ESSAR OIL LIMITED

(REGISTERED OFFICE ADDRESS: KHAMBHALIA POST, POST BOX. NO.24, DIST. JAMNAGAR – 361305, GUJARAT)

REVISED FINANCIAL STATEMENTS
2008 - 09

AMENDMENT TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2008-09

To,

The Members of Essar Oil Ltd.

The Board of Directors had adopted its report on the financial statements for the financial year 2008-09 on May 18, 2009.

Sales Tax Incentive

The Hon'ble Supreme Court of India, on January 17, 2012, allowed an appeal filed by the Gujarat Government and set aside a judgment of the Gujarat High Court dated April 22, 2008, thus denying the Company benefits under a sales tax incentive scheme of the Government of Gujarat. Hence, the sales tax amount collected and retained by the Company from May 1, 2008 to January 17, 2012 became payable and the income arising out of the defeasement of sales tax liability need to be reversed.

The Company proposes to re-open the books of account for three financial years 2008-09, 2009-10 and 2010-11 for the limited purpose of reflecting a true and fair view in the books of account. The Company has received approval from the Ministry of Corporate Affairs for the above purpose. Necessary resolution seeking approval of shareholders for re-opening of the said financial statements has been incorporated in the Notice dated November 9, 2012 convening the 22nd Annual General Meeting on December 20, 2012. Abridged reopened and revised financial statements for the financial year ended on March 31, 2009 form part of the annual report.

Consequent to reopening of books of accounts, information setout at the relevant paras in the Directors' Report for 2008-09 shall stand modified as under:

Financial Results

(` in crore)

	2008-2009	2007-2008
Gross Income	41,855.97	651.93
Net Income	37,700.15	576.78
Profit / (Loss) before Depreciation, Exceptional items and Tax	111.13	(41.54)
Less: Depreciation / Amortisation	654.85	2.53
Profit / (Loss) before Exceptional items and Tax	(543.72)	(44.07)
Less: Exceptional items	1,139.20	-
Less: Provision for Income Tax / Foreign Tax / Deferred Tax Liability / Fringe Benefit Tax	(30.21)	(2.89)
Net Profit / (Loss) after tax	(1,652.71)	(41.18)
Add: Balance brought forward from previous year	(51.45)	(20.27)
Add: Transfer from Foreign Project Reserve	8.00	10.00
Balance to be carried to Balance Sheet	(1,696.16)	(51.45)

Except for reflecting true and fair view of the sales tax incentives/ liabilities/exemptions, etc. concerning the Government of Gujarat there is no material change in the accounts of the Company.

Changes in Management Discussion & Analysis

The following information contained in the Management Discussion and Analysis shall stand replaced:

Financial Highlights

Your Company has posted a gross turnover of ` 41,856 crore this year. The Earnings before Interest and Depreciation (EBITDA) was ` 1,203 crore. The depreciation of the rupee and the unprecedented volatility in crude prices were major factors that caused the erosion of the operating profits. For the above period, the Company reported a net loss of ` 1,653 crore.

Consolidated financial statements

Consequent to revision in the aforementioned financial statements, there are corresponding changes in the consolidated financial statements of the Company and its subsidiaries prepared in accordance with Accounting Standard AS 21 for the financial year ended on March 31, 2009. Accordingly, abridged consolidated financial statements for the financial year ended on March 31, 2009 form part of the Annual Report.

Auditors' Report

The financial statements of the Company for the year ended March 31, 2009 (original financial statements) were audited by M/s. Deloitte Haskins & Sells (Regn. No: 117365W).

The auditors, M/s. Deloitte Haskins & Sells, (Regn. no: 117365W) have audited the revisions carried out in the original financial statements and issued their audit report based on the audit report on the original financial statements and their audit of the revisions.

The observations of the Auditors in the Audit report on the revisions to the original financial statements are explained, wherever necessary, in the appropriate notes to accounts and are self-explanatory.

The above is an amendment to the Directors' Report for the financial year 2008-09.

For and on behalf of the Board of Directors

LALIT KUMAR GUPTA	**NARESH NAYYAR**
Managing Director & CEO	**Deputy Chairman**

Mumbai, November 09, 2012

DIRECTORS' REPORT

To the Members of Essar Oil Limited

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

(Rs. in Crore)

	2008-2009	2007-2008
Gross Income	41,855.97	651.93
Net Income	37,700.15	576.78
Profit / (Loss) before Depreciation and Tax	111.13	(41.54)
Less: Depreciation / Amortisation	654.85	2.53
Profit / (Loss) before Taxes	(543.72)	(44.07)
Less: Provision for Income Tax / Foreign Tax/ Deferred Tax Liability / Fringe Benefit Tax	(30.21)	(2.89)
Net Profit / (Loss) after tax	(513.51)	(41.18)
Add: Balance brought forward from previous year	(51.45)	(20.27)
Add: Transfer from Foreign Project Reserve	8.00	10.00
Total amount available for appropriations	(556.96)	(51.45)
Balance to be carried to Balance Sheet	(556.96)	(51.45)

Due to absence of profits during the financial year, the Board has not recommended any dividend for the year.

REFINERY OPERATIONS

As reported in the last Directors' Report, Company's Refinery at Jamnagar commenced commercial production effective 1st May, 2008.

Information on operational and financial performance, etc. of the Company for the financial year is given in the Management Discussion and Analysis which is setout as Annexure B to the Directors' Report.

SHARE CAPITAL

During the year, pursuant to shareholders approval obtained at Extraordinary General Meeting held on 18th December, 2007, the Company allotted 27,771,948 equity shares of Rs.10/- each to the overseas depository for Global Depository Shares (GDSs) on issue of GDSs aggregating to US$129.418 million to Promoters on preferential issue basis.

DIRECTORS

During the year, the term of Shri Suresh Mathur as Wholetime Director ended on 31st August, 2008 and he continued as Non–Executive Director till 18th May 2009. In October, 2008, Shri R P Singh was appointed as Nominee Director of IFCI Ltd. in place of Shri Sanjeev Ghai. ICICI Bank Ltd. withdrew its nominee, Shri N S Kannan, from the Board with effect from 4th March, 2009.

The Board wishes to place on record its appreciation for the guidance and valuable services rendered by Shri Suresh Mathur, Shri Sanjeev Ghai and Shri N S Kannan during their tenure as members of the Board.

Shri S N Ruia and Shri D J Thakkar retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment and Shri P Sampath is proposed to be appointed as Director Finance. Particulars of the directors as required under clause 49 of the listing agreement with the Stock Exchanges are given in Notice / Explanatory Statement convening the ensuing 19th Annual General Meeting, forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

(i) that in the preparation of the accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

CORPORATE GOVERNANCE

In terms of clause 49 of listing agreement with the Stock Exchanges, a certificate from Auditors of the Company on compliance of conditions of Corporate Governance is annexed to the Directors' Report as Annexure C. A report on Corporate Governance as provided in clause 49 of the listing agreement is included in the Annual Report.

PARTICULARS OF EMPLOYEES

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees u/s 217(2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary, for the same, at the Registered Office of the Company.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The particulars as prescribed under section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure A to this Report.

FIXED DEPOSITS AND DEBENTURES

Your Company has not accepted any deposits from public under section 58A of the Companies Act, 1956 during the financial year under report.

During the financial year, the Company repaid Rs.88.70 crore to the debenture holders as per the terms of repayment under schemes of arrangement / compromise with the debenture holders.

SUBSIDIARY COMPANIES

Vadinar Power Company Limited, Essar Oil Vadinar Limited and Essar Energy Overseas Limited are subsidiaries of the Company.

The Board of Directors of the Company and of Essar Oil Vadinar Limited have approved merger of Essar Oil Vadinar Limited with the Company under a Scheme of Amalgamation with effect from 1st April, 2008. The Company and Essar Oil Vadinar Limited are in the process of obtaining necessary approvals.

Information relating to the subsidiary companies, pursuant to section 212 of Companies Act, 1956 forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard AS-21 on Consolidated Financial Statements forms part of the Annual Report.

AUDITORS AND AUDITORS' REPORT

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, have informed the Company that, if appointed, their appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956. Accordingly, the members' approval is being sought to their appointment as the Auditors of the Company at the ensuing Annual General Meeting.

The observations / qualifications, if any, of the Auditors in the Audit Report are explained wherever necessary in the appropriate notes to accounts and are self explanatory.

ACKNOWLEDGEMENT

The Board wishes to express appreciation and place on record its gratitude for the faith reposed in and co-operation extended to the Company by the Government of India, State Governments, various Government Agencies / Departments, Financial Institutions, Banks, Customers, Suppliers and Investors of the Company. Your Directors place on record their appreciation of the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Mumbai
18th May, 2009

S N RUIA
CHAIRMAN

The Central Government has granted exemption vide letter No.47/433/ 2009 – CL III dated 25th May, 2009 from attaching the Balance Sheet etc., of the subsidiaries to the Annual Report of the Company pursuant to section 212, of the Companies Act, 1956. Accordingly, the said documents of the subsidiary companies are not being attached to the Annual Report. Financial information of the subsidiary companies, as required by the order, is disclosed in the Annual Report. The Annual Accounts of the subsidiary companies will be made available upon request by any of the investors. These documents will also be available for inspection during business hours at the Registered Office of the Company and that of the subsidiary companies.

Annexure A to the Directors' Report

Statement of particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a) **Energy Conservation measures taken:**

The energy conservation measures taken by the Company during the year include –

i. Fuel conservation measures at the Refinery were taken in the initial stage itself. A team closely monitors and works towards improvement of energy performance across the Refinery. Fuel & loss during the year 2008-2009 was 6.5% on crude. Refinery had taken up a study of steam trap management during July and August, 2008 by external expert agency. Optimization of steam consumption was carried out in the entire refinery operation. This has resulted in substantial savings in steam consumption. To further enhance the energy efficiency, it has been planned to install a thermo-compression system for absorbing excess low pressure steam into medium pressure steam. A comprehensive Energy Audit of whole Refinery will be carried out in 2009-2010.

ii. In the Development block at Mehsana, the Company initiated use of bath heater for effective water separation from oil and cladding of pipelines to avoid congealing. A small flare is also maintained for safety reasons.

b) **Additional Investments and Proposals, if any, being implemented for energy conservation:**

i. Up-gradation of excess LP steam to MP steam by means of a thermo-compressor with an investment of Rs.70 lakh.

ii. A comprehensive Energy Audit of whole Refinery at an estimated cost of Rs.20 lakh.

iii. In the development field at Mehsana, studies are being carried for use of solar lighting in the field.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

i. As a result of the above actions, the refinery fuel and loss has come down from 7.02% on crude in 2007-2008 to 6.5% in 2008-2009.

ii. The specific energy consumption in terms of MBN (MMBTU/ NRGF/ Barrel of Crude) has come down from 153.00 in 2007-2008 to 99.40 in 2008-2009.

iii. The likely savings in the steam on account of installation of thermo-compressor system will be about 10 MT/ Hr.

iv. These measures are likely to reduce the Fuel and loss resulting in marginal reduction in cost of production.

v. In the development field at Mehsana, the above measure has resulted in lowering green house gases by way of flare reduction and ease in oil - water separation.

d) **Total energy consumption and energy consumption per unit of production as per Form 'A' is attached hereto:**

Form A

			2008-2009	2007-2008*
A)	**Power and Fuel Consumption:**		**2008-2009**	**2007-2008***
1	**Electricity**			
	(a)	**Purchased**		
		Unit ('000 KWH)	40,859.453	15,427.00
		Rate / Unit (including minimum demand charge)	8.06	9.83
		Total Amount (Rs. in Lakh)	3,294.41	1,516.00
	(b)	**Own Generation**		
		(i) Through Diesel Generator Unit ('000 KWH) KWH per litre of diesel oil Cost / Unit (Rs./KWH)	N.A.	N.A.
		(ii) Through Steam Turbine/ Generator Unit ('000 KWH)	480,775.90	278,359.00
		KWH per litre of Fuel Oil/Gas	3.41	3.68
		Cost / Unit (Rs./KWH)	7.27	7.96
	(c)	**Electricity Consumed**		
		(a+b) ('000 KWH)	521,635.35	293,786.00
2	**Coal (specify quality and where used)**		N.A.	N.A.
3	**Furnace Oil / other Liquid fuels-Purchased**			
	Quantity (MT)		0.00	0.00
	Total amount (Rs. In Lakhs)		N.A.	N.A.
	Average Rate (Rs./MT)		N.A.	N.A.
4	**Others/From Internal Generation Fuel**			
	(i)	**Fuel Gas**		
		Unit (MTs)	230,221.00	83,436.00
		Total amount (Rs. In Lakhs)	33,130.74	17,838.90
		Average Rate (Rs./MT)	14,390.84	21,380.34
	(ii)	**Liquid Fuel-FO**		
		Unit (MTs)	408,987.19	274,336.00
		Total amount (Rs. In Lakhs)	51,378.61	51,234.11
		Average Rate (Rs./MT)	12,562.40	18,675.68
	(iii)	**Solid Fuel - FCC Coke**		
		Unit (MTs)	153,182.00	28,849.00
		Total amount (Rs. In Lakhs)	16,481.63	4,634.62
		Average Rate (Rs./MT)	10,759.51	16,065.10
5	**Total Liquid Fuel – Purchased + Own Generation (MT)**		408,987.19	274,336.00
	Total Fuel Gas, Liquid, Solid – Purchased + Own Generation		792,390.10	3,86,621

B	Consumption Per Unit of Production:	Unit	2008-2009	2007-2008*
	(i) Actual Production (MTs) -		12,138,152	5,060,148
	(ii) Consumption per MT of Production			
	- Electricity (Purchased+Generated)	KWH/MT	42.97	58.06
	- Liquid Fuel (FO/LSHS/NAPHTHA) (Purchased + Internal Generation)	MT/MT	0.034	0.042
	- Fuel Gas	MT/MT	0.019	0.016
	- FCCU coke	MT/MT	0.013	0.006

* Note: During the financial year 2007-2008, sequential start up of various units took place and integrated Refinery started operating under

trial runs during the last quarter of the financial year. Refinery commenced commercial production with effect from 1st May, 2008.

