

## UKIBC Case Study

# CAIRN ENERGY

### **Tell us about your business – its origin, offering and coverage?**

Cairn Energy is a gas and explorations company. They have been in existence for over 25 years, although operations predominately took off after 1988. The company's headquarters are in Edinburgh and they have done explorations in Greenland, around the Mediterranean, Tunisia, Spain and Albania. Current focus is on discoveries in Rajasthan and North West India with a target to produce 175,000 barrels of oil a day from Rajasthan next year.

### **Tell us about your global geographical footprint?**

For the last 15 years, Cairn Energy has been focused on South Asia, with gas in Bangladesh and oil and gas in India.

### **When did you make the first investment in India?**

Like most oil and gas companies, it was during the early 1990's that we decided to focus on North West Europe and South East Asia. We also explored in China and Vietnam. Our Strategic decision to invest in India was in 1994

### **What were the main drivers of your decisions to foray into India?**

India was opening up to foreign investment and was less explored than other countries. Hence we realised that there was a lot of oil and gas opportunities in India.

### **What was your business strategy for entering India?**

At Cairn Energy we always talk about vision, focus and edge. Our focus was south asia and our edge was the practical knowledge that we had acquired having operated in Bangladesh.

### **What business model did you leverage for market entry into India?**

We incorporated with a joint venture partner to obtain early licenses. It was an unincorporated joint venture, so each company looks after their own business interests. Our operations in india were very similar to our other operations in south east asia, but we adjusted our operations to meet the local legal and cultural differences. We need a good understanding of the country at local and central levels before we begin operations.

### **What have been your biggest challenges of entering and operating in India?**

India is heavily regulated; there are a lot of rules and regulations which you have to comply with so things can take much longer in India compared to the UK. However, once you understand the way the system works it can be straight forward to get things done. Given that India has a lot of high quality engineers with many of them returning from the gulf with oil and gas experience, hiring staff wasn't a challenge for us.

### **Has the Indian investment met up with your expectations, please state why?**

Yes it has.

# partnership in action

## **What key factors would you attribute your success in India to?**

A combination of factors. Firstly, we had to stay with the pace and be patient. Secondly we always remember that we have to adapt and behave as a local company and recognise the nuances of the local culture. In addition, we have very short lines of communication, a can do attitude and are not a bureaucratic company.

## **What impacts (if any) have you experienced as a result of economic downturn in the UK and India?**

No impact, our business follows a different cycle.

Do you feel that your company has been more or less severely impacted by the economic downturn in the UK as opposed to India? If so, why do you feel that your operations in India have been more or less effected?

## **What is your candid view on future opportunities within India for your business?**

From a PLC perspective, Rajasthan will continue to generate significant cash flows for us. There are many opportunities within the energy sector in India (eg citi gas distribution) and our Indian subsidiary is well positioned to take advantage of that.

## **What advice would you give to other mid-cap businesses in the UK looking to do business in India?**

Any business must be looking to invest for the long haul (10 to 15 years); they should build relationships and stick to it.