mangala and we have increased it to around 290 million barrels which brings them a commensurate...a potential commensurate increase in reserves and also the production potential of this particular field from 10,000 to 20,000 barrels of oil per day. Of course, this will be subject to future regulatory approvals. This brings to a bit more detailed look at the enhanced oil recovery potential. What I would like to do here is look at the enhanced oil recovery potential, look at it from a surface point of view, how is it done, look at it bit more detail in a reservoir point of view, what does it do actually, we can look for in EOR, what do we see in the analogs elsewhere in the world and also look at what we have done so far and what we intend to do in the future. I think right from the time we discovered Mangala field, we have established the opportunity...we have identified the opportunity that EOR is going to enhance the potential of these fields and the reason being that the oil quality, the reservoir quality, and reservoir depths, and after a lot of screening studies, it was clearly demonstrated that chemical flooding would be the right choice for an enhanced oil recovery technique in here. By chemical flooding, I mean polymer and ASP, alkaline surfactant polymer which I will talk about a little bit further. From a technical point, it is just the two things. It increases the sweep efficiency what we call technically, but in a simple term it is nothing but the area that we actually contact the oil with the water or with the fluid that we are trying to inject. Better displacement efficiency, it means that right from a simple pore-throat volume we try to displace as much oil as possible and what does it do to our assets, basically mobilize us more oil, so it gives you increased reserves. Also, it gives us the opportunity to extend the plateau as was mentioned earlier. There is also a potential to increase the plateau rate which is again more studies have to be done and potentially on a successful pilot program and future regulatory approvals. The EOR also will tend to reduce the operating costs through less water handling and also less water handling will potentially turn into less of energy requirements. Overall, the potential for the MBA fields we currently estimate at around 300 million barrels which works out to average around 15% of an incremental recovery that we expect to get over the water flood. From a surface point

of view or from an entire EOR process point of view, lot of experts called chemical flooding is nothing but glorified water flooding, so for water flooding, those of you who may have seen at the site, you have well pads and you have both producers and injectors as shown in here. So, you have a producer, you have two injectors and you can imagine that this is a well pad and these are the sort of facilities that you will find in the well pads and all what you require in addition to the water flooding is few more pumps and few more mixer units to mix the actual polymer and other chemicals with the water. So, from a surface point of view, it is relatively a simple technology. If you look at it more in detail, the subsurface point of view or the reservoir point of view, good analog would be the way I like to understand as a geologist is, you know, if you have a hand full of grease, the first thing that you would like to do is wash it off with water, but it is not going to be effective, the water will tend to slip away from the hand and some of the oil will be actually or the grease would be removed, but for us to remove it more effectively, we would add soap and make the water a bit thicker and that is what exactly what alkaline surfactant polymer does. It makes the water thicker and it acts as a soap to remove the oil from the grains within the reservoir rocks. So, that is sort of a simple way of explaining it. If you look at it a little bit more in detail if you look at the bottom figure, this is what polymer flooding does. Imagine that there is a producer in here and an injector in here, you are injecting water, because of the higher mobility of the water when compared to the oil, the water will tend to flow faster into the producer, thereby the producers cutting water much earlier than what it would be if you add polymer. So, with the addition of polymer, you make the water thicker and you actually reduce the movement or reduce the velocity of this particular what we call as the flood strength or the interface between the water and the oil. So, that is what basic polymer does which to me is pretty much, we are very confident that that is going to work in the MBA fields. If you add the alkali and the surfactant bit, what it does is in addition to this effect, we also will be able to...we will also be able to remove more oil from the grains. The grains will have a coating of oil which is basically due to the surface tension and the alkali and surfactant tends to reduce that particular interfacial tension. Alkali is a very important aspect, I mean we could just add only surfactant and get away with it, but surfactant being much more expensive, there is an opportunity again for us in the Mangala crude, that the Mangala crude has got sufficiently high acid content which the alkali will react and actually produce surfactant in the reservoir which makes it a cheaper process for us than...rather than adding full surfactant volume. Now, lot of this has been done elsewhere. The Chinese examples are very close to what we are think as analogs, the Dai-Ching and the Sheng-Li Field. The Dai-Ching and the Sheng-Li fields together, they produce around 100 million barrels of oil per annum right through the chemical flooding process. They are actually doing it now and we have been visiting those places and lot of their experts who have actually been involved in these projects we are also consulting with them to get that expertise into the system. And what they have shown is that at least from a polymer, only polymer perspective, they have been able to add another 12% above the water flood recoveries and also they have done a lot of pilots in ASP and they have been able to enhance the recovery to 20% above the water flood. These are some of the figures of the various pilots and we can see the 20% incremental recovery over the water flood and most of the pilots actually go above the 20%. We have ourselves done a lot of lab work. We have done it in two labs to make sure that we validate the results and the two independent labs have clearly demonstrated using the core flood or using the core and the fluids that we have from Mangala that the incremental recoveries through ASP would be in the order of 30% to 40% over the water floor. This is all in lab work. This figure that is being shown in here which is basically a result of a core floor experiment that was done in the lab. It only shows the effect of alkaline surfactant polymer. The starting point is the end of the water flood. So, in the lab, we have achieved 50% recovery using water and then we add the ASP and we get this additional volume of oil and in this particular case we have actually managed to produce another 45% of the remaining oil, so which means that overall our total recovery in this particular core flood has been close to 95% which is an excellent place to start, even though it is a lab work because lot of lab experiments from other fields would indicate that you don't reach these levels. So, we have got a good starting point in terms of the laboratory results. However, from the lab we need to go into the field and we have done quite a bit of simulation work, what we call as dynamic simulation using these parameters and we have currently estimated on a best likely case around 15% recovery, additional recovery over water flood. What do we want to do? To demonstrate this potential, we would like to do a pilot as we have mentioned earlier and this pilot, currently the pilot planning is in progress and once the pilot is successful, we should be able to go into a full field implementation some time during the 2013 year, and once we implement that in Mangala, the Bhagyam and Aishwarya which are very similar reservoirs and similar fluids, these will be directly applicable in these two fields also. We plan to do the pilot very close to the MPT in here. We will be drilling around five wells in there, one producer, and four injectors closely spaced, around 100 meters. We will actually be injecting water followed by polymer and ASP and we would be able to actually evaluate the incremental recoveries from the field and also it gives us an opportunity to optimize the properties of the fluids before we go into the full field implementation.

We mentioned the growing resource base in the Barmer Basin and one of that aspect is the Barmer Hills. The Barmer Hill formation actually lies over the main reservoir, the Fatehgarh reservoir, so that is the MBA Fatehgarh if we assume. The Barmer Hill which is a reservoir that lies on top of the Fatehgarh has been intersected by all the wells that we have drilled so far in the Mangala field...Mangala and Aishwarya field. We will also be drilling a lot of wells into the Fatehgarh, and we will be actually getting more and more data on the Barmer Hills which is lying over the Fatehgarh formation. The Barmer Hill formation is a lower permeability reservoir or lower reservoir quality. If we think about the Fatehgarh reservoir as a very good reservoir with multi Darcy permeability in sort of technical terms, we are looking at around 10 milli-Darcies of permeability in these reservoirs. We have established the potential in some of the wells that we have drilled in Mangala. We have actually fractured them or stimulated them we call it and

we have actually flow ed oil from these wells up to around 250 barrels of oil per day from some of the wells in here. Currently, we are looking at the overall potential going through a full subsurface evaluation of the Barmer Hill, looking at cost effective technology like Rick mentioned in terms of bringing in the right stimulation technology, bringing in low cost drilling, and trying to understand the Barmer Hill, not only on top of the Mangala and Aishw arya fields, but we think that there is much more potential around the Mangala and Aishw arya fields especially in the northern appraisal area w hich has been awarded to us recently and we think that there is a significant potential in the Barmer Hill. Over Mangala and Aishw arya, the current potential is estimated to be around 400 million barrels of oil in place . The development options are being studied at this moment. However, we have looked at analogs and there are analogs in the world from these tight reservoirs w here they have been able to recover around 20% using secondary recovery or water flood recoveries and also there are fields where we have actually been using enhanced oil recovery techniques, in this case possibly a carbon dioxide flooding. So, there is a lot of work being done and we think that here is significant production potential that we can tap from the Barmer Hill going forw ard.

In terms of the other fields that we have discovered, recently we have been awarded this particular development area. So, within the three development areas, we do have the other fields that are currently under development planning. Again, the strategy in these fields, the development of these fields is going to be how we can using the existing infrastructure how we can bring these oil to the network, to the existing infrastructure through low cost drilling and possibly some modular facilities. So, it is all about development optimization and trying to bring this potential over the Mangala, Bhagyam, and Aishw arya production potential. We have already submitted the Shakti field development plan, that is the field sitting in the development area II. We are currently working on the Guda development plan and also the valuation of all the other fields is currently under progress. Thank you.

Mr. P. Elango: Good afternoon ladies and gentlemen. Both S. V. Nair and Mr. Bhalla show ed a lot of photographs in their presentation to tell you the progress they have made on the ground. My presentation is not going to have many photographs and that is not because I have not made progress. You know , developing a marketing strategy and securing value for your crude oil is all about understanding the environment under w hich you are operating. I w ill slowly take you through w hat are the various steps that we have taken, the kind of strategies we have developed and executing it quietly. The first thing to understand particularly for the analysts in UK is to, you know , get a feel about the refining sector, the way it is growing in India. From a point of view of, you know , developing refining capability only to meet the domestic demand, from a stage in w hich earlier it used to be product imports, right now Indian refining sector is moving tow ards setting up refineries w hich are exclusively focused on export market as such. You are talking about a 155 million tons of refining capacity coming in the country w ith plans for expansion almost by every player. So, you are really talking about right now a current import of 2.4 million barrels of oil per day against a domestic production of 700...close to 700,000 barrels a day. So, this volume, as the refining capacity increases in the next five years, is going to touch somew here around 4 to 5 million barrels of crude oil requirement by the country both for its domestic consumption as well as for export. So, it is in this context, the Rajasthan plateau production of 175,000 barrels is to be seen. So, there is no doubt in my mind that there is enough demand for the Rajasthan crude. One of the key things that the government is currently engaged is to decide on the multiple nominees for Rajasthan crude. I w ill talk a little more about it later. Currently, our focus is to get ready for commencing our crude oil sales in Q3 of 2009. As of now , the nominees announced by the government is Mangalore Refinery Limited w hich is a coastal refinery. Therefore, our sales plan is also to track the crude to one of the existing port infrastructure in Gujarat w hich has got adequate storage capability, w hich has got unloading bays and unload tracks as well as a loading capability. Our strategy is to deliver the volume to the government nominees of the refinery, MRPL. When we chose the pipeline route, we have not chosen the route w hich is shortest from Mangala to the coastal point. We have chosen the route strategically that allow s access of pipeline to the maximum refining capacity. I just want to explain and address the issues around the Rajasthan quality and then clarify few things. Whether a crude is light or heavy is determined by its API number. Whether the crude is sour or sweet is determined by its sulphur content. If you look at Rajasthan, Rajasthan crude API is 28 and its sulphur content is 0.1%. So, it comes under the category of medium sw eet crude. The viscosity and pour point w hich are higher are essentially transportation issues and it is a not a processing issue. There is no refinery in the country w hich cannot process Rajasthan crude. If you look at the import figures, the private sector imports entire requirement, 100% requirement is imported. The domestic crude is essentially delivered to both the coastal refineries and inland refineries, 60% of the costal refinery...inland refinery requirement is imported and over 75% of the coastal refinery requirements are again imported. So, our target is essentially to substitute this import requirements of both coastal as well as the inland refineries and we are developing the infrastructure to achieve that objective. Again, from a total production point of view , when we come on stream, when we achieve our plateau rate, we would be positioning close to 20% of the domestic production. If you look at the onshore production in the country, it is about 225,000 barrels. That is the current onshore production in India and w hen we come w ith our plateau 175,000 barrels per day, it w ill be close to 75% of the onshore production.