B. TECHNOLOGY ABSORPTION

e) **Efforts made in technology absorption are setout in Form 'B' hereto:**

Form B

Research & Development (R&D)

1. Specific areas in which R&D carried out by the Company

   In the Refinery, R&D activities were carried out by doing VBU conversion vis-a-vis fuel oil stability as higher conversion was causing fuel oil stability problem; maximization of hydrogen yield in Continuous Catalytic Cracking Unit (CCR); optimization of Vacuum column operation for realizing better VGO yield; regeneration of spent caustic for reduction of sulphides loads in effluent treatment plant apart from saving caustic and optimization of crude blending.

   Characterization of crudes and study of its properties to ascertain suitability of processing in the refinery was carried out. Crude database with respect to compatibility, fouling, and corrosion etc. is being developed. Extensive trial with various components like VR, HHVGO and VGO for Bitumen production have been undertaken. In-house analytical methods were developed for Arsenic content at low levels in FCC streams. This has been forwarded to BIS committee for its further scrutiny and approval. Also, in-house analytical procedures were developed for COD measurement in highly chlorinated water. P-value instrument was installed and commissioned which further enhanced the reliability of VBU plant.

2. Benefits derived as a result of the R&D

   At the Refinery, VBU conversion was optimized keeping fuel oil stability within limit; New product carbon black feed stock has been developed from FCCU slurry oil; Vacuum Gas Oil cut point could be raised to 570 + ^{0}C.

   22 crudes were tried in 2008-2009 and TBP analysis helped in their selection and blending for processing.

   Bitumen trial was successful. Bitumen production could be maximized which resulted savings in high value cutter i.e. mainly diesel component.

3. Future plans of action

   In the Refinery, the Company is making investment in Research and Development and planning to carryout the following activities in the coming year:

   - Optimization of refinery processes to maximize distillate yields and reduction in heavy ends.
   - RSA (Residue Stability Analysis) is being carried out jointly with an external agency for evaluation of stability of Crude, Vacuum Residue and Visbroken Vacuum Residue. This will also indicate fouling potential. A data base of RSA value of individual crudes and various crude blends is being generated for further research on crudes compatibility.
   - ATF colour improvement study is being done by use of resins. Pilot plant study is being planned after initial success at laboratory level.
   - Implementation of Advanced Process Control.
   - Lean oil draw off from FCCU.
   - Development of process models for all units for efficient monitoring and control.
   - FCCU catalyst and additives for enhancing bottom cracking and reducing gasoline sulfur.
   - High TAN crude processing.
   - Use of anti fouling agent for enhancing VBU run length and energy efficiency.
   - Refractory coating in Furnaces for enhancing efficiency.
   - Exploring possibility of oxidizing spent caustic thereby reducing the hazards and making safe for disposal. This shall also reduce load on ETP and reduce chemical consumption.

     In the Mehsana field studies are in progress for use of solar lighting in the field.

4. Expenditure on R&D during the year:

a. Capital	:	Rs 343.0 lakh
b. Recurring	:	Rs 505.0 lakh
c. Total	:	Rs 848.0 lakh
d. Total R&D expenditure as a percentage of revenue	:	0.02%

Technology absorption, adaptation and innovation

1. Efforts, in brief made towards technology absorption, adaptation and innovation

   With a view to produce green fuels, appropriate technologies have been selected from the reputed process vendors. Adequate care has been taken for production of Euro III / Euro IV standard products while minimizing operating cost. The Company has adapted the latest technologies available and many of the features are new to the industry. Operating personnel are trained by the Licensors. In the Mehsana Block, annulus heater treater technology has been adopted.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

   In the Refinery, performance of the process units have achieved design objectives and in many cases surpassed them. Reliability of the plants is very high. Integration between the units could be made and considerable savings have been achieved. In the Mehsana Block, viscous crude could be brought to surface.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):

   a. Technology imported

   The Refinery has adapted the following technologies for deriving the latest technological advances:

Crude/Vacuum Distillation Unit	:	ABB Lummus Crest, Netherlands
Visbreaker Unit	:	Axens, France
Catalytic Reforming Unit	:	Axens, France
Diesel Hydro-desulphurization Unit	:	Axens, France
Fluidized Catalytic Cracking Unit	:	Stone & Webster, USA

   b. Year of import

   The above technologies were selected during the different phases of the project and the units were started up during 2006-2007 and 2007-2008.

   c. Has technology been fully absorbed

   Yes. All the technologies have been fully absorbed. Process plants are operating successfully meeting all the expectations.

   d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

   Not Applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) **Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:**

   With the growth of Indian economy, the consumption of petroleum products has grown significantly. India continues to be heavily dependent on imports for meeting its crude oil requirements. The Company's efforts have been to supply maximum quantity of its products to PSU oil companies. However, with the country having enough refining capacity, surplus products produced from the Company's Refinery over and above the domestic requirement are exported.

g) **Total foreign exchange used and earned:**

   Particulars relating to Foreign Exchange outgo and earnings appear in Note No. B (8) of Schedule XVI to the Annual Accounts.

Annexure B to the Directors' Report

MANAGEMENT DISCUSSIONS AND ANALYSIS

Industry Outlook

The year 2008-2009 was unprecedented year in the history of oil, indeed of the global economy. World economy shrank across all industries. Economic pundits predicted a gloomy depression last seen in 1930's. Oil was no exception. West Texas Intermediate crude rose from US $101/bbl (per barrel) in the beginning of the year (April 2008) to US $147/bbl in July 2008 and slid very quickly within a period of 5 months to its lowest level of US$32.40/bbl by 19th December, 2008. By the end of March 2009, it had marginally recovered to US $49.65/bbl. Oil market has never seen such turbulence. Economic downturn resulted into demand destruction of 1.3 MMb/d (million barrels per day). This is against an increase in demand forecast at plus 1.5 MMb/d made for 2008. Many refineries across the world cut throughputs. Weak crude oil demand generated huge stockpiles of refined products. Crude inventories in the United States have reached their highest levels in 19 years. In addition, well over 100 million barrels of crude and refined products are estimated to be stored in floating storages. Many projects have been shelved because of the poor economics associated with weaker oil prices. The International Energy Agency of the US Administration (IEA) and other forecasters have said underinvestment ultimately means prices will rally sharply once an economic recovery stimulates demand.

As with other activities in the Oil and Gas sector, the worldwide outlook for Exploration and Production (E&P) spending has taken a big hit during 2008-2009. The global financial turmoil, falling oil demand and lower oil and gas prices continue to take their toll on E&P and service companies. Increasing production costs and reduced capital availability has resulted into shrinkage of exploration projects. Some analysts report that the spending in this sector will fall by as much as 25% in 2009. In addition, the potential reduction in credit availability has turned the outlook for this sector to negative.

Indian scenario

The Indian economy did not fully face the same recessionary pressure as the global economy. Consumption of petroleum products remained healthy. At 132.41 MMT, there was an increase of 4% in 2008-2009 as compared to the previous year. Consumption of High Speed Diesel (HSD) and Motor Spirit (MS) has shown a growth with a rise of 8.4% and 9% respectively over the previous year. At the same time the heavy ends/distillates have shown declines in consumption except Bitumen which has seen 4% growth. The growth rates of some products such as Aviation Turbine Fuel (ATF) have shown decline towards the close of the year recording a negative growth of 9% in February 2009 and March 2009 as compared to corresponding months of the previous year. Growth rates of MS and HSD has seen positive growth even in February and March 2009. Coupled with the drop in international prices, retail business for MS and HSD has got an impetus and the government subsidy has declined.

India continues to be heavily dependent on imports for meeting its crude oil requirements. The marginal decline in domestic crude oil production coupled with spur in domestic demand, has increased the crude oil imports to around 79 % of total requirement. The domestic production of crude oil during the year 2008-2009 stood at around 33.51 MMT while imports were almost of the order of 121.56 MMT.

The Government of India continues to encourage exploration activity in this region to increase the production of Oil & Gas. With the success of New Exploration Licensing Policy (NELP) & Coal Bed Methane (CBM) rounds, the government announced NELP-VII offering 57 oil & gas blocks during last year. Government of India has announced the eighth round of New Exploration Licensing Policy (NELP-VIII) on 9th April 2009 and it is offering the highest ever number of 70 exploration blocks covering an area of about 163,535 sq. km. In addition 10 blocks under the fourth round of Coal Bed Methane Policy (CBM-IV) for exploration and production of Coal Bed Methane have been offered covering an area of about 5000 sq. km., spread over seven States. This offers opportunity for companies undertaking this kind of activity.

Towards the end of 2008-2009, another 28 MMTPA of refining capacity was added, raising the refinery capacity in India to 179 MMTPA. With a consumption of around 132.41 MMTPA in 2008-2009, the country continues to have surplus refining capacity. This surplus refining capacity is expected to only increase in near future with more refineries being announced in the public sector and the expansion of your Company's refining capacity. India in general and west coast of Jamnagar in particular is set to become a major refining hub in this part of the world supplying some of the best quality fuel around the world.

As per Government of India provisional figures released for 2008-2009 the export of petroleum has declined to a level of 36.42 MMT in 2008-2009 as compared to 40.78 MMT in 2007-2008 .With the full production of your Company's Refinery absorbing some of the domestic demand, the import of petroleum products showed a decline in 2008-2009 to 18.29 MMT as compared to 22.46 MMT in 2007-2008.

The Refinery

The year 2008-2009 was the first year of commercial production of your refinery. The main thrust during the year was on consolidation of operations. The Fluidized Catalytic Cracker (FCC), the main margin earner, was commissioned in December 2007 and we could stabilize its operation within three months of its commissioning which is a record in the Industry. During the period from May 2008 to March 2009, the refinery processed 11.95 Million tonnes of crude oil. While the Crude Distillation Unit (CDU) operated at almost 125% of its capacity, all other units operated well beyond their name plate capacities.

Global economic downturn and its impact on refining industry demanded drastic cost reduction. Your refinery was able to effectively put a check on fuel loss at 6.45% and operating cost at US $0.82 a barrel by sensitizing all employees and maintaining a constant focus on cost. By use of off-gases in power generation and optimisation in steam consumption, the Refinery could eliminate import of electricity and achieved substantial reduction in fuel consumption in steam generation.

On the product side, extensive modification on war footing, exhaustive laboratory study and operational trial made production of value added products such as bitumen possible. The refinery could virtually eliminate naphtha production by absorption in diesel which helped in enhancing Gross Refining Margins (GRM). The commissioning of the Gas Authority of India (GAIL) pipeline for LPG in August 2008 ensured an economical mode of movement of LPG out of the refinery.

Your Company has paid attention to upgradation of talent and skills in the refinery staff and management as well as enhancing the management systems.

Quality Assurance:

Your refinery has the state of the art ISO certified laboratory which is well equipped to monitor the quality of finished products. An important addition to the laboratory has been the True Boiling Point (TBP) cut apparatus that has enabled testing of cuts of crudes used in the refinery thereby optimizing the cuts to obtain the best products at the least possible cost.

The laboratory has been given a Four Star rating by the British Safety Council and has participated in an International Inter Laboratory Cross Check Programme (ILCP) conducted by the American Society for Testing and Materials (ASTM) committee. The laboratory has been awarded Certificate of Type Approval by the Centre for Military Airworthiness Certification (CEMILAC) and Approved Vendor status by the Directorate General of Aeronautical Quality Assurance (DGAQA), for supply of ATF to the Indian Armed Forces.

International Supply and Trading

After stabilizing the units and declaring commercial production your Company embarked on stabilizing the refinery's crude basket and optimizing it. The aim was to take advantage of the refinery's ability to process crudes that were difficult to process by majority of refineries ("tough crudes") and therefore were available at competitive prices so that the refining margins could be improved. Attempt was also made to stabilize the crude oil basket to obtain a relatively stable product mix to meet the domestic market needs.

Your Company procured about 87 million barrels during the period from May 2008 to March 2009. By the end of the year about 50% of the requirement had been termed up with producers and oil majors, negotiated at competitive payment terms. About 20% of the crudes processed were "tough crudes".

In product exports too, your Company has been attempting to move away from spot contracts to term contracts that enables stability in export realisation. To meet this objective, your Company will be targeting a healthy mix of product term and spot contracts in the coming months.

Marketing

While elsewhere in the world the demand for petroleum products shrank, India fortunately did not feel the same demand constriction except for certain products such as ATF. During the year 2007-2008, there were imports of over 22 million metric tonnes of products, mostly middle distillates clearly showing that deficits still existed. With the full commissioning of the refinery and availability of products meeting the Indian specifications, your Company played an important role in reducing this deficit. Your Company tied up almost 6 million tonnes of products supply to Public Sector oil companies such as Indian Oil Corporation, Hindustan Petroleum Corporation and Bharat Petroleum Corporation. During the year about 7.8 million metric tonnes of LPG, MS, HSD, Kerosene, Fuel Oil and Bitumen were sold in the domestic market, which was around 72% of the refinery production. Your Company, after having been granted CEMILAC approval, made its foray into the Aviation Turbine Fuel market by supplying ATF at Jamnagar airport. The year also saw your Company into production of Bitumen, a value added product as compared to Fuel Oil.

The fall in international prices of oil, especially of diesel and petrol, gave a boost to the retail sector. Your Company has about 1200 retail outlets representing about 3% of the total number of Indian retail outlets. It has tied up with various lubricant companies to provide lubricants at the retail outlets.

