

**CAIRN INDIA LIMITED**

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June 28, 2011

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**Sub: Announcement of Cairn Energy PLC, our majority shareholder**

Dear Sirs,

We are enclosing herewith a copy of the Announcement of Cairn Energy PLC, our majority shareholder released to the London Stock Exchange on June 27, 2011.

This is submitted for your information and records.

Thanking you,

Yours sincerely,  
**For Cairn India Limited**

A handwritten signature in black ink, appearing to be "Neerja Sharma", written over a faint circular stamp.

**Neerja Sharma**  
Company Secretary

Encl.: a/a



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**FOR IMMEDIATE RELEASE**

**27 June 2011**

**CAIRN ENERGY PLC ("Cairn")**

**Proposed part sale of shareholding in Cairn India Limited ("Cairn India")  
to Vedanta Resources plc ("Vedanta" and the "Transaction")**

**Adjustments to sale and purchase agreement**

Cairn and Vedanta have agreed to certain adjustments to the Transaction sale and purchase agreement for the sale of part of Cairn Energy PLC's shareholding in Cairn India, involving the removal of the non-compete arrangements and associated fee, which are expected to result in a 5.3 per cent reduction in post-tax proceeds. Cairn and Vedanta have also agreed that completion of the Transaction will take place in two tranches: an initial sale of a 10 per cent stake in Cairn India, and a subsequent sale of a 30 per cent stake which remains subject to receipt of the necessary consents and approvals from the Government of India.

The removal of the non-compete fee will result in a reduction in the effective sale price from \$8.66 per Cairn India share to \$7.85 per Cairn India share. This change in price applies to both the initial sale of 10 per cent and the subsequent sale of a 30 per cent stake in Cairn India. Gross proceeds for the sale of a 40 per cent interest in Cairn India will amount to \$6,023 million with net proceeds expected to be approximately \$5,408 million in cash.

The sale and purchase of the first tranche of sale shares, being 10 per cent of the fully diluted share capital of Cairn India, will be completed on or before 11 July 2011. The gross proceeds for the sale of the first tranche of sale shares will amount to \$1,506 million with net proceeds expected to be approximately \$1,365 million. The sale and purchase of the second tranche of sale shares will be 30 per cent of the fully diluted share capital of Cairn India and remains subject to receipt of the necessary consents and approvals from the Government of India. The gross proceeds for the sale of the second tranche of sale shares will amount to \$4,517 million with net proceeds expected to be approximately \$4,043 million.

Vedanta's acquisition of this 10 per cent stake in Cairn India means the Vedanta Group will hold an aggregate 28.5 per cent stake in Cairn India and Cairn Energy PLC will retain control of Cairn India as it will remain the majority shareholder with its 52.2 per cent shareholding.

**Sir Bill Gammell, Chief Executive of Cairn Energy PLC said:**

*"Cairn is pleased to have secured this adjustment to the agreement with Vedanta. Cairn continues to believe the necessary approvals to complete the Vedanta transaction will be received and is working with the Government of India in a positive and constructive manner."*

**Anil Agarwal, Executive Chairman of Vedanta said:**

*"Vedanta believes this initial 10% purchase is a further demonstration of its commitment to India. We look forward to the successful completion of the proposed transaction."*

**Enquiries to:****Cairn Energy PLC**

Sir Bill Gammell, Chief Executive  
Simon Thomson, Commercial and Legal Director  
Jann Brown, Finance Director  
David Nisbet, Corporate Affairs

**Tel: 0131 475 3000****Brunswick Group LLP**

Patrick Handley  
David Litterick

**Tel: 0207 404 5959****NOTES TO EDITORS:****Cairn Energy PLC**

- Cairn Energy PLC ("Cairn") is an Edinburgh-based oil and gas exploration and production company listed on the London Stock Exchange.
- Following the IPO of Cairn India in January 2007, there are two separate arms to the Cairn business:
  - Cairn India limited ("Cairn India") which is headquartered in Gurgaon on the outskirts of Delhi is listed on the Bombay Stock Exchange and the National Stock Exchange of India. It has interests in a total of 11 acreage blocks in India and Sri Lanka. Cairn currently retains a [52.2%] interest in Cairn India (on an un-diluted basis). Following completion of the Transaction Cairn will hold a [21.9%] interest in Cairn India (on an undiluted basis).
- Capricorn Oil Limited ("Capricorn"), a 100% subsidiary of Cairn, is focused on exploration. Capricorn has assets in Nepal, Greenland, Albania and Spain.
- Under the sale agreement, Cairn gave certain non-compete undertakings, covering the territories of India, Sri Lanka, Pakistan and Bhutan in consideration for a non-compete fee payable on completion of the Transaction. Cairn and Vedanta have now agreed to remove the non-compete arrangements and the non-compete fee from the sale agreement.
- "Cairn" where referred to in this release means Cairn Energy PLC and/or its subsidiaries (including Cairn India and Capricorn), as appropriate.
- "Cairn India" where referred to in the release means Cairn India Limited and/or its subsidiaries, as appropriate.
- Cairn has previously focused its activities on the geographic region of South Asia, resulting in a significant number of oil and gas discoveries. In particular, Cairn made a major oil discovery (Mangala) in Rajasthan in the north west of India at the beginning of 2004. Cairn has now made more than 20 discoveries in Rajasthan block RJ-ON-90/1.
- Cairn has commenced drilling operations on two wells offshore West Greenland.
  - The AT-7 well in the Atammik Block, approximately 160 kilometres offshore Nuuk, west Greenland and the LF-7 well in the Lady Franklin Block approximately 300 kilometres offshore Nuuk have both started operating.
  - The Leiv Eiriksson, a fifth generation semi submersible and the Ocean Rig Corcovado, a sixth generation drillship, are to carry out the drilling programme offshore Greenland this summer.
  - The AT-7 prospect in the Atammik Block and LF-7 prospect in the Lady Franklin Block are in water depths of 905 and 989 metres respectively.

For further information on Cairn please go to: [www.cairnenergy.com](http://www.cairnenergy.com)