Let me take some time and explain this particular slide. The production sharing contracts are pretty clear w hen it comes to the marketing phase of the crude oil. The government alw ays w ants us to be in a position that it exercises the right to purchase the entire volume of crude oil produced by any of the joint venture as such, w hether it is Ravva or w hether it is Panna, Mukta or in other joint venture operated field, the government has been exercising its right to purchase the entire volume. Similarly, in Rajasthan, PSC w hich w as signed in 1995, there are tw o very clear provisions. Number one, the government has got not only the right but obligation to lift the entire volume of crude oil

produced by the joint venture. If it doesn't do so, then the contractor has the right, very clearly in the PSC, to lift the crude oil and take it and sell it on a free market basis as such. At that point in time, the export was also considered as an option. Therefore, the PSC itself provides that in the event any onsite sales happens, then the delivery point for that would be the outer plants of the export terminal or customer facilities in India. So, both these points are very well outlined in the production sharing contract and we have the experience of selling both the Ravva crude as well as the crude from Cambay Basin to the public sector refineries. You know, in Ravva for example, over the last ten years, we have sold crude worth 9 billion dollar on a gross basis. Since inception, 9 billion dollar worth of crude oil has been sold to the public sector refineries. Therefore, we are very confident of getting agreements with the customers once the government announces the multiple nominations. You know, during this period of, you know, as we mentioned earlier, as the project guy started working on the ground, I also have been working on marketing side, essentially giving some tough time internally basically telling them that look, I need the ability to deliver the crude oil by pipeline. If it is heated pipeline, so be it. I need the ability to deliver the crude oil by tankers and I need the ability to deliver the crude oil by trucking. So, today we have developed the infrastructure by which we can deliver the crude oil through all these modes. So, the whole strategy was developing the flexibility, you know you have demand, you know you have buyers, we have been focusing on developing the delivery infrastructure in a manner that you are in a position to deliver the volume to the customers and when it comes to the crude oil sales agreement which will be the ultimately deliverable as far as I am concerned, they are...again, they are not going to be picturized and shown as photographs, these are agreements that are going to be signed and kept as a confidential document, but we do recognize these are multi-billion dollar agreements, therefore we got to be taking correct commercial position to ensure the secured value for the product. As far as the terms in the agreements are concerned, they are pretty standard. As I said, international standard terms are available. On those basis only, these agreements will be concluded.

By way of summary, I think one of the big achievements of us is convincing the government to shift the delivery point from Rajasthan to a coastal point. I think that is a big achievement for us, to create an ability that this is a land-locked oil any more. We brought the oil to the market by convincing the government for building this 600-kilometer pipeline to a coastal point. Once you are in a coastal point, you have the ability to access the multiple customer. So, that shifting of delivery point, although it took some time, finally happened on April 2008. Along with that, we were able to convince the government that this crude we should have the ability to deliver to multiple customers. Therefore, we requested the government to nominate multiple buyers for this crude taking into account the growing volume as well as our ability to deliver to multiple customers, so that again government confirmed to us in writing in April 2008 that they would be appointing multiple nominations. Now, knowing very well who are the typical government potential buyers would be, we have been in engagement with them over a long period of time, sharing with them project progress, sharing with them the crude quality details, basically getting them ready to their side of the infrastructure which is essentially related to the supply chain. So, two key studies we did. One, how can this crude could be mixed into pipelines, crude oil pipelines which are not insulated. So, we did blending studies, demonstrated to the buyers and some of these studies by the buyers themselves to show that this crude, certain percentage of this crude can be mixed in existing crude oil pipeline and India has about 4,500 kilometer of crude oil pipeline across the country. The second part is about coastal refineries, what kind of facilities are required to receive the high pour point crude and basically the studies reveal that we need to transport this crude through heated crude oil tankers and you need to...when you unload it, you need to unload it along with the lighter crude parcel or you can do a blending on board as well. All these studies were done essentially to share it with the potential buyers. So, right now our focus is on ensuring that, you know, government announces its multiple nominees and then discuss the pricing with the nominees as well as conclude crude oil sales agreement. Thank you.

Mr. Santosh Chandra: Alright, good afternoon. So far, you have been really listening very attentively, that's why you got a break. So, I am sure you guys are really refreshed and back. What I would be covering in the next four slides is an update on producing assets and by producing assets we call is Ravva and the CB/OS-2 fields which Cairn has been operating. Both are producing assets and particularly Ravva has been the bedrock or foundation of Cairn in India. I remember when I joined way back in 1995, towards the end of it, there was a real buzz in the organization. We were developing the Ravva field. The offshore contractor was mobilizing his barges to set up those platforms, to pull the pipelines, install an SBM and onshore spread mobilized to set up the plant, the cranes and all that and about 10 months back...I mean later, in 96, we started production there, plateau production, basically we increased the production there. The same buzz is there in the Cairn organization right now. We are all working towards delivering on the Rajasthan project. What is really more important in these two assets is that between the two assets we operate, oil processing trains of 70,000 barrels per day, gas processing trains of 250 million cubic feet a day capacity, water injection system of 120,000 barrels a day, a sub-c pipeline system for export of oil and SBM, pretty much the same ingredients or the whole gamut of operations that actually are going into Rajasthan development. A lot of the people who worked actually on these projects and delivering them are working on Rajasthan. We have a strong knowledge base and an experience that has been developed in operating these fields in a cost effective manner and in a fast track manner. As you see, we have also worked with various partners and that has also helped us in understanding the way to do business in India, the various stakeholders. The government has been the biggest beneficiary of the Ravva and CB/OS-2 development as Rahul mentioned. The profit petroleum paid to the government from Ravva has been almost 4 billion dollars in the last, I mean since it has

been on production, not counting the cess and royalty and all that. So, there is a big stake for the government to get the projects moving and Ravva has been a shining example of that. What also excites us from the Ravva and CB/OS-2 is the technology that we have used there to enhance the production and do various things. In fact, some of the things that we used there have been co-opted into our developments. Particularly in Ravva, we used things like multiphase flow meters ten years back and in Rajasthan we are going to use multiphase flow meter from flowmetry invasive technologies that are available. In Ravva, we have offshore production wells which do, within their time when it was on plateau, were doing about 10,000 to 12,000 barrels a day. Even today, those wells are producing about 8,000 to 10,000 barrels per day of liquids, so we have high-capacity wells and what we are going to create in Rajasthan are again some high-capacity wells and the learnings and the experience and the technology that goes into that are enhanced and applied in Rajasthan, though it is an onshore field. Again, those who are not familiar with Ravva, we took this field as a marginal field, it was actually bidded out and we transformed it and the great journey of the story began by increasing the plateau from a low rate of 3,500 we achieved...sorry 3,500, we achieved 35,000 in December of 96 and as the data came on we realized that this field has got much better potential. We upgraded the field. The oil in place went up and the reserves...oil reserves actually almost doubled. The plateau was increased from 35,000 to 50,000 and that plateau had a great run of about eight years. Now, the field is in decline which is as per expectations. We had models which showed that there would be decline. We have worked towards doing various activities like last year we finished drilling campaign where about six wells were added, three wells were worked over, a few exploration wells were drilled. That helped us to put as much effort we can in trying to keep the production going, but the decline is very inevitable, the water content is going, but this is as per the expectations. It encouraged cash flows coming from that block. We have, as I said, already produced 200 million barrels of cumulative oil production. Another 1800 million barrels of oil equivalent to be produced in the economic life. The operations have a great track record when it comes to health and safety and we have been certified by all the key agencies that give us a certification on world-class operations and one of the key things in Ravva is the low operating cost base that we have established there. The field direct OPEX even in this declining phase has been under 2 dollars a barrel and we are on track right now planning to do an advanced 4D seismic survey to look at bypass oil which will translate into potential drilling campaigns to add further, you know, reserves or increase production or try to maintain or slow down the decline in the coming years. CB/OS-2, a very own Cairn success story, discovered in May 2000 wildcat discovery that is and commercial production 26 months later. Again, it was one of the typical examples of how Cairn moves quickly, moves fast track, get the people that is needed and sets targets which the company goes behind the people and we go and deliver it. We have had a very good track record again on safety and the operating costs. In 2008, we had a drilling campaign which basically added four oil wells, converted or did some work over some couple of wells to reinstate production and increase and the oil story has been looking quite interesting as you would have seen. In 2008, the oil production has been significantly more than the previous years. One of the things in this field is that the people that are working there are constantly challenged and innovating and coming up quickly with solutions and in CB/OS-2 about a year back, the team installed a 10,000 barrel per day crane in 90 days basically flat and that was to upgrade, you know, the facilities from earlier whatever was 3,000 and up to 10,000. So, going forward, in both these assets which have actually achieved a plateau production and on decline is to maintain the worldclass SAP and the operating practices that we have set up there. There are excellent training grounds, so a lot of our operating staff that we are recruiting are actually going through these assets, they are working up there actually, understanding the way Cairn operates, understanding the processes, looking at the cost focus that is there, and have been moving into...will move into basically Rajasthan to operate the plants as they come there. We will continue to enhance value through maximizing the production and reserves. Again, as I said, we still have little potentials here and there and as the technology in terms of 4D or other things are applied, we will be identifying things to basically putting them on production at a low cost as we can. In terms of Ravva, there still remains exploration potential and David and his team have been looking at prospectivity at various things. There are drillable prospects that at right times we would drill them and we will continue to focus on the top quartile performance in terms of operating costs which are evident in basically our financials and our reporting and all. That's all I had on the two producing assets and we will take questions over there. Thank you.

Mr. David Ginger: Good afternoon. Slight change in subject, moving on from all the engineering, exploration success has been essential in building Cairn India, the company that we know today, it is entirely appropriate that the company should be focusing on delivering that success. However, exploration remains a key activity for the company that clearly will help us develop future potential. There are three things I want to talk about. First is the capabilities that have supported past success and that we built in India to hopefully continue that success, look at some of our achievements over the last year, and give you a field forwards plants over the next two to three years. Over the last ten years, I mean you have heard some of this before, over the last ten years, Cairn has been sort of instrumental in opening the areas for exploration in India, most notably I guess would be deep water in KG Basin and, of course, Barmer Basin and in that time, the success rate has been around 40% or slightly over and that is certainly well above average on a global basis where percentage success would be around say 30% to 35%. One of the reasons this happens I believe is that there has this relentless focus on the use of technology, integrating that technology with regional understanding and developments of basin knowledge, but also a very strong focus in belief in what we do and following through those well programs even when it exceeds minimum well programs. If we look at this a bit more, on the hydrocarbons globally, I guess it is getting a little more challenging and it is the use of technology and integrating that with work as I just described that has been one of

the key to success. The real aim is to reduce risk as far as possible and some of the things that we are proud of in Cairn India for example are use of non-seismic technical methods, for example, in Bihar, we will first use aeromagnetic surveys to understand what was...or trying to understand what was extremely large frontier basin and help us position the seismic there so that we later acquire it. We have also made over the whole of India lot of use of gravity data. This helps us in some of our new business assets in the country and the spanning vessel history of the Indian continent in general and as an example here is a map of the Barmer Basin and we will take the help of that to understand the basin in greater detail. We make extreme use or high use of 3D seismic data in the Barmer acreage, in the Rajasthan acreage. Over 70% of that area is actually covered with 3D data and this allows us to achieve a much greater level of detailed understanding in the basin. In doing that, obviously we hope to look at reduced risks and that will lead to consequent success. We have also achieved recently significant improvement in subsurface imaging, seismic imaging as shown here where we come into an area that has been explored maybe 10 or 20 years earlier and manage to image the subsurface much more effectively than some of our competitors. Obviously this allows us to understand that area in much greater detail. We try and pull all this together and develop a much better understanding of the basin, a very large database of the whole country and builds as far as possible fully integrated petroleum systems, models and again the stress is...the idea is to reduce risk as far as possible and continue this run of success.

Moving on to some of our achievements over the last year, we have consistently managed to build our portfolio and it now stands as Rahul said earlier to unrisks net reserves of 1.4 billion barrels and that spreads across the entire range of risk from high impact...high volume, high impact, high risk, of course, to high value, low risk exploration. It also spreads across the full range of operating environments, deep water to onshore, and this growth is largely come around for two reasons. We obviously added some more acreage and that is part of it but also it is the application of technology as I was referring to earlier, the largest one that spans our existing acreage in much greater detail. We have made a discovery in Rajasthan, this is a good example, in December and the discovery was in the Thumbli reservoir which you heard about earlier. It is a water reservoir, but further south in Rajasthan it is totally barren and that was already demonstrated from the existing Raageshwari field. For this reservoir, the test we made...we achieved around 500 barrels a day. It is quite respectable. It is a very good rate this kind of reservoir, but also we found two hydrocarbon columns which is a first surely in this area. This is a very good example of how we can continue to add results in Rajasthan. Again, it is the use of 3D and the focus on the details of the basin have allowed us to have this success and we strongly believe that we will be able to do this in the future. As Ananth pointed out earlier, we secured an additional area under long-term contract. It is the Kaameshwari west development area and that was based on discoveries that were made in 2006 and 2007, two of which are in a new play. I guess the key message here is that it is another large area in which we can potentially add additional incremental hydrocarbons and continue to build value of the assets which we...and we have that area or the rest of the contract through the 2020 and beyond. We also picked a new block in Sri Lanka and one of the reasons to doing this is to develop our understanding in India and, of course, the geology in Sri Lanka is related to the geology in India and this international boundary just changes the people that we have to deal with. So, the north of the Cauvery Basin where there has been success for many years and there are some distinct discoveries, small scale discoveries onshore in India. So, extrapolating this has helped us believe that this is a good place for us to explore for hydrocarbons, and although it is clearly a frontier area, we were encouraged by our evaluation of nearby data. We started basic work and then the main work program will build up late in the year and early next.