Refinery Upgradation & Expansion Project

After successfully running the 10.5 MMTPA refinery at Vadinar at enhanced capacities, your Company has now embarked upon a plan to debottleneck and upgrade the refinery which will increase the complexity from 6.1 to 11.8 while simultaneously enhancing its capacity to 16 MMTPA. Apart from Crude Distillation Unit (CDU) and Vacuum Distillation Unit (VDU), capacities of Fluidized Catalytic Cracker Unit (FCCU) and Diesel Hydro Desulphurising Unit (DHDS) are also being augmented. Few new units are being added to the existing refinery. These include Vacuum Gasoil Hydrotreater, Delayed Coker Unit (DCU), Diesel hydrotreater, Isomerization unit, ATF Hydrotreater and Hydrogen manufacturing unit.

This upgradation project will give the refinery the capability to process heavy and more economical crudes and produce superior products such as Euro IV gasoline and diesel which command a premium in the international market. This will improve the margins of the refinery. The expansion is likely to cost about Rs.7,810 crore and the completion date is around the end of 2010. The project will also augment ancillary facilities such additional tanks to receive the crude, product tanks to store a wider variety of products and additional berth and dispatch facilities on land to help faster and more efficient evacuation of products by sea and land.

Your Company is subsequently planning to add another 18 MMTPA refining unit with additional facilities taking the total capacity to 34 MMTPA. The second 18 MMTPA unit will include additional crude and vacuum distillation columns, delayed coking unit, VGO hydro treating unit, Fluid Catalytic Cracking Unit, Alkylation, gasoline reforming, diesel hydro treating and other support units. Because of the similarity in the configuration of the second unit with the current refinery your Company will benefit from an intelligent repeat design concept. It is envisaged that expanded refinery complex will have a combined complexity of 12.8 enabling it to process most of the heavy/tough crudes available in the world. At the same time optimization of crude processing through entire 34 MMTPA complex will ensure achievement of very high quality product standards. With all the required land already in place and basic engineering work completed significant ground work has already been done in this direction. This expansion will enable your Company to achieve a world scale capacity and further better the GRM realisations. It will also pave the way for integration into a petrochemical processing facility using the feedstock from the refinery.

Upstream Activities

While most companies have faced the threats of shrinkage of exploration activities in the current global economic meltdown, your Company has the advantage of being an integrated oil company. Alongside making efforts to secure potential future oil supplies from the oil blocks awarded, your Company is aggressively pursuing to produce sizable CBM gas in commercial quantities from its Raniganj CBM block in West Bengal, where it has 100% participating interest.

The work programme of the recently concluded CBM exploration phase has included drilling of several information core holes and 15 production test wells. The critical reservoir parameters for ascertaining CBM production potential of the block have been obtained. The major ones being the coal seam thickness, gas content and permeability are positive and indicative of a world class CBM play.

Based on positive results from the work done so far, Raniganj CBM project has qualified to be put on fast track to realize substantial revenues. CBM gas is going to flow around December 2009 and plans are afoot to identify potential buyers and finalize the gas off-take agreements with them.

Your Company has also taken some strategic decisions in the oil and gas blocks it possesses. In the 70% participating interests in Mehsana (Gujarat) block, oil continues to flow but attempts are being made to obtain Government's approval also to exploit Coal Bed Methane potential, co-existing in the area.

Last year your Company could not obtain the long-awaited final approval for the Production Sharing Contract (PSC) for the "Ratna and R Series discovered fields" from the Government of India, where your Company has a 50% share (with ONGC having 40% and Premier Oil 10%). With the stabilization of the Government, it is expected that this should come through this year.

Financial Highlights

Your Company has posted a gross turnover of Rs.41,856 crore this year. The Earnings before Interest and Depreciation (EBITDA) was Rs.1,203 crore. The depreciation of the rupee and the unprecedented volatility in crude prices were major factors that caused the erosion of the operating profits. For the above period, the Company reported a net loss of Rs.514 crore. The Company has also reported a GRM of US$ 8.89 bbl for the period.

Internal Control System and Internal Audit

Your Company pays a lot of attention to a proper system of internal controls commensurate with the size and nature of business. After having successfully implemented the SAP across the Company, this year your Company embarked upon a massive exercise of developing Standard Operating Procedures (SOP) and clearly defining the Limits of Delegation. SOPs across all functions of the business have been developed and are being regularly monitored. In developing these SOPs your Company has benchmarked the best practices in the oil industry globally.

Your Company engages in an elaborate Business Planning exercise defining the targets for the ensuing year and the perspective plan for the further two years. All employees form part of the planning exercise that translates into setting of goals and targets for the coming year. The achievements against these targets are closely and regularly monitored. This includes the monitoring of projects and working capital as well. The Company has well developed Management Information Systems (MIS) to on real time basis to effectively monitor the performance.

The Company has well developed and staffed internal audit and management audit functions that works under the guidance of the Audit & Governance Committee and the statutory auditors.

Human Resources

The approach to the HR plan that your Company has embarked upon encompasses understanding stakeholder expectations and aligning HR plans to achieve the Company's business results. The endeavour is to bring about a paradigm shift in the approach to the role HR plays in your Company from that of a traditional support function to that of a strategic business partner. The objective is to create value to the different stakeholders through various initiatives, programmes and key deliverables in the areas of talent acquisition, people development, employee engagement, employee communication, financial processes and systems.

Your Company has taken initiatives to upgrade the technical skills through exhaustive training programmes, carry out surveys to assess and improve employee satisfaction levels, leverage technology to make systems and procedures more employee friendly and ensure that we have highly motivated and satisfied employees. There are 1,556 employees on the rolls as of 31st March, 2009 mostly qualified professionals.

HSEF

Your Company gives safety the top most priority in all its activities and efforts are made for continuous improvement. OSHA Process Safety Management Elements are implemented in phases since last two years and balance elements will be implemented in the year 2009-2010.

Your Company is the process of developing and implementing its very own Essar Refinery Integrated Management System (ERIMS). This activity has made considerable progress. All concerned employees at all levels were involved in assessing the risks in all the activities and devising suitable risk reduction methods to make it as low as reasonably practicable. This system will be fully implemented by June 2009 and expect to receive ISO Certification by July 2009.

On the environmental front, a very high standard of compliance is ensured. Other than regular environmental audits, Oil Catchers in refinery and Crude Oil Tankages (COT) area will be operational in the rainy season thus eliminating the risk of oil spillages outside the Refinery.

Community Development Programme

As a responsible corporate citizen, various initiatives are taken for the development and well-being of the local community. 24 hours community health centre, mobile clinic, mother & child care and OPD centres are operated for improving the health care facilities in the villagers surrounding the Refinery at Jamnagar. Vadinar is in arid region, rainfall is scanty and as it is near the sea, underground water is generally not fit for drinking particularly during summer months. Recognising this need, your Company has provided drinking water through tankers to nearby villages. In the year 2009-2010, it has been planned to install RO plants in 12 villages in association with WASMO (Water and Sanitation Management Organisation), a project of Government of Gujarat.

In addition to this, renovation of rural infrastructure facilities like schools, roads, drainages and panchayat buildings will be taken up in 2009-2010.

Cautionary Statement

Certain words and statements in this Management Discussion and Analysis are forward looking statements based on numerous assumptions regarding your Company's present and future business strategies and the environment in which your Company will operate in the future. The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in demand and supply, government policies or regulations, political and economic development within and outside India and, in particular, changes relating to the administration of oil and gas industry.

Annexure C to the Directors' Report

AUDITORS' CERTIFICATE

To
The Members of Essar Oil Limited

We have examined the compliance of conditions of Corporate Governance by Essar Oil Limited ("the Company"), for the year ended 31st March, 2009 as stipulated in clause 49 of the Listing Agreement entered into by the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Without qualifying our certificate, we state that in one of the six audit committee meetings the requirement of quorum of a minimum of two independent directors was not met.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner
Membership No. 31544

Mumbai, May 18, 2009

CORPORATE GOVERNANCE REPORT

1. **Company's philosophy on Corporate Governance:**

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholder value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board conducts periodic review of business plans, monitors performance and compliance to regulatory requirements.

2. **Board of Directors:**

The composition of the Board of Directors and other required details are given below:

Name	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other director-ships held #	Committee Membership △	
					Member	Chairman
Shashikant N Ruia [Chairman]	Promoter Non – Executive	1	No	9	Nil	Nil
Ravikant N Ruia [Vice Chairman]	Promoter Non – Executive	Nil	No	5	1	Nil
Prashant S Ruia	Promoter Non – Executive	2	No	10	3	Nil
Anshuman S Ruia	Promoter Non – Executive	1	No	10	5	Nil
Naresh K Nayyar (Managing Director)	Executive Director	6	Yes	2	1	Nil
P Sampath[1] Director Finance	Executive Director	NA	NA	Nil	1	Nil
Suresh Mathur[2]	Non – Executive	6	Yes	4	2	1
D J Thakkar	Independent Non-Executive	4	Yes	13	9	5
K N Venkatasubramanian	Independent Non-Executive	6	Yes	5	2	2
G Goswami	Nominee of IDBI Ltd.*	5	Yes	7	6	Nil
V K Sinha	Nominee of LIC*	6	No	Nil	Nil	Nil
R P Singh[3]	Nominee of IFCI Ltd.*	3	NA	6	3	Nil
A N Sinha[4]	Non – Executive	Nil	NA	2	1	Nil
N S Kannan[5]	Nominee of ICICI Bank Ltd. *	1	No	3	Nil	Nil
Sanjeev Ghai[6]	Nominee of IFCI Ltd.*	3	No	3	2	Nil

\# Excluding directorship in Private Limited Companies and Foreign Bodies Corporate and companies under section 25 of the Companies Act, 1956

* Nominees appointed by Lenders

△ Memberships / chairmanships of Audit Committee and Shareholders Grievance Committee including positions held in the Company

1 Appointed as Director Finance with effect from 1st April, 2009

2 Ceased to be Wholetime Director with effect from 1st September, 2008 and resigned as Non – Executive Director with effect from 18th May, 2009

3 Appointed as Nominee Director with effect from 31st October, 2008

4 Resigned as Non – Executive Director with effect from 31st July, 2008

5 Ceased to be Nominee Director with effect from 4th March, 2009

6 Ceased to be Nominee Director with effect from 31st October, 2008

Six Board Meetings were held during the financial year 2008-2009 on 26th April, 2008; 27th June, 2008; 31st July, 2008; 31st October, 2008; 31st January, 2009 and 4th March, 2009. The Board comprised of 50% Independent Directors till 4th March, 2009, when ICICI Bank Ltd. withdrew its Nominee Director (Indepedent Director). It is expected to fill in the vacancy within the stipulated time provided under Clause 49 (I)(C)(iv) of the listing agreement.

The management of the Company is conducted by the Managing Director who is assisted by the Director Finance and other Heads of Divisions / Departments, subject to the supervision and control of the Board of Directors.

Shri Shashikant N Ruia and Shri D J Thakkar retire by rotation and being eligible seek re-appointment at the ensuing Nineteenth Annual General Meeting (AGM). Further, it is proposed to appoint Shri P Sampath as Director Finance at the AGM. A brief resume of the Directors along with nature of their expertise and details of other directorships, committee positions held by them and their shareholdings in the Company have been disclosed to the shareholders through Notes / Explanatory statement annexed to the Notice for the AGM. None of the Directors is related to any other director except for Shri Ravikant N Ruia, Vice Chairman, brother of Shri Shashikant N Ruia, Chairman and Shri Prashant S Ruia and Shri Anshuman S Ruia, sons of Shri Shashikant N Ruia.

3. **Code of Conduct for Directors and Senior Management:**

The Company has adopted a Code of Conduct ('Code') for Directors and Senior Management personnel one level below the Executive Directors including all Functional Heads. The Code has been posted on the Company's website.

The Directors, Senior Management and Functional Heads have affirmed compliance with the Code. A declaration to this effect signed by the Managing Director is annexed to the Annual Report.

4. **Audit & Governance Committee:**

The Audit & Governance Committee comprised of 4 members viz: Shri D J Thakkar, Shri Prashant S Ruia, Shri K N Venkatasubramanian and the nominee of ICICI Bank Limited, Shri N S Kannan. Post withdrawal of Shri N S Kannan from the Board by ICICI Bank Ltd., the Committee presently has 3 members. All the members of the Committee are financially literate. Shri D J Thakkar, a qualified Chartered Accountant, chairs the meetings of the Committee. The constitution and terms of reference of the Committee are set out in compliance with the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

During the financial year 2008-2009, the Committee met six times. Shri K N Venkatasubramanian attended all meetings, Shri D J Thakkar attended five meetings and Shri Prashant S Ruia and Shri N S Kannan attended one meeting each. In one meeting, the quorum comprised of one Independent and one Non - Independent Director due to non - availability of other Independent Directors. The Statutory Auditors, Internal Auditors, the Managing Director, the Wholetime Director, the Director Finance and the Vice-President (Accounts) are invited to attend the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

5. **Remuneration Committee:**

The Remuneration Committee comprised of 4 non–executive, Independent Directors as members viz: Shri K N Venkatasubramanian, Shri D J Thakkar, and the Nominee Director of ICICI Bank Ltd., Shri N S Kannan and the Nominee Director of IDBI Ltd., Dr. G Goswami. Post withdrawal of Shri N S Kannan from the Board by ICICI Bank Ltd., the Committee presently has 3 members.

No meeting was held during the year 2008 - 2009. The terms of reference of Remuneration Committee include review, determination, increase / decrease and approval of remuneration, determination of terms of appointment, Company's policy for specific remuneration packages etc. for the Executive and other Directors, etc. and sitting fees payable to Directors other than the Executive Directors.

