

August 20, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO BANK FACILITIES & LT BORROWING
PROGRAMME OF CAIRN INDIA LTD.**

PROPOSED SALE OF STAKE IN CAIRN INDIA LIMITED BY CAIRN ENERGY PLC

CARE has noted the recent announcement of the Cairn India Limited (CIL) that its parent Cairn Energy PLC (Cairn PLC) has proposed to sell a maximum of 51% stake in CIL to Vedanta Resources PLC (Vedanta) subject to requisite regulatory approvals.

As per CARE's assessment, the proposed transaction, if successful, would result the transfer of the management control of CIL to the Vedanta group. This is not likely to impact the credit profile of CIL.

The ratings of bank facilities and proposed long-term borrowing of CIL continue to remain 'CARE AAA'.

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