My last slide, this is quite a bigish slide, so I am not going to go through it in great detail. If we need to ask questions, I guess we can take those later. I guess the key message here is that our present strategy is to focus on our legacy assets as Santosh referred to, there is exploration potential around Ravva. He talked about our ability to add results in Rajasthan which will remain a focus for the future and while we are doing that, we will continue to work these new areas for further mineral work programs, do more if it is justified with the intent of further success. So, that's the...I think that concludes all from me.

Mr. Indrajit Banerjee: Good afternoon. Thank you David. I guess like Elango I also have to say that I don't have any pictures in my slides, but I have got some colors, so just to take you through some brief analysis of, you know, where do we stand in financial terms and cost terms, just a few slides, not many. If you look at this one, what we are trying to say in this slide is that over the quarters, this is eight quarters data here and you will see that consistently, you know, quarter-on-quarter we have added to the...there is a cash flow from operations in a consistent way. Even in the last quarter, in Q4, when oil prices dipped significantly from the 116 dollars in the previous quarter to 56 dollars in the last quarter, we were able to generate a good amount of cash. The green portion here that you see is essentially our cash generation from operations before exploration costs and without, of course, taking non-cash expenses. So, we did generate a significant amount of cash, 20 million dollars in the last quarter. We also have our cash in hand in the bank on which we earn interest. We have also been able to earn favorably, you know, using the foreign exchange situation and all that has contributed to nonoperational income as well. So, the two together, they contribute pretty well into increasing the flexibility that we have and being able to complete our Rajasthan project. Now, one reason why we have been able to generate cash in that sort of a consistent manner is that our costs have been contained pretty effectively. If you look at these numbers here, if you look at these numbers, the blue numbers here, that is the direct field operating cost and the green one here is the other cost, that is the cess and royalty that we pay in Ravva, the insurance premium that we pay for both the fields as well as, you know, some other production bonus, etc., related matters there. So, the total cost, 4.83 last

quarter which is good by international standards as well. Two reasons for that, if you see over the quarters, it has actually come down. Two reasons, one is we have had an excellent control on costs, we have an excellent way of monitoring costs and trying to create a low cost culture in the organization which we are able to consistently apply both in Ravva and Cambay and which we hope to be able to do in the case of Rajasthan as well and, of course, the other point is that rupee has, you know, depreciated over the last three quarters and that has also helped us to keep our costs down in dollar terms and that would continue to remain as long as the dollar...the rupee weakens as against the dollar. In terms of realization of oil price, you will see here, the red line that you see there, that is our realization over the last eight quarters from Ravva in dollar terms and the blue line there is what we have realized in oil...from oil in Cambay and the green line there is the blended line and the graph shows that our realization both from Ravva and Cambay have very closely followed the trend in the international oil prices. Gas is a different story, gas prices are more or less frozen, they are negotiated once every two years and, you know, whatever is the price fixed, that remains frozen for these two years. Rahul has taken you through this slide, just maybe one or two additional points I would like to make here is that you have seen the capital expenditure estimates there and the amount that we have here gives us a good flexibility with regard to meeting that capital expenditure over the next two years and once Mangala goes on stream, Mangala itself will be generating cash which would add to the kitty that we have for development. This 625 million, lot of you have questions around that and that was taken last year as an equity issue to give us the flexibility...there were two basic objectives behind that, to give us the flexibility with regard to our development and also to give us transfer growth and that objective remains and we are today using that flexibility for the purpose of developing Mangala, but at the same time we have cash flow from operations that will come in 2009 and we are also pursuing additional debt facilities, we are exploring various options that we have and we are looking at the market and as and when the market is favorable we would like to take opportunities of increasing our borrowings in that market as well. Of course, just to underline the fact that this 850 million dollar facility which is very much there and we have drawn 640 million dollars from it and we have had no difficulty whatsoever in drawing up on that facility for the purpose of being used in our development in Mangala. Now, we have consistently contributed very heavily to the exchequer and in 2008 itself, 335 million dollars you heard it elsewhere that we have contributed nearly 4 billion dollars to the exchequer in terms of our contributions to Ravva and Cambay and this we believe is a major, you know, contributor in showing that, you know, what we are contributing to the country's need for both, avoiding foreign exchange when it comes to avoiding import of oil and at the same time contributing to the, you know, the fiscal, you know, contribution to the government. There are questions raised often on how the profit sharing takes place. This is to help the analysts in trying to build their model and in this slide we have just tried to clarify that in a way that it becomes clearer. This is Rajasthan, this is not Cambay and Ravva, this is Rajasthan. The way it works is we have got a gross revenue that is sales, cost petroleum, three basic elements there, exploration cost, development cost, and production cost. In the order of how it gets set off against revenue, production cost comes first, then comes exploration cost, then comes development cost. That is way it gets set off. So, once cost petroleum is deduced from gross revenue and it yields a positive remainder, that becomes profit petroleum which is then shared with the government. Initially, until we recover cost petroleum, there is no sharing. Once we start recovering cost petroleum, once cost petroleum is recovered from the revenue and there is a surplus, that is shared 20% with the government and the balance with JV partners. That goes up in steps. When we cross 1 as an investment multiple, in other words, exploration, development, and production cost are all covered...recovered from the revenues, then we share 20 and at the extreme which is 2.5 times revenue, when the total cumulative inflows exceed cumulative outflows by 2.5 times, that is the time that we share 50% with the government and it remains at 50% thereafter. Whatever remains after sharing with the government is distributed between Cairn and ONGC in the ratio of 7:3, but since exploration cost has been incurred by us, that is Cairn, exploration cost is recovered in full by Cairn before the 70:30 ratio is applied for sharing of the balance revenue between ONGC and Cairn. So, in short, the finance summary...the summary here is that we are fully funded insofar as our core development of Rajasthan is concerned. We have a track record of consistently generating cash from our existing operations and we continue to run our operations efficiently so that surplus remains in the system. We have a very healthy gross margin which we have demonstrated over the last two years. Our price of crude very closely follows the market and future since we are predominantly based on oil and therefore we will continue to remain very closely with the international price of oil. With that, I will end and back to Rahul. Thank you.

Mr. Rahul Dhir: Okay. Thank you for your patience. We are nearing the time when you can unleash your questions at us, but just a couple of points I wanted to make. We have finished two years as Cairn India. We started life on the 9th of January when that was the day of first trading and those of you who followed us will remember as being a fairly interesting journey. It has been a bumpy road, but I hope you get a sense, you know, if you go back to the IPO and the IPO document, there were a number of risk factors and the way sort of in my mind I look to the future was part of our job was to in a sense reduce, derisk the project and the delivery and as we stand today, I feel pretty good about what we have achieved in terms of making this project a reality of derisking pretty much most of the risk that we had set out at the time of the IPO. The year ahead for us is an exciting year, it is a momentous year for us. We will deliver crude oil in the third quarter and really that sets us on through a different path in terms of future growth. I know you guys would want to talk about that. I think just to give you a sense, I mean that is something which we are laying the foundation for in terms of capability and track record, but it is something that we will talk to you in more detail in the coming year or so. So, I hope you found this session useful. I was quite impressed with the work the guys have done. I thank them for it. And what we will do now is we will

take a very short break to get you charged, recoup your energy, but also more importantly for us to set up the stage for Q&A. When you guys come back, I am going to invite our Chairman Sir Bill Gammell to come and share his perspectives and then we will dive into some questions. So, thank you again, and we will see you in a few minutes, just make it sort of five minutes max.

Mr. Bill Gammell: Rahul and Cairn India team, I was sincerely proud to see your presentations and particularly the guys who have been in Cairn India for the last 15 years, I mean it is fantastic to see how this organization has grown. Thinking about growth, sort of I will find out a little bit about the audience and many of you have heard this before from me, but I am passionate about sport and one of the questions I ask people is in Australia they have got an institute of sport and they have a sculpture of a pole vaulter and the pole vaulter is at the top of his pole and the question is what that makes you think. There is no right answer, there is no wrong answer, but those of you that haven't heard it, would you like to guess what does it make you think. The conscience reply to this would be what happens when the pole snaps, they protect from the downside. My answer to it is what isn't there, there is no bar and if you think about that one thought everything we achieve in life is through our attitude and the barriers that we set here limits our success. I mean I was really pleased about hearing the presentations whereas hearing from Rick talking about a can do attitude, hearing from Santosh how excited he is, buzz that he gets, but actually Cairn is built on a ball, a football, a rugby ball that kind of make it a football, but the whole culture of this team which has been taken on by the Cairn people and Rahul and his leadership is pick up that ball and run with it and pass it to someone else when they are in a better position to move it forward, but take responsibility to make it happen and the three things we always talk about is vision, focus, and edge. So, what is a vision. The vision and the excitement that I want to leave you with is the vision of the Barmer Basin, not the Rajasthan block, the Barmer Basin. If you look to the basin's size, it is 2.5 billion barrels of oil recoverable. It is about 125,000 barrels a day. We have been doing that for about 20 or 30 years because what happens they have now got a 100 discoveries, they just keep finding oil. In my view, that is what will happen in Rajasthan. We are completely focused on ignoring that bar. So, bringing new technology, bringing new ideas, challenge each other, and I say this particularly to my Indian colleagues, challenge each other because often the guys straight out of college may have the latest whiz technology that we don't know about. We need to bring that technology and we need to support the people in the organization and Rahul is doing a tremendous job in increasing the training of the individual. Value the individual, give him respect, earn respect, and see what you get. Our absolute focus right now is on Rajasthan but the edge has always been your people. So, I just wanted to share with you, you know I am very proud on behalf of the Cairn PLC team who work below these guys in Cairn India for a long time what has been achieved, but where Rahul and the team here have moved this business on because this is a true legacy business in terms of Rajasthan, in my view, at the start of a long journey in Rajasthan. My vision is you will see better production rates than you are expecting over a period of time, a higher bar EOR coming in. All of these things are in front of us. I am an explorationist by heart. I have a lot of technical... people like Mike to keep me right because I just kind of go for the risk reward and commercial analysis and got instinct and the like kind of stuff, but actually the ability to add long-term reserves and move this into a cash flow earnings type of business in Cairn India I think is all in front of us. So, that was all I really wanted to say that I think the heart of any company is in the people and I have been very proud to see the Cairn Indian team present and I think the guys out in the field and the thing that we have always had as an organization and Cairn India, being Chairman of Cairn, I am delighted to see that we have taken the legacy that we transferred into Cairn India about valuing the people and encouraging people to just go that extra yard to make things happen and to be open. So, you analysts will ask all the questions you want, we will answer those that we can, that are not commercially sensitive, but at the end of the day business is about people. So, Rahul and your team, thank you very much.

Audience: Applause.

Mr. Rahul Dhir: An inspiring close to our presentation. So, now I think the hard part begins, questions. Format, you have got these little placards I think on your table. So, if you raise those you will get a mic and because we are video recording this for putting this on our website, so I would like you to just speak your names in the mic. So, please do introduce yourselves.

Mr. Niraj Mansingka: Yeah, I am Niraj Mansingka from Edelweiss Securities, Mumbai. I have a few questions. I will take one by one.

Mr. Rahul Dhir: Okay.

Mr. Niraj Mansingka: In the Rajasthan pipeline, you had indicated there is an offshore terminal which it will connect to. Could you share more data point about that.

Mr. Rahul Dhir: The plan is to have marine facilities because we need the marine facilities for alternate sort of export or supply to coastal refineries. The plans for that are in place. The work on that is going to start next year.

Mr. Niraj Mansingka: Like, will it be connected to the Mundra Port or any...

Mr. Rahul Dhir: No, we are creating our own facility. It is a little bit...it is in the Jamnagar district, little bit sort of south of Salaya. So, it is our own facility with a jetty and an SBM there.

Mr. Niraj Mansingka: Okay. And the CAPEX that you are talking of 1.5 to 1.8 billion, that would include the jetty and all the other expenditures.

Mr. Rahul Dhir: Yes.

Mr. Niraj Mansingka: Okay. Second is on the percentage, how much each refinery can take crude, you had done some analysis on the Indian refiners, can you share some...throw some light on that, like what is the maximum proportion any refinery can take in India?