Remuneration to Directors

Non - Executive Directors

The Non-Executive Directors do not draw any remuneration from the Company except for sitting fees. The Non Executive Directors are paid sitting fees at the rate of Rs.7,500/- for attending each meeting of the Board of Directors and Rs.5,000/- for attending each meeting of Committees thereof. The sitting fees paid to the Directors for the year ended 31st March, 2009 are as follows: Shri Shashikant N Ruia: Rs.7,500/-; Shri Prashant S Ruia: Rs.85,000/-; Shri Anshuman S Ruia: Rs.7500/-; Shri Suresh Mathur Rs. 22,500/-; Shri D J Thakkar: Rs.2,50,000/-; Shri K N Venkatasubramanian: Rs.80,000/-; Dr. G Goswami: Rs.37,500/-; Shri N S Kannan: Rs.12,500/- (paid to ICICI Bank Ltd.); Shri Sanjeev Ghai: Rs.22,500/- (paid to IFCI Ltd.); Shri R P Singh: Rs.22,500/- (paid to IFCI Ltd.); Shri V K Sinha: Rs. 45,000/- (paid to LIC of India).

Executive Directors

During the financial year 2008-2009 remuneration paid to the Executive Directors was as under:

(Amount in Rs.)

	Shri Suresh Mathur Wholetime Director	Shri Naresh K Nayyar Managing Director
Basic Salary	5,00,000	45,00,000
Allowances & Perquisites	25,00,000	61,03,800
Retirement benefits	Nil	5,40,000
Performance Bonus	Nil	17,26,027
Total	30,00,000	1,28,69,827
Service contract	From 04.04.2006 to 31.08.2008	5 years from 15.10.2007
Notice period	3 months	6 months
Severance fee	N.A.	N.A.

The resolutions appointing these directors do not provide for stock option.

Further, Shri P Sampath was appointed as Director Finance of the Company effective 1st April, 2009 subject to approval of shareholders and Central Government with salary of Rs.5,62,500 p.m., allowances & perquisites of Rs.9,07,500 p.m., retirement benefits of Rs.73,334 p.m., hospitalisation & group personal accident scheme as per Company's rules and annual performance bonus of Rs.45,00,000 per annum. Approval for his appointment is being sought from the members at the ensuing AGM.

In terms of the applicable provisions of the Companies Act, 1956, due to inadequacy of profits during the preceding financial year ended 31st March, 2008, approvals have been obtained from the Central Government for appointment and payment of remuneration to Shri Naresh K Nayyar and Shri Suresh Mathur.

As on 31st March, 2009, Shri D J Thakkar and Shri K N Venkatasubramanian held 300 shares and 8000 shares in the Company respectively. None of the other directors hold any shares in the Company.

6. **Investors' Relations Committee:**

The Investors' Relations Committee comprised of 3 members viz: Shri Prashant S Ruia, Shri Naresh K Nayyar and Shri D J Thakkar. Shri A N Sinha was also a member of the Committee upto 31st July, 2008. Shri P Sampath has been inducted into the Committee on 18th May, 2009. Shri D J Thakkar generally chairs the meetings.

During the financial year 2008-2009, the Committee had 33 meetings. Shri D J Thakkar was present at all meetings, Shri Prashant S Ruia attended 11 meetings and Shri Naresh K Nayyar attended 29 meetings. Shri A N Sinha did not attend any meeting.

The Company Secretary, Shri Sheikh S Shaffi, is the Compliance Officer.

There were 103 complaints from share / debenture holders pending at the beginning of the financial year. During the financial year, 4860 complaints were received and 4937 complaints were replied to / resolved. As of 31st March, 2009, 26 complaints were pending, which were replied to / resolved within a period of one month.

As on 31st March, 2009, 16 requests involving transfer of 4350 shares and no requests involving transfer of debentures were pending to be processed. These pending requests are less than eight days old.

7. **General Body Meetings**

(a) Annual General Meetings

The date, time and venue of the last three Annual General Meetings and special resolutions passed at the meetings are given below:

Financial Year	Date	Time	Venue	Special resolutions passed
2007-2008	27th September, 2008	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	NIL
2006-2007	29th September, 2007	11:30 a.m.	Khambhalia Post, Dist. Jamnagar	1
2005-2006	29th September, 2006	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	1

All resolutions including the Special Resolutions are generally passed by show of hands.

(b) Postal ballot

No resolutions were required to be put through postal ballot last year. Presently there are no proposals to pass any resolution by postal ballot.

8. **Disclosures:**

i. The Company does not have any material related parties' transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note no. (B) 34 of Schedule XVI to the Balance Sheet of the Company forming part of the Annual Report.

ii. The financial statements have been prepared in accordance with the accounting policies generally accepted in India. In compliance with clarificatory orders dated 4th August, 2006 and 11th August, 2006 issued by Hon'ble Gujarat High Court interest on certain categories of debentures has been accounted on cash basis details whereof are setout in Note no. B (11) (C) of Schedule XVI to the Annual Accounts forming part of the Annual Report.

Regarding certain funded interest facilities and a Lease transaction, to give effect to the substance of the transactions, the Company has followed the principles laid down in International Accounting Standards and US GAAP, as detailed in note no B (11) (a) and B (18) of schedule XVI to the Balance Sheet of the Company forming part of the Annual Report, in the absence of specific guidance under Indian GAAP.

iii. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

iv. In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee details whereof are given under the heading: Remuneration Committee. The quarterly and half-yearly financial results are put up on the Company's website, besides being available on www.corpfiling.co.in / www.sebiedifar.nic and being published in

English and Gujarati newspapers. The auditors' observations / suggestions, if any, have been adequately explained wherever necessary in the appropriate notes to accounts and are self explanatory.

v. The Company has a Risk Management Policy Framework for risk identification, assessment and control to effectively manage risks associated with the business of the Company.

vi. The Managing Director and the Director Finance have certified to the Board of full compliance as per clause 49(V) of the listing agreement for the financial year ended 31st March, 2009.

9. **Means of Communication:**

i. Quarterly / annual financial results are regularly submitted to Stock Exchanges in accordance with the Listing agreement and published in all editions of English daily, viz. Indian Express / The Financial Express and in a Gujarati daily, Jai Hind. The quarterly / annual results are also made available at the website of the Company www.essar.com. Official news releases, presentations, etc. made to media and analysts are displayed on the Company's website. Official press releases are sent to Stock Exchanges.

ii. Management Discussion and Analysis Report, in compliance with the requirements of clause 49 of the Listing Agreement with Stock Exchanges, is annexed to the Directors' Report which forms part of this Annual Report being sent to all the members of the Company.

iii. The consolidated financial statements of the Company and its subsidiaries, namely: Vadinar Power Company Limited, Essar Oil Vadinar Limited and Essar Energy Overseas Limited form part of this Annual Report.

iv. The quarterly / annual financial statements along with Corporate Governance reports, Shareholding Pattern, Annual Report and other documents in compliance with the requirements of listing agreement entered into with Stock Exchanges, are made available on the website for Corporate Filing and Dissemination System (CFDS) / Electronic Data Information Filing and Retrieval System (EDIFAR).

v. Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting.

10. **General Shareholder Information:**

i.	AGM date, time and venue		27th June, 2009 at 2:30 p.m. at the Registered Office of the Company at Khambhalia Post, Dist. Jamnagar - 361305
ii.	Tentative financial calendar	Approval of the results for the quarter ending 30th June, 2009; 30th September, 2009; 31st December, 2009; and 31st March, 2010.	In the following month of the quarter ending
		Audited annual results for the year ending 31st March, 2010	Before 30th June, 2010
iii.	Date of Book closure		25th June, 2009 to 27th June, 2009 (both days inclusive)
iv.	Dividend payment date		N. A.

v. **Listing of equity shares on Stock Exchanges:**

The equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The shares are available for trading in the Futures and Options (F&O) segment by NSE. The Company has paid the annual listing fees for the financial years 2008-2009 and 2009-2010 to BSE and NSE.

vi. **Stock Codes**:

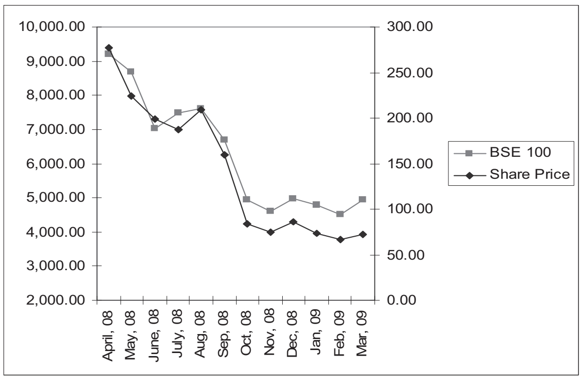
Equity shares	
Trading Symbol	
Bombay Stock Exchange Limited	500134
National Stock Exchange of India Limited	ESSAROIL
ISIN with NSDL and CDSL	INE011A01019
Non - Convertible Debentures	
6% Non Convertible Debentures of Rs.105/- each redeemable on 31.12.2009 (Option 3A) [Rs.25/- per debenture redeemed during the year and outstanding principal amount is Rs.30/- per debenture]	INE011A07032
9.25% Non Convertible Debentures of Rs.105/- each redeemable on 31.03.2010 (Option 1) [Rs.35/- per debenture redeemed during the year and outstanding principal amount is Rs.70/- per debenture]	INE011A07065
12.50% Secured Non Convertible Debentures of Rs.105/- each redeemable on 23.07.2018	INE011A07073
6% Secured Non Convertible Debentures of Rs.105/- each redeemable on 31.3.2010 [Rs.22.325 per debenture redeemed during the year and outstanding principal amount is Rs.22.325 per debenture]	INE011A07081

vii. **Stock Market price data for the financial year 2008-2009**

High / Low of daily closing market price of the Company's shares traded at NSE and BSE during each month in the financial year ended 31st March, 2009 are as under:

Month	Year	NSE (in Rs. per share)		BSE (in Rs. per share)	
		High	Low	High	Low
April	2008	280.85	213.25	280.55	212.90
May	2008	289.45	223.65	289.45	223.65
June	2008	249.25	198.90	249.25	198.90
July	2008	192.70	168.45	192.45	168.50
August	2008	234.75	198.70	234.60	198.70
September	2008	219.85	158.20	219.45	158.55
October	2008	157.35	61.10	157.35	60.95
November	2008	93.65	67.20	93.80	67.25
December	2008	94.60	72.50	94.60	72.65
January	2009	93.10	69.45	93.05	69.60
February	2009	73.85	66.45	73.80	66.50
March	2009	76.70	60.60	76.45	60.65

viii. **Performance of share price in comparison to BSE 100 :**



ix. **Share Transfer Agent:** M/s. Sharepro Services (India) Pvt. Ltd. is the Share Transfer Agent of the Company upto 31st May, 2009. M/s Datamatics Financial Services Ltd. has been appointed as the Share Transfer Agent with effect from 1st June, 2009. The Share Transfer Agent acknowledges and executes transfers of securities and arranges for issue of interest/redemption warrants. The Share Transfer Agent also accepts, deals with and resolves requests, queries and complaints of share / debentureholders.

x. **Share Transfer System:** The Company's shares are traded on the Stock Exchanges compulsorily in dematerialised mode. Physical shares, which are lodged for transfer with the Transfer Agent are processed and returned to the shareholders within a period of 15–20 days.

xi. **Distribution of shareholding as on 31st March, 2009:**

No. of Shares	No. of Shareholders	%	No. of Shares	%
Upto 500	3,32,152	97.22	403,30,595	3.36
501- 1000	6,503	1.90	49,56,523	0.41
1001 - 2000	1,735	0.52	25,89,219	0.22
2001- 3000	431	0.13	11,13,126	0.09
3001- 4000	187	0.05	6,75,540	0.07
4001 - 5000	159	0.05	7,50,743	0.06
5001 - 10000	230	0.07	16,79,922	0.14
10001 and above	239	0.07	114,94,33,936	95.66
TOTAL	3,41,636	100.00	120,15,29,604	100.00

Shareholding pattern as on 31st March, 2009:

Sl. no.	Category	No. of shares	Percentage
I	**Promoters**		
a.	Promoter and Promoter Group	21,79,81,874	18.14
b.	Depository for GDSs	84,63,85,290	70.44
	Sub-total	**106,43,67,164**	**88.58**
II	**Non-Promoters**		
a.	FIs and Banks	1,60,250	0.02
b.	Mutual Funds and UTI	40,514	0.00
c.	Foreign Institutional Investors	7,87,17,058	6.55
d.	Private Corporate Bodies	56,18,202	0.47
e.	Indian Public	5,04,08,543	4.20
f.	NRIs and OCBs	22,17,873	0.18
	Sub-total	**13,71,62,440**	**11.42**
	TOTAL	**120,15,29,604**	**100.00**

xii. **Dematerialisation of shares:** As on 31st March, 2009, 98.15% of the Company's total shares, i.e. 117,93,56,393 shares were held in dematerialized form and 1.85% i.e. 2,21,73,211 shares were held in physical form.

xiii. **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** 55,31,930 Global Depository Shares (GDSs) represented by 84,63,85,290 equity shares were outstanding as on 31st March, 2009. Each GDS represents one hundred fifty three (153) equity shares. There were no warrants or other convertible instruments outstanding as at the year end.

xiv. **Plant Location:** The Refinery of the Company is located at Khambhalia Post, Dist. Jamnagar – 361 305, Gujarat. The Company's oil fields are located at Mehsana, Gujarat.

xv. **Address for communication:** For any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialization of shares/debentures, change of address, non-receipt of annual report, interest warrant and any other query relating to the shares and debentures of the Company, please write to the following address: **M/s Datamatics Financial Services Ltd., Unit: Essar Oil Limited, Plot No. A16 & A17, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400093.** Phone: 91-22-66712151 to 66712156, Fax: 91-22-66712230, Email address: eolinvestors@dfssl.com.

