

**Cairn India Ltd.**

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<b>Issue Summary</b>			
Shares on offer	37.81 crs.(Including Green Shoe option)	Post issue capital	Rs.1814.63 Crs.(Including Green Shoe)
To be listed on	NSE and BSE	Issue opens	<b>December 11, 2006</b>
Issue price	Rs.160 - 190 per share (F.V. Rs.10)	Issue closes	<b>December 15, 2006</b>
Minimum Bid quantity	35 & in multiples of 35 thereof	Objects of the offer	Exploration and development expenses
Max. Bid Amount for retail	Rs. 100,000	Retail allocation	Minimum 30%

**Investment Highlights**

>> Cairn India Limited is a newly incorporated Indian company and has been promoted by Cairn Energy PLC, a crude oil and natural gas exploration and production company trading on London Stock Exchange. At the completion of the reorganisation, the company will acquire the subsidiaries which hold all of the ownership and operating interests in Cairn Energy PLC's Indian crude oil and natural gas development and production assets.

>> As per the estimates of the company the total gross proved plus probable ("2p") reserves attributable to the fields in production or under development in which Cairn India has interests to be 754 million barrels of equivalent (mmboe) and its net working interest in these 2P reserves to be 472 mmboe. Most of the 2P reserves are estimated to be contained in the Rajasthan Block which is currently subject to significant appraisal and development activity.

>> It is estimated by the company that they will operate approximately 20% of India's oil production by 2010 assuming that India's oil production remains at current levels and production from the Rajasthan Block's Northern Fields fulfills its target gross plateau production rate of approximately 150000 Barrels of oil per day (bopd).

>> Cairn India has a proven track record of developing hydrocarbon resources in India. As the operator of the Lakshmi field in the Carnbay Basin, Cairn India commenced natural gas production in less than 30 months following discovery and at the Ravva field in the KG Basin, Cairn India increased crude oil production from an initial 3700 bopd to 35000 bopd in 26 months and ultimately to current plateau of 50000 bopd. This was achieved as a result of prudent reservoir management, integrated multidisciplinary studies, development of the field to international standards and application of the latest technology both in subsurface and surface operations.

>> Cairn India has long and proven exploration expertise in India having made 29 hydrocarbon discoveries since 1994, including three of the seven landmark discoveries made in India between 2000 and 2005. In 2004, Cairn India made the largest onshore crude oil discovery in India since 1985 when it discovered the Mangala field in Rajasthan. Since then, Cairn India has made 17 additional discoveries in the Rajasthan Block and continues to undertake exploration work which may lead to future discoveries.

<b>Application of Funds</b>	
Cash consideration to be paid to Cairn UK Holdings	*
Development in the Rajasthan Block	5530 Crs
Exploration and appraisal activities	690 Crs.
General corporate purposes and contingencies	460 Crs.
Total	(6680 + *) Crs.

**Concerns**

>> The development of Mangala, Aishwariya, Bhagyam and Shakti Fields in the Rajasthan Block involves significant procurement, construction and other risks. Production from the Mangala field is scheduled to start during 2009. Delays in completing the engineering design, construction, fabrication, installation or commissioning activities may lead to delay in commencement of production being delayed.

>> The estimates of production rates and field life contained in the Field Development Plan (FDP) for the Mangala, Aishwariya, Raageshwari and Saraswati fields which were submitted to and approved by the Rajasthan Block PSC management committee are based on Cairn India's estimates of future field performance. Initial estimates are subject to change depending on the production rates, field life and associated reserves that are agreed by the Rajasthan Block PSC management.

>> The company has based its estimated production forecasts on the assumption that necessary pipeline infrastructure of sufficient capacity will be developed in time for the commencement of crude oil production during 2009.

>> Crude oil and natural gas initially in place, reserves and resources data are only estimates and are inherently uncertain and the actual size of deposits may differ materially from these estimates.

**Recommendation**

Rapid economic growth in India has led to a significant increase in demand for crude oil and natural gas. Cairn Energy's competitive strengths lie in its world-class resource base, unique position in India, experienced management, proven development and operational expertise.

**We recommend subscription to the issue with a long term horizon.**

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