Mr. Rahul Dhir: I couldn't explicitly sort of get into that, but what Elango described to you was the strategy which is essentially what we call a distributed model in terms of crude marketing. So, the intent is to have infrastructure, multi-modal transport to access a variety of different refineries. We don't want to go too much into any one particular refinery because we believe that is the best way from marketing security point of view and also from optimization of value point of view.

Mr. Niraj Mansingka: Okay. And third on Ravva production, last six quarters if you see, you plotted the production numbers, clearly speaking, it looks like more like a decline on the production side, which you say is in line with what your expectations have been. Could you share some more light, when you see the stability on the production rates because since last three-four quarters, we have been declining significantly on the production rates there.

Mr. Rahul Dhir: Yeah, like I said I mean Ravva is declining, maybe I will invite Rick to give you a view of how we think about Ravva.

Mr. Rick Bott: ...as we have always said is at this point going to be curvy, on a decline curve. It is going to be a typical decline curve for that type of reservoir, for that type of field. What we are doing to try to mitigate that? Santosh mentioned a 4D seismic survey that is getting ready to start. That survey will then hopefully help us bring a new level of technology, look at where the reservoir was say a couple of years ago and make that comparison and then form that we will analyze the opportunities that we see coming from that and we will put together and see whether or not it is commercially viable to put together an additional joint campaign if that is justified and we then go out and prosecute that drilling campaign to try to hold flat that production as long as we can, but I think you can probably just assume that it is...Ravva is a real success story, I mean it was anticipated to be on plateau for two or three years. This team, this organization found more, more, and more potential as Bill said, there is no bar, and kept that going for eight years. Can we keep it at that 55,000 barrels a day for another couple of years? No, we can't. You are seeing that production coming off, but we are doing things now to try to look at bringing in some new technology and trying to address whether or not we see additional potential and some perhaps bypass stage or other areas that were perhaps less well imaged and might give us on a risk reward basis, we might feel like it is worth going back and looking at that. There is other optimization that we can do in the field. Some of the bypass stage and re-completions and things like that, those are much more in a smaller scale. So, you will see us coming up with plans probably. We have put some plans in front of the joint venture partners with a normal budget cycle. We will just prosecute that as is justified with the commercial environment and the partner approvals.

Mr. Niraj Mansingka: The fourth is on the Sri Lanka, like you say that because it is very close to India and there are a lot of geological comparables of what the Sri Lankan blocks had with respect to India. Does it imply that certain countries like Myanmar and others where you have a similar structure that Cairn India would like to diversify in future?

Mr. Rahul Dhir: I think it is just useful to say, you know, for us the sort of singular focus obviously right now is on delivering of Rajasthan. I think David has described to you a lot of work that we had done on a regional basis looking at the geology, looking at modernizing that and that Sri Lanka opportunity came essentially out of that because we felt that we had perhaps a better, a differentiated view on the risk reward balance over there. I think without commenting specifically on which countries we want to go to and all that because I think it is a bit premature, I think the comfort I want to give you is that anything that we do in the future will follow the same sort of discipline which is that it has to be something that we feel that we have an edge, either through knowledge or through technology or through our capabilities. So, I think that is perhaps a better way of thinking about it rather than talking about specific countries that we may or may not go to.

Mr. Niraj Mansingka: The fifth is on the thought process that Cairn has. See, we have already done seven NELP rounds in India. Wanted to know how you are thinking about, the way you are bidding in the NELP blocks has changed over last few years or let me say which parameters were you earlier giving more priority when you are looking at an NELP block in India and what you are looking at right now, wanted to just see your thought process, how it has evolved.

Mr. Rahul Dhir: It is again, I mean it is very simple that the rigger has been, David described to you, it has been technology driven, it has been knowledge driven, that has been very much sort of our focus, so whether you look at the last licensing or the previous ones, we have always looked at places where we think we have a different perspective. So, we necessarily don't run after the same blocks that everybody else does. That is the pretty much the approach we are going to take going forward as well.

Mr. Niraj Mansingka: Last thing on the exploration, could you share more data points on how much exploration CAPEX you have done till date on the Rajasthan which will be capitalized in future and use in the calculation for multiples.

Mr. Rahul Dhir: Okay. Indrajit, just in terms of total CAPEX in Rajasthan...600 million on exploration...600 gross.

Mr. Niraj Mansingka: Okay. And how much has been the Cairn's expense, from the Cairn's side basically?

Mr. Rahul Dhir: All of it.

Mr. Niraj Mansingka: Okay, that's all. Thank you.

Brendan Warn: Rahul, can I just get a clarification on the movement or the change in the budget on scope. Just in terms of the budget, can you give us a sense of what are the costs, the original scope would have been completed by 2009 or what would the schedule look like?

Mr. Rahul Dhir: I think the schedule wouldn't have been materially different. The interesting thing about bringing on the smaller train has been that we have been able to deliver first oil and get to kind of a Mangala plateau with a different configuration. So, we are in a simplistic sense doing the same thing with less equipment. So, you know, I think again we, you know, more or less the Mangala ramp-up wouldn't have changed materially. The Bhagyam-Aishwarya ramp-up is a little bit slower than what was originally sort of conceived, but still we are looking at Bhagyam-Aishwarya ramping up about a year after we get to Mangala plateau. In terms of, I mean it is a slightly speculative exercise in terms of what would have been had we stayed with the same sort of CAPEX. I doubt if it would have changed materially. If you look, pipeline is a good example, I mean we said 800, we are pretty much still at 800. That hasn't changed and I think there has been...some things have gone up a lot, I mean Rick has talked about this before. We are seeing some softening in the contractor market but not a whole lot, so I don't think it would have come down drastically and that is on a like for like basis.

Brendan Warn: Second question just relating to that topic. If you can give us a breakdown of the 2010-2011 CAPEX expenditure, just in round numbers, drilling facilities, EOR.

Mr. Rahul Dhir: No, I think you guys have to bear with us. We follow a certain methodology which is I think you people have been following us for a while. We will give you the broad number. As we get better definition, we will give you a narrow range, we will give you the individual components. For the time being, you guys will have to be content with the range that I have given you, 1.5 to 1.8. To give you some kind of comfort, about a couple of 100 million out of that is for the marine facilities. So, rest of all is really upstream which is the drilling, the Bhagyam-Aishwarya and the super train, the fourth train. So, I did give you something.

Nathan Piper: How would you describe a successful oil price negotiation in terms of let's say a premium or just kind of to say Dubai which sends us a similar quality of crude.

Mr. Rahul Dhir: The important thing I think you have heard Elango talk about, which is that the market very much is there and the important focus right now I think what matters really is not so much what you have asked, but what matters is the connectivity, the last mile connectivity with the buyers, and that is really what the focus has been, what Elango has been doing with the blending studies and looking at whatever necessary infrastructure investment that is required on the part of the buyers and that is progressing very well. So, I would say that is perhaps the most relevant sort of thing right now. The next most relevant thing is really for the government to then decide the issue of nominations and what proportion is left if any for free marketing. So, I think that is really to me if I define success, it is to go through those processes quickly in time which matches our production schedule because the price in a sense will take care of itself. So, I would define success frankly not in...if you look at Elango's sort of key performance indicators, they are very much geared around those, the fact that I talked about which is nominations, ensuring the infrastructure is in place because the process of price discovery is relatively kind of standard, I mean it is based on the value of the products and, you know, I couldn't tell you right now because if you say heavy-light differentials change, certain products, you know, you get a lot of conversion capacity coming on stream that will change the spreads, so it is very hard to kind of measure success in those terms. I am not being...I am dodging your question, but I think just trying to explain our thinking around that.

Nathan Piper: That's helpful. I wanted to follow them with a bit of a timeline on the various aspects the nominees the government ordered, multiple nominees and things like that, maybe even on a quarterly basis, that will be helpful.

Mr. Rahul Dhir: Well, a few things I can assure you of, you know. One is that you are going to get a lot of volatility around crude pricing and second is that you may not be sorted out till the night before we start production if you want a timeline. So, it is...the way these things happen in seriousness, because, I mean you have followed the company for a long time, so you see there is a just in time kind of approach to anything that involves government approvals. It happens, it happens just in time. So...not that we are not pushing hard for it, but I would be very surprised I think if we have got early resolution, if you will, around these things.

Nathan Piper: May I just have one last question on your pipeline.

Mr. Rahul Dhir: Sure.

Nathan Piper: Is there a chance that you could limit the construction of the pipeline. If you get enough and multiple bidders from the interim station on the pipeline, may you do away with the marine terminal and save CAPEX that way, just if you get a big enough market in the Gujarat and Rajasthan area, will just stop there?

Mr. Rahul Dhir: I mean the interesting thing about the infrastructure, the way it has been designed and the way you think about it is sort of two stages. There is the stage that we are working on now which links us to, you know, a lot of inland refining capacity, a lot of existing pipeline infrastructure, right, and links also to the Gujarat coast, a huge refining complex and theoretically that is sort of enough, right. But if you take a longer term view which I think we ought to with the resource that we have which is growing, our view is...and which is why if you go back to why we decided to go in the pipeline in the first place is that we didn't want it to be landed off I think as Elango said. So, I think spending that extra couple of hundred million bucks to have the marine export facility, I think strategically is the right thing to do. You may not need it necessarily to sell the crude because we can see enough demand without it, but I think strategically I would argue that that is something that is needed.

Nathan Piper: Thank you.

Mr. Amit: Good evening Rahul. Myself is Amit from Antique Stock Broking. First of all, I would like to thank and appreciate the entire Cairn India team for sharing their perspective on growth in India and a few questions. The first question is what is the incremental CAPEX on the new train which you have proposed, that 30,000 barrels train, so...

Mr. Rahul Dhir: It is minimum, I mean it is in the tens of millions of dollars, so it is not huge money.

Mr. Amit: So, if we add the entire CAPEX which we have mentioned for 2008, 2009, 2010, and 2011, we are saying that the CAPEX has increased by close to 1 billion. So, could you please elaborate on that.

Mr. Rahul Dhir: It is, I mean you have got to get an apples to apples comparison. What we always gave you was a CAPEX for 2008-2009, and so I think this as Brenden asked the question, I mean if we had followed the same path, I suspect we wouldn't have been materially different from what we have given you and then what we are also giving you is additional CAPEX for the full trains, for the additional fields and getting it up to 175.

Mr. Amit: Okay. But the new train is being approved by the joint venture partners as well as the DGH or...

Mr. Rahul Dhir: Yeah, that is part of the field development plan that we have submitted right now.

Mr. Amit: Okay, so it is yet to be approved?

Mr. Rahul Dhir: It is yet to be approved.

Mr. Amit: Okay.

Mr. Rahul Dhir: That is why we have given you a range and that is why it is difficult at this stage to talk about individual components of the CAPEX.

Mr. Amit: But if the approval is yet to come, but that is the train which is going to commence production first, so...

Mr. Rahul Dhir: No, no, sorry, the fourth train is part of the FDP and the first train is also part of the FDP, but as with a lot of things, because it is critical, we are building it and we are expecting the approval shortly.

Mr. Amit: So, which one is the new train, sorry...

Mr. Rahul Dhir: The 30,000 barrels a day train.

Mr. Amit: But that is the first train to be...

Mr. Rahul Dhir: That is the first train, yes.

Mr. Amit: Okay and what about the delivery point of the crude that if you deliver it to, for example, MRPL, Mangalore Refinery, so whether the tanker cost would be at Cairn path or it will be at MRPL path?

Mr. Rahul Dhir: Can't comment.

Mr. Amit: Sorry...

Mr. Rahul Dhir: I said cannot comment.

Mr. Amit: Okay. And any exploration CAPEX guidance for 2009 and 2010?

Mr. Rahul Dhir: Not yet.

Mr. Amit: Okay.

Mr. Rahul Dhir: Okay.

Alejandro Demichelis: Regarding the EOR program that you have been talking about, you have mentioned that you have the opportunity to lower the cost in there. Could you please give us a range of, you know, how much you are expecting that cost to be lower and maybe some kind of indication of how much investment you have to make in there?

Mr. Rahul Dhir: Maybe, I mean it is...I will let Ananth talk about the EOR cost. I think you have got to separate out the cost of the chemicals and the incremental cost of EOR. From the impact that it would have on the overall cost because of lower water handling and all that. So...but Ananth, maybe you can talk about the cost of EOR and the range of cost for the chemicals and all.

Mr. Ananthkrishnan: In terms of the EOR cost, I think the way we are looking at it is the incremental sort of barrel cost of around 8 to 12 incremental barrel. So, that is the sort of CAPEX plus OPEX that we are looking at and from a normal point of view, the EOR costs are going to be more of OPEX rather than CAPEX.