For any assistance, share/debenture holders may write to the Company at the following email ID exclusively designated for the purpose: eolinvestors@essar.com

Declaration by Managing Director

I, Naresh K Nayyar, Managing Director, of Essar Oil Limited hereby declare that all the Board Members and Senior Executives one level below the Executive Directors including all Functional Heads have affirmed for the financial year ended 31st March, 2009 compliance with the Code of Conduct of the Company laid down for them.

Naresh K Nayyar
Managing Director

18th May, 2009

Persons constituting Group coming within the definition of group as defined in the Monopolies Restrictive Trade Practices Act, 1969 for the purpose of inter-se transfer of shares of the Company under regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Sr. No.	Name of Body Corporate	Sr. No.	Name of Body Corporate
1	Essar Global Limited	7	ETHL Global Capital Limited
2	Essar Steel Holdings Limited	8	Hazira Steel 2
3	Essar Energy Holdings Limited	9	Essar Steel Limited
4	Vadinar Oil	10	Essar Shipping Ports & Logistics Limited
5	Essar Investments Limited	11	Reclame Commercial & Securities Pvt. Limited
6	Teletech Investments (India) Limited		

AUDITORS' REPORT
TO THE MEMBERS OF ESSAR OIL LIMITED

1. The financial statements of the Company for the year ended March 31, 2009 ("the original financial statements") were audited by Deloitte Haskins & Sells (Registration Number –117366W) and their audit report dated May 18, 2009 ("the audit report on the original financial statements") expressed an unqualified opinion on the same. The original financial statements and the audit report on the original financial statements were adopted by the shareholders of the Company in the annual general meeting of the Company held on June 27, 2009. The original financial statements have now been revised by the Company in the manner and for the reasons explained in Note B (16) of Schedule XVI to the attached revised financial statements in accordance with the approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-13. The said approval is restricted to revision of the financial statements to reflect a true and fair view of the sales tax incentives /liabilities etc. consequent to an order of the Honorable Supreme Court of India dated January 17, 2012 and subject to compliance of certain conditions.

   As explained in Note B (16) of Schedule XVI to the attached revised financial statements, the Supreme Court of India, vide its order dated January 17, 2012, set aside the order of the Honorable High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the 'Capital Investment Incentive Premier/Prestigious Units Scheme 1995 – 2000' of the State of Gujarat ("the Scheme"). Consequently, the Company had reversed income of Rs. 4,416.12 Crores previously recognised by defeasance of the deferred sales tax liability under the Scheme during May 1, 2008 to December 31, 2011, reversed the cumulative liability of Rs. 189.27 Crores towards contribution to a Government Welfare Scheme which was previously payable being one of the conditions to be eligible under the Scheme ("the welfare scheme") and recognised interest income of Rs. 264.57 Crores now receivable from the assignee of the sales tax liability; and presented the same under 'Exceptional Items' in the Statement of Profit and Loss for the year ended March 31, 2012. However, pursuant to reopening of the books of account in accordance with the aforesaid approval of the MCA, the effects of reversal of income of Rs. 1,184.69 Crores and reversal of liability of Rs. 45.49 Crores towards contribution to the welfare scheme pertaining to the financial year 2008-09 ("the revisions") have been considered in the attached revised financial statements for the year ended March 31, 2009. The effects of the revisions on the original financial statements have been explained in detail in the said Note.

2. We have audited the revisions carried out in the original financial statements to prepare the attached revised financial statements comprising the revised balance sheet of the Company as at March 31, 2009 and also the revised statement of profit and loss and the revised cash flow statement for the year ended on that date, both annexed thereto. These revised financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on the audit report on the original financial statements and our audit of the revisions.

   Having regard to the above and the limited application of SA 560, Subsequent Events, only to the matter described in paragraph 1 above in terms of the approval of the MCA, we conducted our audit of the revisions in accordance with the auditing standards generally accepted in India.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, as reported in the audit report on the original financial statements except for the consequential amendments made in paragraphs 9, 10 and 14 due to the revisions.

4. As reported in the audit report on the original financial statements, attention is invited to:

   (i) Note B (11) (a) of Schedule XVI to the revised financial statements detailing the state of the Master Restructuring Agreement and the reasons for following the principles laid down in other internationally recognised financial reporting frameworks as well as Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   (ii) Note B (11) (c) of Schedule XVI to the revised financial statements with regard to following cash basis of accounting pursuant to the Court Order in respect of certain funded / accrued interest on debentures, pertaining to the Refinery Project under construction / trial runs and payable at various future dates as per the scheme of arrangement and compromise between the Company and its debenture holders.

   (iii) Note B (18) of Schedule XVI to the revised financial statements detailing the reasons for following the principle of recognising a finance lease upon commencement of the lease in accordance with International Accounting

Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

5. Based on the audit report on the original financial statements and our audit of the revisions, and further to the comments in the Annexure referred to in paragraph 3 above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. Attention is invited to sub-para (iv) below;

   (iii) The revised balance sheet, revised statement of profit and loss and revised cash flow statement dealt with by this report are in agreement with the books of account;

   (iv) Having regard to the matters described in paragraph 4 above and the limited application of Accounting Standard (AS) 4, Contingencies and Events Occurring After the Balance Sheet Date only to the matter referred in paragraph 1 above, in our opinion, and according to the information and explanations given to us, the revised balance sheet, revised statement of profit and loss and revised cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (v) As reported in the audit report on the original financial statements, none of the directors is disqualified as on March 31, 2009 from being appointed as a director under section 274(1)(g) of the Companies Act, 1956;

   (vi) In our opinion which is based on the audit report on the original financial statements and our audit of the revisions and according to the information and explanations given to us , the said revised financial statements, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and in respect of the matters described in paragraphs 4(i) and 4(iii) above where accounting principles generally accepted in India do not provide specific guidance, in conformity with the principles laid down in other internationally recognised financial reporting frameworks:

(a) in the case of the revised balance sheet, of the state of affairs of the Company as at March 31, 2009;
(b) in the case of the revised statement of profit and loss, of the loss of the Company for the year ended on that date; and
(c) in the case of the revised cash flow statement, of the cash flows of the Company for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration no. 117365W)

R D Kamat
Partner
Membership No.36822

Mumbai, November 09, 2012,

Annexure to the Auditors' Report to the members of Essar Oil Limited
[referred to in paragraph (3) thereof]

In our opinion which is based on the audit report on the original financial statements and our audit of the revisions and according to the information and explanations given to us, the nature of the Company's business / activities during the year are such that clauses (xii), (xiii), (xiv), (xviii) and (xx) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.

1. In respect of its fixed assets:
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b. The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is largely reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets verified during the year.
   c. In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of its inventories:
   a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification as compared to the book records.

3. i) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
   ii) a) During the year, the Company has taken unsecured loans of Rs 477.28 Crores from five companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the

year and the year-end balance of such loans aggregate to Rs. 533.68 Crores and Rs. 235.82 Crores, respectively.

In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken are not *prima facie* prejudicial to the interest of the Company.

b) The Company has been regular in payment of the principal and interest, wherever applicable, in respect of the above loans taken.

4. In our opinion and according to the information and explanations given to us, and considering that some of the items purchased are of a specialised nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Having regard to this, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956.

6. In our opinion and according to the information and explanations given to us the Company has not accepted any public deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956, or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No Order has been passed by the Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In our opinion, the Company has an internal audit system generally commensurate with the size of the Company and nature of its business. With the commencement of commercial production during the current year, the department requires further strengthening to focus on systems and controls of critical areas.

8. We are informed by the management that the Central Government has prescribed the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956, in respect of manufacture of petroleum products. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that, *prima facie*, prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate.

9. In respect of statutory dues:

a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax other than those covered in paragraph (c) below, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, as applicable, with the appropriate authorities except in certain instances including for payment of Municipal Tax and Non Agricultural Tax, where certain delays were noticed.

There are no material undisputed amounts payable in respect of the above statutory dues outstanding as at March 31, 2009 for a period exceeding six months from the date they became payable.

b. According to the information and explanations given to us, details of Customs Duty including interest thereon and Sales Tax which have not been deposited as on March 31, 2009 on account of disputes are given below:

Name of Statute	**Nature of Dues**	**Amount (Rs. in Crores)**	**Period to which the Amount relates**	**Forum where dispute is pending**
Customs Act, 1962	Customs Duty and interest	1.49	May'06 to July'06	Commissioner of Customs (Appeals), Ahmedabad
		0.01	September '06 to February '07	Commissioner of Customs (Appeals), Jamnagar
		0.04	September '06 to February '07	Commissioner of customs (Appeals), Jamnagar
		0.88	May'06 to July'06	Commissioner of Customs (Appeals), Ahmedabad
		0.50	January'07 to March'07	Appeal not yet filed.
Kerala General Sales Tax Act, 1963	Sales Tax	4.05	2004-05	High Court (Kerala)
Kerala General Sales Tax Act, 1963	Sales Tax	0.06	2008-09	Deputy Commissioner, Commercial Tax, Kerala

According to the information and explanations given to us, there were no dues pending to be deposited on account of any dispute in respect of Income Tax, Wealth Tax, Service Tax, Excise Duty and Cess as on 31st March, 2009.

c. Note B (16) of Schedule XVI to the revised financial statements and paragraph 1 of the auditors' report on the revised financial statements refer to the Supreme Court Judgment of January 17, 2012. The sales tax dues covered by the said judgment are Rs 6,168.97 Crores (including Rs 1,279.65 Crores as at March 31, 2009). The Company has deposited Rs 1,000 Crores on account of the sales tax as per the directive of the Honorable Supreme Court on July 26, 2012. In response to a Special Leave Petition filed by the Company with the Honorable Supreme Court seeking installments for payment of the sales tax dues without interest, the Honorable Supreme Court has, on September 13, 2012, passed an order allowing the payment of the balance sales tax dues in eight equal quarterly installments beginning January 2, 2013 with interest of 10% p.a. with effect from January 17, 2012.

10. The accumulated losses in the revised statement of profit and loss of the Company are not more than fifty per cent of its net worth at the end of the financial year. *The Company has incurred cash losses during the year and in the immediately preceding financial year.*

11. In our opinion, according to the information and explanations given to us, and taking into consideration the terms of the Master Restructuring Agreement ("MRA") entered into with the financial institutions and banks pursuant to the Corporate Debt Restructuring package approved under RBI's Corporate Debt Restructuring scheme ("CDR scheme") and the terms of the approved schemes of arrangement with the debenture-holders and the scheme lenders, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders except for default in repayment of loans of Rs. 365.53 crores (including interest of Rs. 108.52 crores) to the banks not covered by the MRA for the period May, 2002 to March, 2009. We have been informed that the Company is in the process of pursuing restructuring of the said loans.

12. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for the loans taken by others from banks and financial institutions, are not, *prima facie*, prejudicial to the interests of the Company.

13. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were,

prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

14. *According to the information and explanations given to us and on an overall examination of the revised balance sheet of the Company, and as explained in Note B (10) of Schedule XVI to the revised financial statements, we report that the Company has applied funds raised through supplier's credit and other short term sources* (excluding net increase in current liabilities by Rs 1,139.20 crores due to revisions as detailed in Note B (16) of Schedule XVI to the revised financial statements) *amounting to Rs. 2,058.24 Crores, including Rs. 1,856.73 Crores up to the date the plant was under trial runs, for long-term purposes.* As per the information and explanations given to us and as explained in Note B (13) of Schedule XVI to the revised financial statements, an advance of Rs. 420.83 Crores given to a wholly owned subsidiary as advance towards equity has been treated as short-term application of funds in view of the scheme of amalgamation referred to in the said note.

15. According to the information and explanations given to us and the records examined by us, the securities have been created in respect of the debentures except for the personal guarantees by some of the directors together with collateral securities.

16. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration no. 117365W)

R D Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

ESSAR OIL LIMITED

REVISED BALANCE SHEET AS AT MARCH 31, 2009

Particulars	Schedule	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Sources of funds			
Shareholders' funds			
a) Share capital	I	**1,218.13**	1,190.36
b) Advance towards issue of global depository shares		**91.03**	151.67
c) Reserves and surplus	II	**2,807.56**	2,287.89
Loan funds			
a) Secured loans	III	**9,419.15**	9,134.05
b) Unsecured loans	IV	**612.56**	681.22
Deferred tax liability (net)		**-**	31.53
(Refer note B (27) of schedule XVI)			
	TOTAL	**14,148.43**	13,476.72
Application of funds			
Fixed assets	V		
a) Gross block		**13,364.74**	551.68
b) Less: Accumulated depreciation and amortisation		**758.90**	121.60
c) Net block		**12,605.84**	430.08
Capital work-in-progress	V	**1,913.90**	13,290.31
Investments	VI	**103.05**	103.05
Deferred tax asset (net)		**0.57**	-
(Refer note B (27) of schedule XVI)			
Current assets, loans and advances	VII		
a) Inventories		**2,250.93**	4,890.92
b) Debtors		**1,165.35**	803.36
c) Cash and bank balances		**1,174.63**	1,002.84
d) Other current assets		**183.10**	54.54
e) Loans and advances		**908.85**	800.96
		5,682.86	7,552.62
Less: Current liabilities and provisions	VIII		
a) Current liabilities		**7,806.36**	7,915.59
b) Provisions		**25.34**	12.95
		7,831.70	7,928.54
Net current assets		**(2,148.84)**	(375.92)
Debit balance in revised statement of profit and loss		**1,673.91**	29.20
	TOTAL	**14,148.43**	13,476.72
Significant accounting policies and notes to revised financial statements	**XVI**		

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

R. D. Kamat
Partner
Mumbai, November 09, 2012

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ESSAR OIL LIMITED

REVISED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Schedule	For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Income			
Turnover (gross) (Refer note B (28) of schedule XVI)		**41,855.97**	651.93
Less: Excise duty		**3,761.62**	-
Turnover (net)		**38,094.35**	651.93
Less : Sales tax (Refer note B (16) of schedule XVI)		**538.27**	89.64
		37,556.08	562.29
Other income	**IX**	**144.07**	14.49
		37,700.15	576.78
Expenditure			
Purchase of traded petroleum products		**650.93**	495.10
Consumption of raw materials (Refer note B (36) of schedule XVI)		**32,560.27**	-
(Increase) / Decrease in stock	**X**	**991.75**	99.28
Operating expenses	**XI**	**368.39**	-
Employee costs	**XII**	**96.88**	2.30
Selling and marketing expenses	**XIII**	**354.74**	4.89
General and administrative expenses	**XIV**	**1,474.58**	10.69
		36,497.54	612.26
Profit / (Loss) before interest, depreciation and amortisation, exceptional items and taxes		**1,202.61**	(35.48)
Less: Interest and other finance charges	**XV**	**1,091.48**	6.06
Less: Depreciation and amortisation		**654.85**	2.53
Net loss before exceptional items and taxes		**(543.72)**	(44.07)
Less: Exceptional items (Refer note B (16) of schedule XVI)		**1,139.20**	-
Net loss before taxes		**(1,682.92)**	**(44.07)**
Taxes			
Foreign tax		-	(2.38)
Deferred tax credit		**(32.10)**	(0.57)
Fringe benefit tax		**1.89**	0.06
Net loss after taxes		**(1,652.71)**	(41.18)
Balance brought forward from previous year		**(51.45)**	(20.27)
Add: Amount transferred from foreign projects reserve (Refer note B (23) (a) of schedule XVI)		**8.00**	10.00
Balance carried forward		**(1,696.16)**	(51.45)
Out of above:			
Shown as deduction from general reserve (refer schedule II)		**(22.25)**	(22.25)
Shown as debit balance in revised statement of profit and loss in the revised balance sheet		**(1,673.91)**	(29.20)
		(1,696.16)	(51.45)
Earnings per share (face value Rs. 10 per share) (Refer note B (25) of schedule XVI)			
- Basic and diluted (Rs.)		**(13.85)**	(0.36)
Significant accounting policies and notes to revised financial statements	**XVI**		

As per our report of even date attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

R. D. Kamat
Partner
Mumbai, November 09, 2012

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ESSAR OIL LIMITED

REVISED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Particulars	For the year ended March 31, 2009 Rs. in Crore		For the year ended March 31, 2008 Rs. in Crore
A	**Cash flow from operating activities**			
	Net loss before tax and extraordinary items	**(1,682.92)**		(44.07)
	Adjustments for :			
	Depreciation / amortisation	**654.85**		2.53
	Income from lease rental	**(0.85)**		(0.60)
	Fixed assets written off	**0.21**		0.05
	Income on account of arbitration claim (receivable)	**(3.10)**		(3.10)
	Interest on income tax refund	**(15.95)**		(0.34)
	Interest income from long term deposits	**(0.60)**		(0.12)
	(Profit) / loss on sale of fixed assets (net)	**-**		(0.02)
	Unrealised exchange differences	**56.17**		-
	Interest	**748.76**		2.89
	Bad debts written off / doubtful debts provided for	**0.07**		1.08
	Credit balances / Old payables written back	**(0.75)**		(0.36)
	Operating profit / (loss) before working capital changes	**(244.11)**		(42.06)
	Working capital changes			
	Adjustments for :			
	Changes in inventories	**3,273.55**		98.95
	Changes in receivables, advances and deposits	**(2,520.05)**		17.00
	Changes in payables	**1,407.99**		(151.22)
	Cash generated from / (used in) operating activities	**1,917.38**		(77.33)
	Income tax refund / (payment) (net) (including interest)	**3.05**		(21.36)
	Net cash generated from / (used in) operating activities (A)	**1,920.43**		(98.69)
B	**Cash flow from investing activities**			
	Additions to fixed assets / capital work in progress (including trial run)	**(1,678.77)**		(1,483.79)
	Amount spent towards common expenditure allocated to the port terminal	**-**		(5.93)
	Advances given for equity	**(310.62)**		(110.21)
	Sale of fixed assets	**1.75**		0.43
	Purchase of investments	**-**		(0.05)
	Changes in long term deposit (net)	**(14.70)**		0.13
	Interest received on long term deposits (other than margin deposits)	**0.12**		-
	Net cash generated from / (used in) investing activities (B)	**(2,002.22)**		(1,599.42)

ESSAR OIL LIMITED

REVISED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Particulars	For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings (including funding of interest (net)) (Refer note B (11) (a) of schedule XVI)	**259.91**	1,459.04
	Repayment of long term borrowings	**(335.30)**	(897.60)
	Changes in short term borrowings (net)	**(62.01)**	667.58
	Proceeds towards GDS issued / to be issued (net of refund)	**521.69**	646.82
	Interest paid for operating activities	**(705.68)**	(3.86)
	Changes in balance of bills of exchange accepted	**321.40**	(28.03)
	Net cash generated from / (used in) financing activities (C)	**0.01**	1,843.95
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(81.78)**	145.84
	Cash and cash equivalents at the beginning of the year	**269.59**	123.75
	Cash and cash equivalents at the end of the year	**187.81**	269.59
	Net (decrease) / increase in cash and cash equivalents	**(81.78)**	145.84

Notes:

1 Non cash transactions:

During the year:

a) The Company has taken transit accomodation facility costing Rs. 10.25 crore on finance lease basis. (Refer note B(19) of schedule XVI)

During previous year:

a) The Company has taken township costing Rs. 67.27 crore and sale depot costing Rs. 2.55 crore on finance lease basis. (Refer note B(19) of schedule XVI)

2 Cash and cash equivalents included in the revised cash flow statement comprise of the following balance sheet amounts:

	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
<u>Cash on hand and balances with banks</u>		
Cash and bank balances as per balance sheet	**1,174.63**	1,002.84
Less: Margin and long term fixed deposits #	**986.58**	729.59
Less: Effect of exchange rate changes	**0.24**	3.66
Cash and cash equivalents as restated	**187.81**	269.59

Comprises of margin deposits mainly towards letters of credit facilities availed and term deposits

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

R. D. Kamat
Partner
Mumbai, November 09, 2012

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, November 09, 2012

Suresh Jain
Chief Financial Officer

ESSAR OIL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE REVISED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - I

SHARE CAPITAL

Particulars		As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Authorised			
5,000,000,000 (Previous year 5,000,000,000) equity shares of Rs. 10 each		**5,000.00**	5,000.00
Issued and subscribed			
1,263,455,604 (Previous year 1,235,683,656) equity shares of Rs.10 each		**1,263.46**	1,235.69
Paid up			
1,201,529,604 (Previous year 1,173,757,656) equity shares of Rs. 10 each fully paid up		**1,201.53**	1,173.76
Add : Forfeited shares - 61,926,000 (Previous year 61,926,000) equity shares of Rs. 10 each		**16.60**	16.60
	TOTAL	**1,218.13**	1,190.36

Notes:- Of the above equity shares :

a) 65,370,000 (Previous year 65,370,000) equity shares were allotted as fully paid-up equity shares pursuant to a contract for consideration other than cash during the financial year 1992-1993.

b) 846,385,290 (Previous year 818,613,342) equity shares are represented by 5,531,930 (Previous year 5,350,414) global depository shares (GDS). GDS issued during the year 181,516 (Previous year 223,706) are represented by 27,771,948 (Previous year 34,227,018) equity shares.

SCHEDULE - II

RESERVES AND SURPLUS

Particulars		As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Capital reserve			
Balance as per last balance sheet		**40.89**	40.89
	(A)	**40.89**	40.89
Securities premium account			
Balance as per last balance sheet		**2,201.34**	1,551.03
Add : Premium on issuance of GDS		**527.67**	650.31
	(B)	**2,729.01**	2,201.34
Foreign projects reserve			
Balance as per last balance sheet		**8.45**	18.45
Less: Transferred to revised statement of profit and loss (Refer note B (23) (a) of schedule XVI)		**8.00**	10.00
	(C)	**0.45**	8.45
General reserve			
Balance as per last balance sheet		**22.25**	22.30
Less: Adjustment on account of transitional provision of Accounting Standard 15 : Employee benefits		**-**	0.05
		22.25	22.25
Less: Debit balance in revised statement of profit and loss (to the extent of balance in general reserve)		**22.25**	22.25
	(D)	**-**	-
Debenture redemption reserve			
Balance as per last balance sheet		**37.21**	37.21
(Refer note B (23) (b) of schedule XVI)	**(E)**	**37.21**	37.21
	TOTAL (A+B+C+D+E)	**2,807.56**	2,287.89

SCHEDULE - III

SECURED LOANS

Particulars			As at March 31, 2009 Rs. in Crore		As at March 31, 2008 Rs. in Crore
Debentures					
(Refer note B (11) (c) of schedule XVI)					
Non convertible debentures			**301.33**		390.03
12.5% Non convertible debentures			**6.57**		6.57
	(A)		**307.90**		396.60
Term loans and funded interest facilities					
Term loans (Refer note B (11) (d) of schedule XVI)					
From banks			**4,591.61**		4,341.47
{Including interest accrued and due Rs. 9.02 crore (Previous year Rs. 14.03 crore)}					
From financial institutions			**2,895.89**		2,900.22
{Including interest accrued and due Rs. Nil (Previous year Rs. 3.69 crore)}					
Funded interest facilities					
(Comprising funding of interest for the period October 01, 1998 to December 29, 2003)					
(Refer note B (11) (a) of schedule XVI)					
From banks		**1,033.00**		1,095.69	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026		**840.13**	**192.87**	910.52	185.17
From financial institutions		**1,641.72**		1,431.87	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026 / 2031		**1,350.49**	**291.23**	1,189.89	241.98
	(B)		**7,971.60**		7,668.84
Short term loans from banks	**(C)**		**1,118.64**		1,044.74
Bank overdraft	**(D)**		**21.01**		-
Demand loan from a bank	**(E)**		**-**		23.87
	TOTAL (A+B+C+D+E)		**9,419.15**		9,134.05

Notes :

Debentures

Rs. 301.33 crore (Previous year Rs. 390.03 crore) debentures are secured / to be secured by first / second ranking security interests, on all movable and immovable assets, present and future and additionally first ranking security interests in favour of holders of more than 2000 debentures by pledge of certain shares of the Company held by its promoters / associates of promoters or of the company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities.

Term loans and funded interest facilities from banks and financial institutions and debentures of Rs. 6.57 crore

a) Rs. 10,141.81 crore (Previous year Rs. 9,769.09 crore) of term loans, funded interest facilities and debentures of Rs. 6.57 crore (Previous year Rs. 6.57 crore) are secured / to be secured by first ranking security interests on all immovable assets (except certain leased out assets), all movable assets other than current assets and second ranking security interests on current assets, present and future, pledge of certain shares of the Company held by its promoters / associates of the promoters or of the Company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities. A term loan of Rs. 137.83 crore (Previous year Rs. 140.41 crore) {(including funded interest facilities of Rs. 33.83 crore) (Previous year Rs. 36.41 crore)} is also secured by a corporate guarantee and certain assets of a group Company.

b) Rs. 0.01 crore (Previous year Rs. 0.16 crore) of vehicle loans are secured by hypothecation of the vehicles financed.

c) Rs. 20.40 crore (Previous year Rs. Nil) of a term loan from a Bank is secured by hypothecation of current assets of an oilfield, bank escrow accounts for certain receivables and a corporate guarantee provided by a group Company.

Short term and demand loans from banks

Rs. 1,118.64 crore (Previous year Rs. 1,068.61 crore) short term and demand loans from banks are secured / to be secured by first charge on all the current assets excluding that of exploration division, second charge by way of mortgage of land and building and plant and machinery and other assets excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by a group Company and other collaterals being second charge on pledge of certain shares of the Company and that of a group Company held by promoters.

Bank overdraft of Rs. 21.01 crore (Previous year Rs. Nil) from a bank is secured by fixed deposits placed by the Company with the bank.