Mr. Rahul Dhir: And then separately, I don't think Ananth we have actually quantified the impact that you would have on the overall sort of cost because of lower water handling and all that.

Mr. Ananthkrishnan: I don't think we have quantified that. There could be some saving of the CAPEX, that is what we can tell at this moment, but in terms of the actual numbers of what the saving would be from the EOR implementation in terms of the OPEX, I don't think we have quantified that at this moment.

Mr. Rick Bott: I think the only part I would add to that is that, you know, we need some production history. So, once we get on stream and start producing and see how this reservoir performs, see how it goes with initial water flooding, that is going to give us a much better sense for energy requirements for the amount of water we got to put into it and for the chemical flood process that Ananth talked about. So, that is a normal analysis that you would do after you have been producing for a little while and you understand the reservoir a lot better. The normal course of analysis that we will do and trying to optimize that, minimize, of course, the OPEX everywhere we can. We will try to use the minimum amount of chemicals that we can, but we still got to get the volumes, we got to keep the pressure maintenance and the sweep efficiency that Ananth was talking about. So, that all comes really from getting that...getting that production profile and getting the production history and being able to work that back to our flow models, validate those flow models and come up with our plan for the EOR.

Alejandro Demichelis: Okay, than you. A different question, on the exploration you have been talking about the outside potential that you have and you have been pointing to the analog on, you know, the base, drilling more wells and getting, you know, plateau extended. So, is there a way that you can accelerate this kind of process?

Mr. Rahul Dhir: I think what you heard from Ananth and from David is an articulation of what our approach is. So, if you look at systemically, I mean there are three, maybe four components of the work that we are doing in the Barmer Basin. Number one is the EOR and I think we are giving you a pretty decent sort of description of our strategy and the potential there. Number two is if you look at Barmer Hill, you have got a sense of the overall price, but I would certainly stop there because we need to do a bit more work in terms of defining what the developing concepts there are. Number three is you have got 25 discoveries now. So, we have done field development plans around maybe six, five or six of those, so there is quite a lot of work that needs to be done to consolidate the rest. One thing which is interesting and you got to remember is that we are investing very heavily right now. What we are building at MPT which you guys saw yesterday and you will see tomorrow is a centralized processing capability which is essentially a critical infrastructure. So, adding on a small marginal field, the incremental cost of that is pretty low. So, that is the third component is lot of the smaller fields, being able to tie those back in and again that is sort of work in progress. And the fourth is really what David talked about which is looking at an expanded development area, looking at more innovative ways of imaging and understanding the potential. So, those are the four kind of components that we are working through. Some are better defined than others simply by the nature of the opportunity.

Alejandro Demichelis: That's great. Thank you.

Mr. Rahul Dhir: Okay.

Mr. Jonathan Copus: Jonathan Cooper, Deutsche Bank. I know you sort of don't want to talk about the 2010-2011 number, but maybe...sorry, this is the way you can help us on...

Mr. Rahul Dhir: I am going to give you guys in March for being persistent.

Mr. Jonathan Copus: By the time you spend that money, MB&A will be on and the facility spends would have

happened. You have also talked a lot of drilling, 350 wells I think in total. Can you help us understand how far those...how far through that 350 well program will be, so maybe that will help us understand what other cost will be post that 2010...

Mr. Rahul Dhir: Rick, you want to talk about...

Mr. Rick Bott: I would like Santosh talk about where we are going to be in our program in terms of the number of wells we have. You might talk about just what it is going to take for us to get ready for first oil and the you might talk about what it is going to take for us to get the plateau and then maybe they can extrapolate from there.

Mr. Santosh Chandra: That is a very good question because, you know, we have always talked about more than 300-350 wells basically and that number is basically on the number of wells that have been approved in the all the FDPs when you put together. The Mangala FDP has approved, you know, 162 Mangala wells, which is production and injection, 35 odd Raageshwari gas wells for gas supply, and similarly there are Bhagyam wells, there are Aishwarya wells, and that is the number we talk about it. Obviously, there is a drilling schedule which meets the ramp-up profiles as we see as they come along. To achieve Mangala start of production, you need only a few wells. So, for the first phase, you will be actually having about 10-11 wells which includes a few injectors on line. Then, the Mangala second train comes along towards the fourth quarter and as you have seen, some of you, and some others would see that the first rig is already on the pad. We spudded that first well, actually finished its first section of drilling and there will be a second rig as Rick has mentioned in a few weeks time which will come on to another pad. So, now we will be on a continuous drilling mode and, you know, to understand what kind wells we would drill, a typical Mangala well takes about eight to ten days to drill. So, you can see each rig is drilling about three wells a month. Again, we have the flexibility of moving the rigs to various other locations depending on how the situation comes. To reach a Mangala plateau, you need about...for 125,000, you need about 33 to 35 wells, production wells, and about ten or eleven injector wells. So, that is what we will be actually having capacity or in excess of that. Now remember we also have the flexibility that we have, designing different types of wells. The horizontal wells are designed for higher withdrawal of up to 10,000 barrels or even more actually. That is the number that we are looking at. The deviated wells have 5,000 to 6,000 barrel capacity. So, again the flexibility is for the operating team and the drilling team depending on the ramp-up how these wells would be drilled. So, you can actually get a feel about depending on the production levels that we are achieving, the wells would be always ahead of that.

Mr. Rahul Dhir: I think there are two messages. One is it should, you know, to get to the 175 and the CAPEX ranges that we talked about, that includes the wells that are part of the FDP which is the 300 odd and then in terms of achieving the production targets that we have talked about, we are pretty confident given the deliverability of these wells and the well pad concept and the rig and the efficiency of operations that we don't really see any constraints in terms of being able to drill sufficient wells to deliver the kind of production capacity that we talked about.

Mr. Jonathan Copus: So, just to fully understand, so you are saying that you have got about 46 wells or there about to get to your 175 barrels a day plateau and then there are 300 more wells to drill.

Mr. Santosh Chandra: No, no.

Mr. Rahul Dhir: No, no, no, no. There are two separate points that Santosh has made. One is that, so to answer specifically your question, you are saying between the 1.5 to 1.8 billion dollars that we talked about, how many wells are there, and the answer is in the FDP 300 and whatever the wells are there, so that is sort of...if we have to drill 300 odd wells, that is part of that CAPEX range, okay. Separate point, you don't need to drill all of those wells to get to that plateau. So, that is to give you comfort and there is enough deliverability. That is not a CAPEX point. That is simply to give you guys comfort that we will enough productive capacity to get there.

Mr. Santosh Chandra: I might add to Rahul, yes, you know, it is not exactly, you know, the number of wells... these wells have been approved in the field development plan. Now the field development plan talks about certain profile associated. As we know, things, you know, will be plain, some wells could be much better and all that. I will give you an example on Ravva where the field development plan originally talked about drilling 19 wells. We achieved that plateau on 12 wells and then we maintained that plateau. When we went up further, we added some more wells and so that flexibility will remain with us. This is the number that has been approved and that is why we talk about in terms of the wells drilled, but to achieve the plateau, all you need is about 40-45 wells and then you have to maintain it, so you drill as you require. So, there is a lot of optimization that we can do basically as we go forward.

Mr. Rick Bott: Let me just add one point to that. I just want to clarify there, a just a touch there, I mean you talked about those 40-45 wells to get the Mangala 125,000 barrels a day. That is what he is talking about for the first part of our plateau. There is another key point in there is that he is talking about in terms of what the reservoir can do. When we work our models, we work on a much lower level and Ananth works his flow models, he works on expecting lower deliverability from the wells and then we drill more wells to make sure we have the capacity to be able to bring those on to make sure that we are able to meet the delivery scheduled that we shared, the production

profile ramp. So, it is all about operational flexibility. The capital is in they are assuming, this is what the FDP plan for, our partners take a very conservative approach in their reservoir modeling as well. So, if you will, it is a judgment call between us and our partner about what is the actual right number of wells to drill and when to drill those wells, but we will maintain that flexibility that we need and we will also use the production profiles...sorry, the production history, once we start doing history matching after we get those first few wells on stream, going by well pad, we will get that history matching and we refine our model, made decisions about which wells need to be drilled. So, it is almost an ongoing sort of day-by-day, week-by-week decision about where you go to drill which wells to maximize the amount of capacity you can produce for the minimal amount of CAPEX invested.

Mr. Jonathan Copus: So, by the time you get to 2011, you are over half, so virtually your peak plateau as it is approved in the project at the moment, so in the number you have given us, how many wells are in that number?

Mr. Rick Bott: I don't know that number right at the top of my head about how many...

Mr. Jonathan Copus: Is it 50 or 350?

>Mr. Rick Bott: It is somewhere between that, I mean those 350 wells are for maintaining at plateau, you are then going to maintain that plateau, so it is just really a question of what is the reservoir going to tell us when we start producing it. So, what is in the CAPEX is what we planned in the FDP. I don't know about the exact number about when we will have 350 wells drilled. Do you that number? It is continuous drilling, yeah.

Mr. Jonathan Copus: Okay. Thanks a lot.

Mr. Philip Corbett: Just three questions, firstly, Rahul you sort of mentioned Cairn India to be known for the sort of excellence in execution model and mentioned of applying that to, you know, other situations. Can you sort of put a bit of color on what that means in the sense, I mean does that mean sort of upstream projects kind of putting that development skills to use or maybe outside of the upstream arena and secondly maybe to David, just a bit on the exploration. I can appreciate the argument that you are sort of developing small incremental discoveries to enhance your existing infrastructure is quite value accretive, but on the flip side of having this massive resource base in Rajasthan is you need I guess sort of bigger discoveries to actually move the needle in terms of overall materiality, so just sort of breaking down the opportunity, do you have within your portfolio the kind of I guess discoveries that could sort of meaningful impact your overall reservoir base.

Mr. Rahul Dhir: Okay. I think in terms of your first question Phil, it is an interesting question. I think again the way we are thinking about this is that there are not a lot of companies in our weight class around the world which can execute projects which can manage, you know, few hundred thousand barrels a day of production at a low cost, which can do offshore/onshore development projects and which have the singular focus on cost that we do. So, we believe that is a differentiated skill and I think there is a need within India for that kind of skill base. I think there is a need around the world for that kind of skill base. Now, where we choose to deploy that I think is something that we are going through right now, we are going through an analysis of that, but it is not something for today. I think it is something that will come to post sort of Mangala start. Main focus really for us is to deliver Rajasthan. The interesting thing about this model is that by executing Mangala, Bhagyam, and Aishwarya, by executing these projects effectively, we are really adding to our skill base. We are adding to our track record. We are adding to our credibility and so it positions us much better for the kinds of opportunities that you have outlined, but I think I will stop there because really the more specific discussion what we would like to have with you guys is once we have got some examples to share with you and illustrate. So, I will stop there and David, perhaps you talk a little bit more about the kind of exploration portfolio and the mix of kind of frontier versus kind of near, you know, low risk stuff.

Mr. David Ginger: You are right in terms of what you have...the question that you have asked. We recognize that. As I was trying to say earlier, our portfolio is...we are trying to balance that portfolio, making sure the high impact... By that I mean drilling large prospects, so if they are successful, will, you know, grow the company or certainly replace the production that we would have from Rajasthan. Those are part of our portfolio. We will continue to try and add those, but, of course, we want to alternate across the entire risk spectrum and the smaller value accretive into the spectrum is equally important thing for us. So, to conclude that, we are building...and have the sort of high impact elements in the portfolio to meet our future targets.

Mr. Rahul Dhir: And also I think you got to look at it in the context which is that we are sitting on a very large resource base. So, when we look at growth reserves or production, again remember, we are very much sort of cash flow driven, but when we look at reserves and production, we see resource addition from reservoir engineering subsurface and we see resource addition from exploration and thankfully from our point of view, we are agnostic which way it comes. So, we are looking at this thing, at exploration not in isolation, but looking at in the context of resource base and the opportunities that we have. So, in essence, Ananth and David are looking at the picture in a more kind of holistic way.

Mr. Avadhoot Sabnis: Rahul, I think...I am not sure whether you want to answer this question right now, but I think in April last year we had asked this question regarding use of cash, okay, and at that point of time you had mentioned that you have put in a team in place to look at this issue and obviously you are not going to wait till you

actually generate the billion dollars to form the plant.

Mr. Rahul Dhir: Yeah.