SCHEDULE - IV

UNSECURED LOANS

Particulars	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Conditional grant from a bank	**6.88**	5.87
(Refer note B (20) of schedule XVI)		
Term loans		
From a bank in foreign currency (Refer note B (11) (b) of schedule XVI) {Including interest accrued and due Rs. 108.52 crore (Previous year Rs. 70.62 crore)}	**365.53**	270.99
Other loans		
From a bank in foreign currency	**-**	28.29
From others {Including interest accrued and due Rs. 2.04 crore (Previous year Rs.2.06 crore)} {Including payable within one year Rs. 54.35 crore (Previous year Rs. 183.06 crore)}	**165.47**	308.08
Finance lease obligation	**74.68**	67.99
(Refer note B (19) (b) of schedule XVI)		
TOTAL	**612.56**	681.22

SCHEDULES ANNEXED TO AND FORMING PART OF THE REVISED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - V

FIXED ASSETS

Rs. in crore

Description of the assets	Gross block (at cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2008	Additions	Deductions/ Write Offs / Adjustments	As at March 31, 2009	As at April 01, 2008	During the year	Deductions/ Write Offs / Adjustments	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
A) Tangible assets										
Land	50.19	19.81	9.89	**60.11**	-	-	-	**-**	**60.11**	50.19
Building	29.47	257.76	4.20	**283.03**	14.52	21.30	2.78	**33.04**	**249.99**	14.95
Plant and machinery	175.49	12,551.58	68.41	**12,658.66**	56.86	603.69	31.47	**629.08**	**12,029.58**	118.63
Producing properties	142.72	37.29	-	**180.01**	1.06	0.26	-	**1.32**	**178.69**	141.66
Furniture and fixtures	6.62	0.78	0.02	**7.38**	4.58	0.81	0.01	**5.38**	**2.00**	2.04
Office equipments	32.04	4.30	0.57	**35.77**	18.31	5.03	0.50	**22.84**	**12.93**	13.73
Vehicles	4.75	3.32	0.01	**8.06**	1.53	1.42	0.01	**2.94**	**5.12**	3.22
Total (A)	**441.28**	**12,874.84**	**83.10**	**13,233.02**	**96.86**	**632.51**	**34.77**	**694.60**	**12,538.42**	344.42
B) Intangible assets										
Softwares and licenses	22.38	11.07	-	**33.45**	4.83	5.55	-	**10.38**	**23.07**	17.55
Total (B)	**22.38**	**11.07**	**-**	**33.45**	**4.83**	**5.55**	**-**	**10.38**	**23.07**	17.55
C) Assets taken on lease										
Land	0.17	-	-	**0.17**	-	-	-	**-**	**0.17**	0.17
Building	65.65	7.08	-	**72.73**	1.36	33.33	-	**34.69**	**38.04**	64.29
Plant and machinery	3.60	2.02	-	**5.62**	0.18	0.23	-	**0.41**	**5.21**	3.42
Furniture and fixtures	-	0.88	-	**0.88**	-	0.17	-	**0.17**	**0.71**	-
Office equipments	0.40	0.27	-	**0.67**	0.17	0.28	-	**0.45**	**0.22**	0.23
Total (C)	**69.82**	**10.25**	**-**	**80.07**	**1.71**	**34.01**	**-**	**35.72**	**44.35**	68.11
D) Assets given on lease										
Plant and machinery	18.20	-	-	**18.20**	18.20	-	-	**18.20**	**-**	-
Total (D)	18.20	-	-	**18.20**	**18.20**	**-**	**-**	**18.20**	**-**	-
Total (A + B + C + D)	**551.68**	**12,896.16**	**83.10**	**13,364.74**	**121.60**	**672.07**	**34.77**	**758.90**	**12,605.84**	430.08
Previous year	303.86	252.33	4.51	551.68	107.59	17.83	3.82	121.60	430.08	
Capital work-in-progress									**1,913.90**	13,290.31

Capital work-in-progress {including advances on capital account Rs. 795.71 crore (Previous year Rs. 2,215.39 crore) and expenditure during construction pending allocation Rs 352.14 crore (Previous year Rs 6,347.70 crore} {(Refer note B (10), B(11)(a) and B(35) of schedule XVI)}

NOTES:

1 Total depreciation / amortisation / depletion for the year - Rs. 672.07 crore (Previous year Rs. 17.83 crore) is charged / allocated as under :
(i) Rs. 654.85 crore (Previous year Rs. 2.53 crore) to revised statement of profit and loss;
(ii) Rs. 16.23 crore (Previous year Rs. 14.95 crore) to expenditure during construction / trial runs;
(iii) Rs. 0.99 crore (Previous year Rs. 0.35 crore) to capital work-in-progress (exploration activities);

2 Plant and machinery includes capital expenditure of Rs. 23.27 crore (Previous year Rs. 25.61 crore) incurred by the Company for a 220 KVA line from Paschim Gujarat Vij Company Limited (PGVCL) feeder, the ownership of which vests with PGVCL and is amortised over a period of 20 years.

3 Land includes Rs. 21.36 crore (Previous year Rs. 20.25 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL), Vadinar Power Company Limited (VPCL) and Vadinar Properties Limited. A charge has been created against the land leased to VPCL and VOTL in favour of lenders of VPCL and VOTL respectively.

4 Additions to plant and machinery includes exchange difference of Rs. 200.83 crore on long term monetary items.

5 The estimated useful life of softwares and licenses is estimated to be 5 years from the date of acquisition.

6 Capital work-in-progress includes exchange loss of Rs. 4.43 crore (Previous year Rs. 1.50 crore gain).

7 Capital work-in-progress (including advances on capital account) and expenditure during construction includes Rs. 1,308.35 crore (Previous year Rs. 661.62 crore) for refinery expansion project, Rs. 212.62 crore (Previous year Rs.142.72 crore) for exploration and production project, Rs.31.76 crore (Previous year Rs. 7.45 crore) for petrochemical project and Rs. 361.17 crore (Previous year Rs. 12,478.52 crore) for base refinery and other projects.

SCHEDULE - VI
INVESTMENTS

Particulars	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Investment in subsidiaries (fully paid - up)		
(Long term, unquoted)		
Trade Investment		
103,000,000 (Previous year 103,000,000) equity shares of Rs. 10 each of Vadinar Power Company Limited (VPCL) (Face value Rs. 10) (Refer note 1 and 2 below)	**103.00**	103.00
Non-trade investment		
50,000 (Previous year 50,000) equity shares of Rs. 10 each of Essar Oil Vadinar Limited (EOVL) (Face value Rs. 10) (Refer note B (13) of schedule XVI)	**0.05**	0.05
1 (Previous year 1) equity share of USD 1 of Essar Energy Overseas Limited (EEOL) (Face value USD 1)	***0.00**	*0.00
*Amount less than Rs. 1 lac		
Other Investments (fully paid - up)		
(Long term, unquoted)		
Non trade investment		
13,000,000 (Previous year 13,000,000) equity shares of Rs. 10 each of Petronet VK Limited (Face value Rs. 10) (Refer note 3 below)	**13.00**	13.00
1,584,000 (Previous year 1,584,000) equity shares of Rs. 10 each of Petronet CI Limited (Face value Rs. 10) (company under liquidation)	**1.58**	1.58
10,000,000 (Previous year 10,000,000) equity shares of Rs. 10 each of Petronet India Limited (Face value Rs. 10)	**10.00**	10.00
	127.63	127.63
Less : Provision for diminution in value of investments	**24.58**	24.58
TOTAL	**103.05**	103.05

Notes:-

1) 51% of the total shares are pledged with the lenders of VPCL against the loans disbursed to VPCL.

2) Consequent to fresh issue of equity shares by VPCL, the holding of the Company in VPCL is reduced from 100% to 53.24% during the year.

3) All the shares are pledged with a lender against the loan disbursed to the Company.

SCHEDULE - VII

CURRENT ASSETS, LOANS AND ADVANCES

Particulars		As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Current Assets			
Inventories			
Raw material {including material in transit Rs. 333.75 crore (Previous year Rs. 1,175.27 crore)}		**1,137.05**	3,255.67
Work-in-progress		**614.22**	1,016.76
Traded / Finished goods		**289.31**	527.92
Stores and spare parts {including material in transit Rs. 3.31 crore (Previous year Rs. 10.79 crore)}		**184.04**	79.59
Other consumables { including material in transit Rs.0.66 crore (Previous year Rs. 1.52 crore)}		**26.31**	10.98
		2,250.93	4,890.92
Sundry debtors			
(Refer note B (17) of schedule XVI)			
Over six months			
- Considered good		**82.65**	84.77
- Considered doubtful		**0.08**	0.01
Others - considered good		**1,082.70**	718.59
		1,165.43	803.37
Less : Provision for doubtful debts		**0.08**	0.01
		1,165.35	803.36
Cash and bank balances			
Cash on hand		**0.28**	0.34
Balances with banks in:			
i) Current accounts (Refer note B (37) of schedule XVI)		**155.16**	142.44
ii) Deposit and escrow accounts		**1,019.19**	860.06
(Deposit accounts comprises of margin deposits mainly placed for letters of credit facilities, guarantees and other term deposits)			
		1,174.63	1,002.84
Other current assets			
Other receivables (Refer note B (17) of schedule XVI)		**158.16**	36.32
Interest accrued on deposits		**24.94**	18.22
		183.10	54.54
	(A)	**4,774.01**	6,751.66
Loans and advances			
(Unsecured and considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
(Refer note B (17) of schedule XVI)			
- Considered good		**200.12**	152.57
- Considered doubtful		**3.00**	3.00
Advance given to a subsidiary Company towards equity (Refer note B (13) of schedule XVI)		**420.83**	110.21
Deposits			
With government and semi-government bodies / departments		**200.61**	421.46
Others		**45.97**	86.23
Advance income tax / Tax deducted at source			
{Net of provisions of Rs. 21.33 crore (Previous year Rs. 21.33 crore)}			
- Considered good		**41.10**	30.49
- Considered doubtful		**1.61**	1.50
Advance fringe benefit tax (Net of provisions of Rs. 10.07 crore)		**0.22**	-
		913.46	805.46
Less : Provision for doubtful advances		**4.61**	4.50
	(B)	**908.85**	800.96
	TOTAL(A+B)	**5,682.86**	7,552.62

SCHEDULE - VIII

CURRENT LIABILITIES AND PROVISIONS

Particulars		As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Current liabilities			
Bills payable		**330.81**	9.41
Sundry creditors			
- Dues to micro and small enterprises (Refer note B (32) of schedule XVI)		**-**	0.91
- Dues to subsidiary companies		**17.68**	9.13
- Others {Including Rs. 4,569.23 crore (Previous year Rs. 2,382.01 crore) covered under letters of credit}		**5,638.24**	7,029.91
Unclaimed debenture interest and principal (secured)* (For security details refer note under schedule III)		**21.18**	11.83
Other liabilities (Refer note B (22) of schedule XVI)		**1,722.39**	608.48
Temporary overdrawn bank balances as per books of account		**41.41**	200.32
Interest accrued but not due on loans		**34.65**	45.60
	(A)	**7,806.36**	7,915.59
Provisions			
Compensated absences		**25.27**	12.03
Gratuity		**0.07**	0.74
Fringe benefit tax (Previous year net of advances of Rs.7.99 crore)		**-**	0.18
	(B)	**25.34**	12.95
	Total (A+B)	**7,831.70**	7,928.54

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.

ESSAR OIL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF REVISED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE - IX
OTHER INCOME

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Interest			
{including tax deducted at source Rs. 27.66 crore			
(Previous year Rs. 0.47 crore)}			
a) On deposits		**97.79**	2.20
b) Others (Refer note B (30) of schedule XVI)		**23.57**	3.46
		121.36	5.66
Profit on sale of fixed assets		**-**	0.02
Lease rentals		**0.85**	0.60
Exchange differences (net)		**-**	5.91
Miscellaneous income		**21.86**	2.30
	TOTAL	**144.07**	14.49

SCHEDULE - X
(INCREASE) / DECREASE IN STOCK

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Opening stock:			
Finished goods*		**668.76**	-
Work-in-progress*		**1,195.53**	-
Traded goods		**30.99**	130.27
	(A)	**1,895.28**	130.27
Closing stock:			
Finished goods		**276.87**	-
Work-in-progress		**614.22**	-
Traded goods		**12.44**	30.99
	(B)	**903.53**	30.99
(Increase) / Decrease in stock	(A) - (B)	**991.75**	99.28

* As on May 1, 2008 being date of capitalisation of refinery (Refer note B (10) of schedule XVI)

SCHEDULE - XI
OPERATING EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Consumption of stores and spare parts		**38.91**	-
Intermediate material handling charges		**15.45**	-
Power and fuel {Net of consumed out of own production Rs. 479.29 crore (Previous year Rs. Nil)		**159.31**	-
Excise duty (Difference between excise duty on opening* and closing stock)		**(12.00)**	-
Other operating expenses		**166.72**	-
	TOTAL	**368.39**	-

* As on May 1, 2008 being date of capitalisation of refinery (Refer note B (10) of schedule XVI)

SCHEDULE - XII
EMPLOYEE COSTS

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Salaries, wages and bonus		**89.01**	1.79
Contribution to / provision for provident and other funds		**3.79**	0.13
Staff welfare expenses		**4.08**	0.38
	TOTAL	**96.88**	2.30

SCHEDULE - XIII
SELLING AND MARKETING EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Terminalisation charges		**9.89**	0.98
Rent for retail outlets		**13.43**	1.49
Commission		**48.06**	-
Product handling charges		**248.83**	-
Others		**34.53**	2.42
	TOTAL	**354.74**	4.89

SCHEDULE - XIV

GENERAL AND ADMINISTRATIVE EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Rates and taxes		**3.09**	3.39
Insurance		**12.04**	-
Professional fees		**61.06**	-
Rent		**15.27**	0.20
Repairs and maintenance			
a) Buildings		**5.73**	-
b) Plant and machinery		**16.07**	-
c) Others		**10.15**	-
Sundry expenses		**89.75**	7.10
Exchange differences (net) (Refer note B (14) of schedule XVI)		**1,261.42**	-
	TOTAL	**1,474.58**	10.69

SCHEDULE - XV

INTEREST AND OTHER FINANCE CHARGES

Particulars	For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Interest		
a) On debentures	**61.35**	-
b) On fixed loans	**652.59**	-
c) On others	**34.82**	4.21
Change in present obligation of certain loans (Refer note B 11 (a) of schedule XVI)	**42.11**	-
Other finance charges	**300.61**	1.85
TOTAL	**1,091.48**	6.06

SCHEDULE XVI

Significant accounting policies and notes to revised financial statements.