Mr. Avadhoot Sabnis: And we are hoping that since it has been nearly 10 months since that last analyst meet you will give us some more color on that issue or are we going to wait for another 12 months.

b I think, we will wait for...I won't say another 12 months, but we will wait for a few more months. I think my view is you don't want to sort of count your chickens before they hatch. So, the focus is to make sure the production gets leverage, so we do have some cash, but the principle is relatively straightforward which is that, you know, we have got capital investments in Rajasthan. We have got capital investment opportunities in new areas and we have got cash to return to shareholders and we have got...and this is not rocket science, I mean you got to stick all of that and analyze, you know, kind of the preference in which the capital gets allocated. You know, our view as the management team is that we want to generate investment opportunities for our shareholders, so then they can say okay, fine, let's look at what is a more sensible allocation model for, you know, for capital. So, that process is kind of ongoing and, you know, I think once we are in a point where we have cash flow, I think we will come back to you guys with a policy and all that.

>Mr. Avadhoot Sabnis: I think the issue here if at all, I would rather the concern is if there are plans to get out of the E&P space, okay, and get into sort of non-E&P areas if at all...

Mr. Rahul Dhir: Yeah.

Mr. Avadhoot Sabnis: ...that's where really, you know, more issues will come in terms of what you really want to do. If it is within the E&P space, I don't think there really is much of an issue here.

Mr. Rahul Dhir: No, I think that...look, it is again, you know, our method and mantra is very simple which is that we will invest in an area where we clearly believe we have a differentiated view, where we can make more money than other people can, right. E&P, the case, is easier to make. Non-E&P, the case, it is harder to make. So, the bar would be higher where we can consider that and, you know, so we are not emotional guys, I mean we look at this in a pretty vigorous way, but like I said, I mean the focus right now is to make sure that we are in the position where we are generating cash. What I can assure is that the capital allocation as it happens now and you guys have been covering us long enough that you know we are pretty disciplined in terms of capital allocation. So, that is going to continue. So, whatever we do, wherever we put money, I mean to me if I can't invest, then I will give it back to shareholders, I mean we have no desire to kind of hand on to cash for the heck of it.

Avadhoot Sabnis: A small other question which is that I believe on the Ravva there was an arbitration award towards the government against the operators. Could you just expand on that at all in terms of what was it and how you are looking at it?

Mr. Rahul Dhir: It is a, I mean there was...we have an arbitration which had been ongoing. The award originally had been in the favor of the joint venture. Then the government appealed. The court of law can only opine on whether the arbitrator followed the legal procedure or not. The court of law isn't supposed to actually opine on the content of the judgment. They chose to do that, we are not quite sure why. So, obviously that matter has gone back into appeal. So, it will take some time I think before it gets resolved. But the original arbitration award has been in the favor of the JV parties.

Avadhoot Sabnis: There is no requirement for you to provide or make any ad hoc payment on that account as of now?

>Mr. Rahul Dhir: Indrajit, you want to comment on that?

Mr. Indrajit Banerjee: Yeah. Avadhoot, the answer is no because of various reasons. I mean we believe that the court is not right in its judgment as Rahul mentioned. You know, there were arbitration awards given in favor of the other joint venture partners as well which are still very much valid, so you can't have an arbitration award on one partner and, you know, a different one on the other, that is not possible and we are going in for an appeal and we believe that we have a very strong case for it. So, the answer is no, we will not provide for it.

Avadhoot Sabnis: Thanks.

Mr. Rahul Dhir: Thank you.

S Ramesh: Good evening gentlemen. Just to get some clarity on the issue of CAPEX. Now if you take phase I inside the pipeline, you are talking about 1.3 plus phase II of 1.8, that's about 3 billion on the field development. Now, if you were to take a 10-year say profile, to sustain that profile, what will be the incremental CAPEX you will require beyond this CAPEX you mentioned on an indicative basis, that will be helpful for our, you know, estimates.

Mr. Rahul Dhir: Couldn't tell you off hand. I don't think that we have provided sort of sustaining CAPEX as such,

have we. No, we haven't. I think the way to think about it is and I know Jonathan was also trying trying to get to this point is the bulk, I mean the bulk of the capital expenditure really is for the infrastructure, right, and then...and that is pretty much I think the sort of 1.5 to 1.8 range that I have given you for 2010-2011, that pretty much ensures that you have got most of the infrastructure built. So, everything else from there is what Rick and Santosh were trying to describe to you is that there is incremental drilling that will be ongoing. It is difficult for us to forecast that because it depends on productivity of wells and all of that kind of stuff. So, I am sorry, I mean understand the question and I understand what you are trying to get to, but like I said the bulk of the CAPEX which is really infrastructure, that will be done.

S Ramesh: Yeah, secondly, just to refresh my memory in understanding the cost recovery, can we assume that the depreciation and depletion cost would also be included in the cost recovery?

Mr. Rahul Dhir: See, that is an accounting thing and maybe Indrajit you can explain the cost recovery stuff, but that...

Mr. Indrajit Banerjee: Yeah, sure. The way it works is, you know, in the accounting, we take the total pool of cost and charge it over the period on the basis of, you know, as we deplete the reserves, but insofar as cost recovery is concerned as I mentioned in my presentation there, that we recover the production cost first, then we recover the exploration cost, then we recover the development cost right upfront. So, we recover that right in the beginning and after that we get into profit petroleum, so that is very different from the way we charge it in the accounts. Accounts is done on a more, you know, equated basis over the period.

S Ramesh: Yeah, I understand that, but the recovery is upfront, that includes the estimation of depreciation and depletion as part of the capital cost right, recovery of the capital...

Mr. Indrajit Banerjee: No, no, no, we don't look at depreciation and depletion at all.

S Ramesh: Okay.

Mr. Indrajit Banerjee: We take the total cost in absolute amount and recover that from the total revenues. So, you know, so...

S Ramesh: Total cost at what level, is it at PBT level, is it at EBITDA, at EBIT level?

Mr. Indrajit Banerjee: No, no, it is the production cost which is all cash costs.

S Ramesh: Okay, just the cash cost.

Mr. Indrajit Banerjee: Production cost is all the cash cost.

S Ramesh: Okay.

Mr. Indrajit Banerjee: Then, exploration and development comes in the form of capital cost.

S Ramesh: Okay.

Mr. Indrajit Banerjee: So, but we take all those, put into a pool, recover from the revenues first as we have incurred and once we have taken those out from the revenues, then it is a question of the profit petroleum.

S Ramesh: Fair enough. And related accounting question, when you talk about the buildup of the depreciation and depletion cost say over the next few quarters as you ramp up, how do we, you know, separate the investment on the infrastructure and the actual well cost because your crude cost will be related to your well cost whereas your depreciation will be on the other assets. So, is there some split that you can give between the hard assets and the well cost in the overall CAPEX you are talking about?

Mr. Indrajit Banerjee: Yeah. The way we do it in the first year which is we take the exploration cost, development cost, and production cost, take it off from revenues and then you get profit petroleum. We do the similar exercise every year. So, let's say for second year, we take whatever is the cost which remains after, you know, taking it off from the revenues of the first year, so the balance amount remains for the second year, to that we add the capital cost of the second year and the production cost of the second year and if any exploration cost is there, also that in the second year. We add it up again, deduct it from the revenues of the second year and then work out what the profit petroleum is. So, we do this exercise every year as we go along.

S Ramesh: Yeah, I understand that, but in terms of, you know, pure estimates, you know, if you want to do the estimates for the next few quarters or if you can give a rough indication of the breakup between exploration, development, and production cost, you know, that will give us a sense in terms of what will go into your, you know, P&L statements, you know, over the next say eight quarters as you ramp up because once you ramp up and reach the stable production, it is relatively easier because the reason why I am asking is if there is front end loading of the CAPEX and you have to deplete that entire expense over a lower production, your unit cost will go up. So, is there

going to be a higher impact of the depreciation and depletion cost in the earlier quarters before we ramp, you know, your whole production.

Mr. Indrajit Banerjee: Okay. This is on the P&L.

Mr. S Ramesh: Yeah, on the P&L, yeah.

Mr. Indrajit Banerjee: Your question is on the P&L. In the P&L, what...I mean we don't give any guidance, but it is very...fairly easy for one to work it out which is you take the total capital cost according to the guidance that we have given, take that, put into a pool, take a reserve figure, you know, we have given...in Ananth's presentation, we had given you guidance on what the reserves figure are, so take that total pool, divide it by the reserves and then that will give you an indication of what the DD&A charge would be over the years.

Mr. Rahul Dhir: Per barrel.

Mr. Indrajit Banerjee: Per barrel.

Mr. Rahul Dhir: And then you multiply it by the production.

Mr. Indrajit Banerjee: And then you have to apply by the number of units that you expect us to produce over the year and apply and get the total.

Mr. Rahul Dhir: Why don't we do this Indrajit, we can get Anurag to get with you separately and just walk you through that.

Mr. S Ramesh: Just one last question on the reserves. Can you update us on the reserves because you have increased the unrisks upside, how much of that is going to be included in your stated results?

Mr. Rahul Dhir: It is not, I mean that is the...what we talked about on the exploration side is not something that we booked, so that will be...that is to give you a sense of the magnitude of the exploration portfolio.

Mr. S Ramesh: Thanks.

Mr. Rahul Dhir: So, just one question over there and then we will...

>Mr. Marc Kofler: Hi, it is Marc Kofler from Citigroup. Just one question on the cash looking at from the debt perspective. Just sort of thinking in terms of CAPEX deferrals and sort of I know in the past, it was difficult with that, can you talk about what you are looking at now in terms of the additional financing or money you are hoping be able to get your hands on and what that might be spent on, would it be in Rajasthan?

Mr. Rahul Dhir: Yeah, I mean the gross cash, I mean Indrajit just walked us through what do we have in terms of gross cash in the balance sheet. I mean short answer to your question is bulk of the expenditure for the coming year is in Rajasthan.

Mr. Marc Kofler: So, I was just wondering if that is...you are still looking for the same amount that you said previously.

Mr. Rahul Dhir: For?

Mr. Marc Kofler: I think you talked about trying to add an extra 400 million dollars on to the debt.

Mr. Rahul Dhir: Sorry, I am not sure if I followed your question.

Mr. Marc Kofler: Just on the slide here, you talked about a proposed additional debt facility...

Mr. Rahul Dhir: Okay, okay.

Mr. Marc Kofler: ...and I was just wondering, you know, sort of what size...

Mr. Rahul Dhir: I mean that is, as Indrajit said, it is a slightly opportunistic thing. So, let me very clear that we don't need the money to get the development done.

Mr. Marc Kofler: Okay.

Mr. Rahul Dhir: It is a question of ensuring in this kind of environment if we get something, we take it if it is sensible, and I think I wouldn't really sort of comment on the order or magnitude.

Mr. Marc Kofler: Okay. So, if anything, then we could perhaps expect volumes coming on stream sooner if you were to increase the debt so to speak?

Mr. Rahul Dhir: No. Like I said, I mean the funding plan is there for the profile that we have given you guys and we

are fully funded for that. I think the idea is if we look at the capital structure, there will be an opportunity if we see to add more debt, I mean I think it is in this report that a development like this should be funded with debt rather than equity and that is what, you know, the principle is that we would like to follow. Now, markets were the way they were, so we did not put more debt in the balance sheet and even at time credit quality is very good, so if we look at something opportunistically, we will, you know....that is the capital structure.

Mr. Marc Kofler: Okay.

Mr. Jal Irani: Jal Irani from Macquarie. For each of your blocks, can you run us through how many years is the exploratory license and are you'll within your timeframe for work commitments and what is the risk that you are overshooting?

Mr. Rahul Dhir: I think maybe it is...you know, the answer to that is to...or I mean better we can come back to you with the specifics at a residual time. I think what David showed in his slide is pretty much outlining the work commitments that we have over the next two years and we don't really see a big issue in terms of not being able to fulfill our minimum work program and that is what your question is.

Mr. Jal Irani: I remember last year you all had given a certain number of wells you'll were going to drill.

Mr. Rahul Dhir: Yes.

Mr. Jal Irani: But it doesn't seem that you all have drilled all those wells that you all were committed to.

Mr. Rahul Dhir: No, it is...I mean there is a difference. Everything that we were committed to, we have done. I think the big thing, David, correct me if I am wrong, we had three deep water wells in 98/2 which is an ONGC operated block and those have been...those are pushed back. There was probably more discretionary exploration wells we had in Rajasthan, so because of the priority of drilling...of development drilling, we prioritize development drilling over the exploration stuff. So, that is probably the two most significant changes I think, but everything that we were committed to, we have done, I mean that has, you know, pretty much the hallmark of how we have operated, but David, you want to add to that.

Mr. David Ginger: No, you have described it exactly Rahul, I mean there were a number of non-operated wells that haven't happened yet and the priorities in Rajasthan dictated the number of exploration wells we ended up drilling.

Mr. Jal Irani: In the blocks that you'll are the operators, I can see KG-ONN are the only blocks where you'll are committed to drill wells or you'll have a program to drill wells, but none of the others. Will it be fair to say that the news flow on the potential finds would be rather limited...

Mr. Rahul Dhir: In the next months or so, I think David, that's fair, isn't it.

Mr. Jal Irani: Can you shed some more light on KG-ONN.

Mr. David Ginger: Rahul correctly responded to that, I mean in KG-ONN, we are optimizing our 5-well commitment program, we are optimizing that to make sure we can do it as cost effectively as possible and the license for the first exploration period runs through well into next year. So, we have time to complete the program and we will do it in a most efficient way in terms of drilling cost and achieving our technical goals.

Mr. Jal Irani: Have you'll drilled any wells there prior to this and have you'll have any successor drivers there?

Mr. David Ginger: No, we haven't drilled in that block yet. We have acquired the 3D seismic and probably exceeded the commitment there and also the 2D, we are conservative with all that..... completing that and then we will execute our program later.

Mr. Jal Irani: Would it be fair to say that, you know, Rahul just mentioned that you'll have been focusing your attention on the development which is of Rajasthan, now as one spends more there, maybe even if it is just on infrastructure and not finding anything more, actually there is an incentive to spend there more because the profit share to the government gets pushed out further and therefore it is financially more rewarding to spend there even the success ratio is less.

Mr. Rahul Dhir: No, I mean we don't run the business like that, I mean it is, you know, gaining the PSC is not the business model this company has. The philosophy, just to give you a sense, is that, you know, a couple of things. You know, one is we have said time and time again we don't want to be news flow driven as far as exploration is concerned. I know that is perhaps slightly different from how you guys look at it, but please bear with us. I think the news flow really for us is delivery from Rajasthan. That is the key for the next sort of next six months and that is really what I believe will move the needle in the near term, okay. Now, in terms of exploration, what we are looking to do is we have spent a lot of time understanding what we have and that is encouraging as you have seen and the simple metric for that is our analysis of the net unrisks potential. So, that has been sort of gliding up. Broadly,

there is stuff which is near term. So, in Rajasthan, if we drill wells, we are drilling them not because we will get cost recovery, we are drilling them because we have a conviction that there is a resource that is to go for. One of the things in Rajasthan is that as David said about 70% of the acreage is covered by 3D seismic. He has bought a lot of new intellectual rigger into the modeling. So, we are seeing things that we hadn't seen before. So, we are going to drill in Rajasthan not because of financial reasons, but because of geologic reasons and we would prioritize KG over Rajasthan or vice versa because of the risk reward that we see in the relative prospect. So, I want to be very robust about this, that is not the way this company runs.

Mr. Jal Irani: Sure. I am not suggesting otherwise. What I am saying is that it still makes financial sense to actually drill or spend where you'll have already found because it is not only more rewarding and the likelihood of finding there is more but also the cost recovery is the icing on the cake and, you know, financially...

Mr. Rahul Dhir: But you have to look at it, I mean John, you have to look at the risk award of it, so we might choose to prioritize a higher risk prospect because it is a higher impact relative to a lower risk, sort a low risk but low reward prospect.

Mr. Jal Irani: Absolutely.

Mr. Rahul Dhir: So, that is an analysis that these guys are doing constantly and you are right, I mean in the sense that if I understand the basin, I am more comfortable, but it has to be put on the risk reward spectrum and that is the true dimension.

Mr. Jal Irani: Absolutely. Thank you.

Mr. Tao Ly: From Credit Suisse.

Mr. Rahul Dhir: Yeah.

Mr. Tao Ly: We are looking at pretty weak look for refining margins for the next few years, a large driver of that obviously is Jamnagar coming on line, but if it ever did team Carin come down to a tussle over pricing with a domestic oil field heavyweight like Reliance, where do you fancy your chances, where do you see yourself position domestically or do you simply think that has been completely mitigated it by the physical optionality you have built in your distribution system.

Mr. Rahul Dhir: Personally, it is not a kind of win-lose type of situation when you get into these sort of things. Second is I can't comment about negotiations with particular parties. Third is that talking to private parties is really not, I mean we have got to wait for the government to finish the nomination process before they actually allow us to look at free marketing and at that point I think we would look at the whole gamut of sales to private and export and all that kind of stuff. We have got a good relation with pretty much all the players in the country, so we don't tend to kind of see ourselves as kind of in a head to head sort of thing. My sense is this crude has a tremendous opportunity and why do I say it is a win-win because as Elango showed you, what we are doing is we are displacing, it is a low sulphur medium crude. We are displacing imported crude and pretty much anybody who is bringing in imported crude is paying freight and for most refiners, we are delivering at their doorstep, right, and that has a tremendous value and you got to secure supply. You have got a long-term resource sitting at your doorstep which has a tremendous value both strategically and obviously financially because you are mitigating transportation cost. So, I don't see it very much, I don't see it as a kind of, you know, us versus them situation in this particular scenario because I think we can add value to pretty much any refiner that we are supplying to.

Mr. Tao Ly: And just in terms of your relationship with your contractors..

Mr. Rahul Dhir: With?

Mr. Tao Ly: With your contractors...

Mr. Rahul Dhir: Yeah.

Mr. Tao Ly: ... when you are doing your construction, are they mainly on a lump sum turnkey basis or cost plus basis, I mean I assume that there has been quite a large degree of changed orders or raising orders built up on the project.

Mr. Rahul Dhir: Well, I will let Rick give you a perspective on that, I mean we have got a variety of contracts, some of that are based on EPC type and some that are more based on, sort of, you know, particular sort of materials and quantities, but Rick perhaps you can...

Mr. Rick Bott: So, really the question to answer, that is exactly right, we have got some EPC which are almost full, turnkey type of things. The pipeline is one example of that with L&T and when we...and then we have got also sort of lump sum, sorry, not lump sum, but cost plus volume type contracts. Those are all certified by third party metric measurement companies to measure that and certify that, so that both parties know that there is an independent

assessment of that. We haven't changed, I mean we have talked about our capital phasing, we looked at what we are doing, looked at the construction. We keep a very close tab on where changes are coming, what those changes might look like in terms of cost escalations and then a project this large, you can imagine the things that are moving up and the things that are moving down. So, we take a look at all that and we try to track it and we try to see where we are. I would say that from the last look we had which is probably a week or so ago, that we don't see any serious changes out there that are already within the guidance that we talked about certainly for 2009 and as you could imagine that most of those contracts are fairly matured. We are executing along all those contracts and in 2010-2011, I don't see any there yet, but there are some things, we just talked about Bhagyam, Aishwarya, those EPC, sorry, those feed documents being moved to completion. So, now we will be going out to tendering. We are hopeful with the decrease in activity in the market, in the industry is going to allow us to secure a lower cost for those than we originally forecast. So, there may be some wins there. We can't really promise those yet because we don't really know what the competition is going to be like in India when we go out to bid. So, the things that we contracted were very far along. We have a very good assessment of what our trends will be and they are within the guidance, but things are yet to be contracted. We are optimistic that we will have some good surprises, but we don't know yet until we open those bids.

Mr. Jonathan Copus: Sir, one other question about the exploration side of things. You said you got to look at the risk reward balance and draw your expertise on, what you have done so far, so presumably the lowest hanging through is things say around your position in Rajasthan, but looking at the pipe side, it is very striking that 61% is in the unrisks resource base as is in deep water. I was just wondering is that something...is that a meaningful number, is that something you are really going to go after and if you are, I would assume that that is more expensive. So, should we expect going forward, as you are generating all this cash, the absolute exploration spend could have an upward sort of trend.

Mr. Rahul Dhir: I am not sure if I would agree with you. So, I think again it is...the way you think about the portfolio, as David described, is that there is essentially kind of smaller but well understood place and then there is the frontier stuff and the frontier stuff generally should be. It is high risk but it should be high reward as well and the deep water stuff will be more expensive to drill but you are going after sort of bigger prices and that is what the portfolio is designed to do is to give you range of risk reward in the outfit. So, as we go to drill more of the deeper stuff, obviously that is more expensive and will cost you more, but that is pretty much factored into our internal financial modeling for the next two-three years.

Mr. Jonathan Copus: And how are you going to set yourself, I know you sort of publicly stated spending targets and some of the exploration...

Mr. Rahul Dhir: I think, like I said, we will come back to you guys. We are still working through our priorities because we have got to look at what our JV partner because there are the three wells which is spilled over from 98/2. So, we got to look at the timing of that and that is why we are not able to give you guys today a sense of kind of, you know, I don't know what one needs to spend, so once I know that I will be able to tell you better what we are going to spend on exploration. We will come back to you guys on that. That is typically how we work.

Mr. Jonathan Copus: Okay, thanks.

Mr. Richard Heald: Hi, this is Richard Heald from Rothschild. I guess you must have a long-term vision for this company. I was wondering if you might be able to share that with us?

Mr. Rahul Dhir: I think the vision is...but firstly the strategic focus. Like I said to you when we went public, we had a very singular sort of four-step process and that very much remains the strategic focus for the near term. I think the longer-term focus is based on the capability that we have and let me just kind of share a couple of thoughts with you, which is that I believe as an EMP company, I have one customer, which is the host government, and when I speak to host governments, basically their needs are very simple. They want somebody who can develop their resource cheaply, quickly, and effectively. I think the game has changed in our industry. I think the business models required to be successful or different because the power has shifted away from the international oil companies to the host governments. I think the game has shifted where we can no longer ignore the environment. I think we can no longer ignore the communities, and what used to pass off as lip service in terms of CSR is no longer the case. If we accept these promises, then our view is that a successful oil company of the future is one that will be able to produce for its customers oil cheaper, faster, better, and more effectively. A company that will work within the constraints of the environment which will work with local communities adding value to them and so that is the basic principle, and I believe that is the capabilities that they were developing not as a one-off, that is the capability they were developing in a systematic way. So, you guys, you were there in the field yesterday and you saw the work that we are doing with the communities. That is not for the purpose of creating nice brochures. That is for the purpose of saying unequivocally if I am in the community, people say okay if Cairn is working here, these guys will add value for us, right, or from an environmental.....I mean, Rick talked to you about the philosophy of how we are managing the environment. So, there is this philosophy underlying there. So, I believe that in the industry as it looks now and going forward, that is where the differentiation is going to come from. It is going to come from a relentless focus on cost and working with the communities and focusing on environment, and I think that is where Cairn has an edge and will have an edge by the time we are done executing with this project,

and I think with that, there is no limits frankly to where we can go.

Mr. Neeraj: Yeah, this is a question for Bill. I wanted to know there are two entities right now existing as Cairn Energy and Cairn India of which Cairn Energy is owning 70% approximately. I mean, it is slightly higher than 50, but wanted to know why do we still have two separate entities right now when you can...when most of the production and the value is existing in Cairn India?

Mr. Bill Gammell I think we have got two separate businesses right now. With Cairn India, there are a couple of comments that I wanted to make. We did not answer your question very well, but if I do simple math, if you do three wells a month and you have got two rigs, if you buy 70 wells a year, certainly do that sort of math, and the second thing I think the 125..... which is coming out about 45 wells, but I think, you know, work with the management to understand that schedule. There is three risks that I have always looked at which is political risk, commercial risk, and technical risk, and I will start with commercial risk because all our analysis, all cost of recovery, cess, discount on crude. I have been saying for the last five years, if I can find any analyst who can tell me the crude price within 5 dollars and that makes it the most important thing. What Rahul's job is, is to maximize the production long-term, raise the bar, and do it as long as possible and my vision is that Barmer Basin you are going to find a lot more crude. What that price is that crude ultimately sells for will be dominated by the gross crude price, and I do not know where that will be. The second thing is the need to run the business as cost efficiently as he can using the edge which is technology. So, on the commercial front, I have no better crystal ball than you on the oil price and I have never really won the business based on oil price. It is all about organic growth and making things happen. On the political risk, which I follow around the world, we have had fantastic relationships in India. We were guests in the county from PLC's point of view, and we are in partnership and I think in Carin India which for me is the right thing to do because it gains the management team that is here the additional quality of people into the business, and they gave great identity and visibility to Elango and Santhosh and all people and this business is about the people. So, from PLC's perspective, we believe the risk in the business was a good thing in terms of giving it autonomy. Technically, I have told you many times today that I think it is a wonderful asset, and I think there is a wonderful potential in this asset and you know this field in Mangalore is in top 100 producing capability fields in the world, and if you are looking at Cairn India, Cairn India must develop a platform going forward as the business. So, from PLC's point of view, it is a business we want to see, how it expands all, and discussions about where the financing is going to come from in the future is dependent on where Cairn India see its opportunities. PLC then look at those opportunities as well as any other shareholder. So, actually from a PLC perspective, I think it is very interesting investment thesis for a PLC shareholder because they have the very significant upside in Cairn India, at the same time we believe that we are exposing them to very high potential in another area which is Greenland, but I do not think we should get detailed or confused about what happens to the cash flow, where and which part of group and when because that is something that we always look at in Cairn India in terms of the correct financing model to take that business forward, and in PLC we look at again from our perspective, how do we grow the business or the group. We have Phil Tracy here who is operations director and engineering director in Cairn PLC. He works alongside this team and as we have to tell you his one dream, one team, and that is how I think we look at it. Thank you.

Mr. Neeraj: One more question. Just a comparable and not a suggestion anyway. Reliance started its oil production on 22nd September and they have yet not capitalized their oil production which I do not know when they plan to do. They have not officially communicated but looks like that will around April or so to take advantage of the tax benefits. So, is there some....when do you plan to capitalize your oil production and when should we start taking the tax benefits first into consideration?

Mr. Rahul Dhir: We will start producing business perspective we have you, but Indrajit you want to comment on the tax benefits.....

Mr. Indrajit Banerjee: Neeraj we will capitalize it when the operations get commissioned, that is.....

Mr. Neeraj: Commissioned mean, like...there is a technical terms, commercialized and when you start producing?

Mr. Indrajit Banerjee: No, it is put to use. The Indian Income Tax is very clear, it is put to use. So, when it is officially put to use, we will capitalize it.

Mr. Avadhoot Sabnis: Just a small question on Aishwarya, you have said the potential has gone up from 10 to 20. I presume the plateau officially will go up from 175 to 185 as soon as you get approval from ONGC and the Government of India. My question was that CAPEX range that you have given, would it change, from example 6 months down the line, if the plateau is instead of 175 is 185, would the CAPEX range change at all?

Mr. Rahul Dhir: See, the CAPEX that we have given you particular for 2010 and 2011, that is consistent with the 205,000 tonnes a day of nameplate capacity, so if there is, I mean, I can't comment specifically on what the regulator is going to decide, but if there is additional volumes within that sort of...that is covered from the nameplate capacity point of view, and then going back, to Jonathan's question about drilling may be incremental or not depending on individual productivity, but from a persisting capacity, the 1.5 to 1.8 growth that we talked about covers 205,000 capacity.

Mr. Brendan Warn: again from Macquarie, just quick question on status of the pipeline just to, especially with my scribbles and just get a status in terms of the stations complete, crossings complete, and pipeline laid, delivery is going to be focused on the pipeline, just secondly in terms of the pipeline under the turnkey lump sum, you are looking at any sort of incentives or penalties that are involved in a contract, just in terms of gas supplies and just around in terms of recoverables, also you know about the gas, and I know you touched on that. Just reminds me of that.

Mr. Rahul Dhir: I think Rick probably gave you guys a good description yesterday, but we will just run through kind of pipeline kind of how you think about it the way we are and then Rick may just talk about the gas resources as we see it.

Mr. Rick Bott: Yeah, I can touch on that, and we talked about this yesterday, I guess, maybe I was not clear enough, but I will try again. We don't talk about the pipeline in terms of an overall completion percentage because we don't think that is the right metric. We think if we start looking at that higher level, which we are going to miss a lot of things, and so we try to look at all of them, and completion aspects of the very, very detailed components that need to be put together to make the overall project to 600 kilometers to make that work. In terms of number of stations, the number of crossings, I won't give you specific details. We talked about that often in the past. I will just tell you this way. We have learned a lot, we had tremendous learning in terms of tight supply and the engineering layer, the actual laying of the line pipe as it is a fairly mechanical process. To accomplish that, we have looked at where our bottlenecks are. A lot of those in the previous times had to do with weather in Gujarat. We have worked that back on a plan on what we need to do on the overall project to be in a position to minimize the weather risk next year, and so because of that, the team is brought in, accelerated some things, they moved them forward, so that weather risk we are trying to mitigate, we have got a schedule we think delivers before that, before we start getting the significant problems at least the areas where we think the weather can be a primary risk. Here are sort of the critical path items and critical risks out there. I have mentioned one of them, the other one delivery of certain elements, part of the package pumps, export pumps, those sorts of things, all that needs to be brought in. We have got process package engineers out in the locations where we are sourcing all that equipment to try to make sure that we meet the schedule. We are seeing some help in that, as I mentioned before, the industry activity is coming down. A lot of these factories and suppliers are not getting a whole lot of newer orders which is focusing their mind on concentrating on the orders that they do have, and so we will see positive step moving in that direction. So, we will pull all that together, and we have done the hard parts of the pipeline, the crossings, the AGIs, the tanks that we showed on the construction, all of those key pieces are a complex parts of building this project. The actual laying of the line pipe is fairly mechanical as I said we have nine spreads out there. Three of those spreads will be working in Rajasthan there. They have been mobilized already. They will be starting working here in the next couple of weeks for sure, so overall the pipeline is very much on schedule to deliver in the fourth quarter as we talked about. There are two ways to work the project. First of all is pushing the construction fronts and that is what SV is doing and what Mr. Bhalla's teams are doing. There is another way which is pulling, and so we started...had in a long-term, commissioning planning, now we have got an operation readiness team, which is kicking off this month, and their job is to start deciding how they are going to commission key parts of it, and then how they are going to integrate that in with the pipeline and so they are starting to focus on what critical pieces need to be done and when they need to be done, so that this all will be able to coordinate for the delivery and to meet the schedule that we talked about, so that is a long answer to say that you know that we think the pipeline is more or less on track. We think that we have got some weather risks, some of those external risks like weather. We have done a lot to try to mitigate that, so I think our teams are fairly confident and let Mr. Bhalla stand up and give his opinion. His team is confident, they were going to be able to deliver that. He will try that and that delivery ability he tries in when Elango needs when he is to show up to the buyers, so that is all coming together as far as we are concerned to meet that schedule that we have told you about last week.

Mr. H. P. Bhalla: In terms of the gas requirements for the pipeline, it will be met from the Raageshwari Deep Gas Resource, and our current estimates show that the pipeline and MPT and the pipeline requirements of the gas can be met from the Raageshwari Deep Gas Resource.

Mr. Varatharajan: Hi, this is Varadarajan from Reliance Equities. Regarding your regulatory requirements like FDP approval, ROUs, and site related issues, in all these issues as well as any

other issue that could be there to affect your timely start of production and ramping up, what is the latest date which you would be comfortable with when like you know any of these approvals could come, especially given the fact that we have an election in between.

Mr. Rahul Dhir: Really, the only critical issue outstanding from a deliverability point of view was our....I think, I may have already said it, but sort of Jan-end sort of our critical path for the deadline and tomorrow we have got the Chief Minister of Rajasthan and petroleum minister there essentially inaugurating the construction pipeline in Rajasthan, so that was really the only critical path I remember from a regulatory point of view. Everything else is sort of processed, I mean FDP is processed. Cess, you know, we have said all along that the basic planning assumption is that we will go to arbitration at some point but that does not stop us from production.

Mr. Varatharajan: Another question, what would be your residual reserves say in Rawa and Cambay?

Mr. Rahul Dhir: Reserves in Rawa and Cambay.

Mr. Varatharajan: The residual reserves, I mean, the remaining reserves.

Mr. Rick Bott: Perhaps that is a question we answer after we finish our year-end results.

Mr. H. P. Bhalla: I think so, but the overall recovery factor is in line with what we have been saying before. There is no changes in the reserves that we have been quoting at this moment.

Mr. Rahul Dhir: I think for now just use the same number.

Mr. H. P. Bhalla: Just use the same numbers is what we have here.

Mr. Rahul Dhir: And what we have had in the past.

Mr. Varatharajan: Okay.

Mr. Som Shankar: Just a few quick questions, guidance from OPEX and pipeline OPEX remains the same, 3-1/2 and 1-1/2 price increase.

Mr. Rick Bott: That is correct, yes, no change there.

Mr. Som Shankar: What is the peak production that you can when you are trucking the crude up?

Mr. Rick Bott: Peak production, production on the trucking, we are going to have a ramp-up, we are going to test our processes and our systems to make sure that we are meeting industry standards and environment standards as Rahul talked about. We have looked, we have done some tests now in terms of the first of all we would secure the availability on the truck so the second issue a heat loss in the trucking between the origination and destination point, we have done some tests on that, and had some very, very positive results, which means we have to spend less money to try to make sure we have the level of insulation for those trucks, there is lot of bitumen trucking that is done in India, so there is a significant amount of availability of truck supply, and we crossed a milestone last month in Cambay where we are trucking easily now 10,000 barrels a day from Cambay, so really for us it is just a question of taking, and we are using a lot of the existing contractors, existing processes, we are just taking that system that we already used well at Cambay, and we are transporting it to Rajasthan, new stretch but the distance is a little bit. We are very well far along in our planning of that, and I would say that we are going to, the maximum that we were targeting is to reach 30,000 barrels a day from trucking and I think that is a reasonable challenge, it is a very aggressive challenge, but we think it is doable.

Mr. Som Shankar: Each truck will be 100 to 200 barrels.

Mr. Rick Bott: I think we will get to that number, what is that? 125...

Mr. Som Shankar: 125, okay.

Mr. Rick Bott: Which is the standard truck that you have here in India.

Mr. Som Shankar: Okay, and in terms of the distances that you can do on the trucking, how far out can you reach.

Mr. Rick Bott: That is to reach the destinations that we are targeting and Elango was talking about specifically the only nominee that we have currently from the government is MRPL, so there are two ports down in Gujarat coast that we will be trucking to there specifically the target because they are the ones who can buy the crude first. So, that is the design and the plan to take it there, Mundra and

Kandla ports and that is what it is. Is that all your question?

Mr. Som Shankar: Yes.

Mr. Som Shankar: Few more on the entitlement in Rawa and Cambay, has there been any change?

Mr. Rahul Dhir: Entitlements, Santosh Rawa and Cambay is there a change in entitlements, but the government profit share and all that...that have been changed.

Mr. Ramesh: Hi, this is Ramesh again from Deutsche India Equities. I have a question. When you talk about this 205,000 barrel a day capacity and peak production of 175,000 barrels a day, what exactly the...I mean in terms of the underlying asset because presumably you need to have the wells having their capacity, so does it mean that you would have the wells in place that will be producing below potential, what that exactly means.

Mr. Rahul Dhir: It is what we have talked about Ramesh is the actual processing capacity.

Mr. Ramesh: Okay.

Mr. Rahul Dhir: So, when you go to the site tomorrow, you will see there are, we are planning for Mangala for 3 trains, so that surplus processing capacity, and then the fourth train that comes on starting next year, that is 75 surplus capacity and then as we discussed earlier, the well capacity will be based on how many wells we drill and the individual productivity of the well.

Mr. Ramesh: So, that means if you want to go from 175,000 to 205,000 barrels a day in terms of production, you will need to invest in those incremental wells.

Mr. Rahul Dhir: Yes, that is why I said one already....I think there is a question about on Aishwarya going, if we had to go additionally 10,000, it is that we have built up enough in terms of processing capacity and then you have to figure out what wells you need.

Mr. Ramesh: Okay, and secondly, when you talk about these phase I, phase II capex, and lot of the Bhagyam and Aishwarya CAPEX is backend road, so I want to get an idea about the development cost per barrels, should we take first phase to be predominantly Mangala and the second phase Bhagyam and Aishwarya.....okay fair enough, and in terms of your overall investment philosophy, what is the kind of benchmark IRR you use to choose projects, I know there is big sort of equation, but broadly is there a threshold IRR below which you will not look at the different facets of explorations and development.

Mr. Rahul Dhir: Yes.

Mr. Ramesh: What is that?

Mr. Rahul Dhir: I can't tell you. It is pretty high.

Mr. Ramesh: Thanks a lot.

Mr. Rick Bott: Rahul, I think it is...just on behalf of everybody who has been on this trip from the UK as well as wearing my Kennedy hat, I really would like to thank that fantastic effort has been put, and I have mentioned Mr. Bhalla and SV some weeks back. We have a really world-class development here. The capacity will depend on the agreement with the governments over time, but truly I believe these fields will get better as time goes on. I hope you have a great visit tomorrow, those of the Indian analysts, Rahul and I will be with you tomorrow so look forward to see you, but I think it is just a fantastic opportunity for us all, and thank you so much for you all for coming, taking the interest in the company. The edge is always the people, and I have been with analysts presentation for 20 years, and I know you always look for more information. I think getting to know the management philosophy is how you build long-term values, and I think at Cairn India, we have got a great team, so thank you very much.

Audience: Applause.