A. Significant accounting policies:

1. Basis of accounting

The revised financial statements of Essar Oil Limited (the Company) are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India ("GAAP") except that the revision of the original financial statements have been carried out in accordance with the approval of the Ministry of Corporate Affairs only for a limited purpose of reflecting a true and fair view of the sales tax incentives / liabilities, etc. consequent to an order dated January 17, 2012 of the Hon'ble Supreme Court of India concerning the Government of Gujarat (Refer note 16 of part B of this schedule) which has effect of restricting application of Accounting Standard (AS) 4, Contingencies and Events Occurring after the Balance Sheet date, only to the said event in so far as it relates to the events after approval of the original financial statements of the Company by the Board of Directors in its meeting held on May 18, 2009. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

The financial statements are prepared on accrual basis. Attention is invited to note (11) (c) of part B of this schedule.

2. Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the year. Though management believes that the estimates used are prudent and reasonable, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Revenue recognition

Revenue on sale of goods is recognised when property in the goods is transferred to the buyer for a price, or when all significant risks and rewards of ownership have been transferred to the buyer and no effective control is retained by the Company in respect of the goods transferred, to a degree usually associated with ownership, and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.

Revenue on transactions of rendering services is recognised under the completed service contract method. Contract is regarded as completed when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

4. Government grants

Government grants are recognised only when there is reasonable assurance that the conditions attached to the grants will be complied with, and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

5. Fixed assets and depreciation

Fixed assets are recorded at cost less accumulated depreciation and impairment loss, if any. Cost is inclusive of non-recoverable duties and taxes, cost of construction including erection, installation, commissioning, know how and expenditure during construction including borrowing costs and results of trial runs.

Depreciation on plant and machinery is provided as per straight line method. All other assets are depreciated as per written down value method. Depreciation is computed at the rates based on the estimated useful lives of the assets or at the rates provided under schedule XIV of the Companies Act, 1956 whichever is higher.

Depreciation on additions / deductions to fixed assets made during the year is provided on a pro-rata basis from / upto the date of such additions / deductions, as the case may be.

Cost of the assets purchased and / or constructed by the Company whose ownership vests with others by virtue of a contract or otherwise, are amortised at the higher of rates based on the estimated useful lives of the assets or the contract period, or at the rates provided under Schedule XIV of the Companies Act, 1956.

Direct expenditure on projects or assets under construction or development is shown under capital work-in-progress.

The progress / milestone based payments made under the contracts for projects and assets under construction or development and other capital advances are considered as advances on capital account until the same are allocated to fixed assets, capital work- in - progress, expenditure during construction and other relevant accounts, as applicable.

Expenditure incidental to the construction of projects or assets under construction or development that take substantial period of time to get ready for their intended use is accumulated as expenditure during construction, pending allocation to fixed assets and other relevant accounts, as applicable.

6. **Intangible assets and amortisation**

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised over the best estimate of their useful lives, subject to a rebuttable presumption that such useful lives will not exceed ten years.

7. **Oil and gas exploration and development of assets**

The Company follows the full cost method of accounting for its oil and gas exploration and development activities whereby, all costs associated with acquisition, exploration and development of oil and gas reserves, are capitalised under capital work-in-progress, irrespective of success or failure of specific parts of the overall exploration activity within or outside a cost centre (known as 'cost pool').

Exploration and survey costs incurred are held outside the cost pool until the existence or otherwise of commercial reserves are determined. These costs remain un-depleted pending determination, subject to there being no evidence of impairment. Costs are released to its related cost pool upon determination or otherwise of reserves.

When any field in a cost pool is ready to commence commercial production, the accumulated costs in that cost pool are transferred from capital work-in-progress to the gross block of assets under producing properties. Subsequent exploration expenditure in that cost pool is added to the gross block of assets either on commencement of commercial production from a field discovery or failure. In case a block is surrendered, the accumulated exploration expenditure pertaining to such block is transferred to the gross block of assets.

Expenditure carried within each cost pool (including future development cost) is depleted on a unit-of-production basis with reference to quantities, with depletion computed on the basis of the ratio that oil and gas production bears to the balance proved and probable reserves at commencement of the year.

8. **Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

9. Valuation of inventories

Inventories (other than crude oil extracted by exploration and production segment) are valued at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Closing stock of crude oil extracted and in saleable condition is valued at net realisable value.

10. Foreign currency transactions

Foreign currency transactions are accounted at the rate normally prevailing on the transaction date. Monetary items denominated in foreign currency other than net investment in non-integral foreign operations are translated at the exchange rate prevailing at the balance sheet date. In case of non-integral foreign operations, all the assets and liabilities are translated at the closing rate whereas the income and expense items are translated at average exchange rate during the period.

Exchange differences arising on settlement or conversion of short term monetary items are recognised in the statement of profit and loss or capital work-in-progress / expenditure during construction, as applicable. Exchange differences relating to long term monetary items are accounted as under:
(i) in so far as they relate to the acquisition of a depreciable capital asset added to / deducted from the cost of the asset and depreciated over the balance useful life of the asset ;
(ii) in other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised to the profit and loss account over the balance life of the long term monetary item or March 31, 2011 whichever is shorter.
Exchange differences arising on a monetary item that, in substance, forms part of an enterprise’s net investments in a non-integral operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the same is recognised in the statement of profit and loss.

11. Derivative instruments (other than forward exchange contracts)

Commodity derivatives

In order to hedge its exposure to commodity price risk, the Company enters into non-speculative hedges, such as forward, option or swap contracts and other appropriate derivative instruments. These instruments are used only for the purpose of managing the exposure to commodity price risk and not for speculative purposes. The premium and gains / losses arising from settled derivative contracts, and mark to market (MTM) losses in respect of outstanding derivative contracts as at balance sheet date are credited for gains or charged for losses to the raw material consumed in so far as it relates to the derivative instruments taken to hedge risk of movement in price of crude oil, and credited for gains or charged for losses to sales in so far as it relates to the derivative instruments (including margin cracks) taken to hedge risk of movement in price of finished products. The net MTM gains in respect of outstanding derivatives contracts are not recognised on conservative basis.

<u>Others</u>

Gains or losses arising on settlement of financial derivative contracts are credited for gains or charged for losses to the statement of profit and loss or expenditure during construction, as applicable, as and when settlement takes place. The net MTM losses in respect of outstanding derivative contracts as at the balance sheet date are provided for. The net MTM gains in respect of outstanding derivative contracts are not recognised on conservative basis.

12. Lease

<u>Operating lease</u>

Lease expenses and lease income on operating leases are recognised on a straight line basis over the lease term in the statement of profit and loss or expenditure during construction, as applicable.

<u>Finance lease</u>

<u>As lessee:</u>

Assets taken on lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy of the Company on depreciation. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease. The leases are recognised in the books of account at the inception of the lease term. Attention is invited to note B (18) of this schedule.

As lessor:

The assets given under a finance lease are recognised as a receivable in the balance sheet at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

13. Employee benefits

i. Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense in the statement of profit and loss / expenditure during construction, as applicable, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the statement of profit and loss / expenditure during construction, as applicable, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

ii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

14. Valuation of investments

Investments are classified into long term and current investments. Long term investments are carried at cost. Diminution in value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at the lower of cost and fair value.

15. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that take substantial period of time to get ready for its intended use) are charged to expenditure during construction.

Other borrowing costs are recognised in the statement of profit and loss.

16. Taxation

The provision for current taxation is computed in accordance with the relevant tax laws and regulations. Deferred tax is recognised on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date. Deferred tax assets are recognised only when there is a reasonable certainty that sufficient future taxable income will be available against which they will be realised. Where there is a carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence of availability of taxable income against which such deferred tax assets can be realised in future.

Fringe benefit tax is determined at current applicable rates on expenses falling within the ambit of fringe benefit as defined under the Income Tax Act, 1961.

17. Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed.

B. NOTES TO THE REVISED FINANCIAL STATEMENTS

		Year ended March 31, 2009 Rs. in Crore	Year ended March 31, 2008 Rs. in Crore
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including Rs.1.48 crore (Previous year Rs. 1.45 crore) pertaining to joint ventures (Refer note B (21) (b))}	**5,628.52**	5,227.31
2.	Contingent liabilities		
	a) Income tax / sales tax and other demands of various years against which appeals have been filed	**48.61**	48.55
	b) Claims against the Company not acknowledged as debts :		
	i) In respect of custom duty / excise duty	**3.31**	2.19
	ii) In respect of encashment of performance guarantee	**7.98**	7.98
	iii) Others	**198.29**	130.57
	The above includes counter claims on the Company in certain arbitration matters Rs. 93.84 crore (Previous year Rs. 83.08 crore) , matters under litigation being demand for additional compensation in land acquisition matter Rs. 8.48 crore (Previous year Rs. 7.14 crore) , demand of road tax on certain heavy equipment Rs. 10.45 crore (Previous year Rs. 0.67 crore) , stamp duty on import of crude Rs. 57.45 crore (Previous year Rs. 22.70 crore) , interest on a loan under restructuring from a bank Rs. 17.84 crore (Previous year Rs. 10.46 crore), Gujarat entry tax Rs. 5.38 crore (Previous year Rs. 5.38 crore) and other miscellaneous claims of Rs. 4.85 crore (Previous year Rs.1.14 crore).		
	c) Interest not payable if certain funded interest facilities are prepaid {Refer note 11(a) of schedule XVI}	**268.45**	129.50
	d) In respect of custom duty, where the department has gone in appeal	**24.66**	22.45
	e) In respect of bills discounted with banks	**-**	389.67
	Guarantees / Bonds		
	a) Guarantees given by the Company on behalf of others	**552.07**	610.63
	b) Guarantees given by banks / others on behalf of the Company {excluding guarantees and confirming bank guarantees given as security Rs. 7,592.54 crore (Previous year Rs. 4,810.82 crore) in respect of liabilities existing as at balance sheet date} {including Rs.14.72 crore (Previous year Rs. 14.29 crore) pertaining to joint ventures (Refer note B (21)(b))}	**4,210.74**	1,340.00
	The claims by parties in respect of which the management has been legally advised that the same are frivolous and not tenable, have not been considered as contingent liabilities as the possibility of an outflow of resources embodying economic benefits is highly remote.		
3.	CIF value of imports (on accrual basis) {(including goods in transit) (including imports during trial runs Rs. 3,381.28 crore included in expenditure during construction)}		
	a) Raw materials - crude oil	**33,448.43**	17,208.97
	b) Components and spare parts	**101.63**	46.57
	c) Capital goods	**58.40**	196.80
4.	a) Licensed capacity	**Not applicable since delicensed**	-
	b) Installed capacity (Million MT per annum)	**10.50**	NA
	c) Actual throughput (Million MT per annum)	**12.91**	6.53
5.	(i) Consumption of raw materials		
	Raw material consumed - crude oil - including during trial runs		
	a) Quantity consumed (in ' 000 MT) {Including trial run Qty. 964.36 (Previous year Qty. 6,530.75)}	**12,913.45**	6,530.75
	b) Value - Gross		
	i) Imported {Including trial run - Rs. 3,423.45 crore (Previous year Rs. 16,566.16 crore)}	**35,983.72**	16,566.16
	ii) Indigenous	**-**	-
	c) Percentage		
	i) Imported	**100%**	100%
	ii) Indigenous	**-**	-
	(ii) Consumption of stores and spare parts		
	a) Value - Gross		
	i) Imported {Including trial run - Rs. 3.77 crore (Previous year Rs. 14.85 crore)}	**60.33**	19.06
	ii) Indigenous {Including trial run - Rs. 5.99 crore (Previous year Rs. 45.97 crore)}	**64.56**	47.56
	b) Percentage		
	i) Imported	**48.31%**	28.61%
	ii) Indigenous (In absence of separate records allocated in the ratio of purchases)	**51.69%**	71.39%

Quantitative and other information with regard to products manufactured / traded / extracted by the Company:

6.

Particulars	Opening stock		Production	Sales		Closing stock	
	Quantity in '000 MT	Rs. in crore	Quantity in '000 MT	Quantity in '000 MT	Rs. in crore	Quantity in '000 MT	Rs. in crore
Refined petroleum products (including trial runs)	156.44	482.42	12,138.14	12,165.98	44,506.07	128.61	276.72
	(105.80)	(276.60)	(5,060.15)	(5,009.51)	(16,824.52)	(156.44)	(482.42)
(During trial runs)	156.44	482.42	926.28	892.46	3,751.91	-	-
	(105.80)	(276.60)	(5,060.15)	(5,009.51)	(16,824.52)	(156.44)	(482.42)

7.

Particulars	Opening stock		Purchases		Sales		Closing stock	
	Quantity in KL	Rs. in crore	Quantity in KL	Rs. in crore	Quantity in KL	Rs. in crore	Quantity in KL	Rs in crore
Traded products	10,885.95	30.99	2,47,753.91	650.93	2,53,732.13	882.82	4,711.09	12.44
	(56,596.00)	(130.27)	(1,40,677.93)	(490.09)	(1,85,804.33)	(648.05)	(10,885.95)	(30.99)

Particulars	Opening stock		Extraction	Sales		Closing stock	
	Quantity in BBL	Rs. in crore	Quantity in BBL	Quantity in BBL	Rs. in crore	Quantity in BBL	Rs. in crore
Extracted products	479.00	0.16	3,478.17	3,142.17	1.29	815.00	0.15
	(0)	(0)	(15,033.00)	(14,554.00)	(3.88)	(479.00)	(0.16)

Previous year details have been shown in brackets.

		Year ended March 31, 2009 Rs. in Crore	Year ended March 31, 2008 Rs. in Crore
8. (i)	Expenditure in foreign currency (on accrual basis) - including for trial runs / expenditure during construction		
	a) Interest	**83.01**	69.18
	b) Travelling expenses	**2.59**	3.10
	c) For professional / consultancy fees	**12.17**	11.33
	{including Rs. Nil (Previous year Rs. 1.85 crore incurred on behalf of Vadinar Oil Terminal Limited in respect of composite contracts / common expenses)}		
	d) For services	**118.53**	148.40
	e) On commodity hedging	**1,240.19**	1,572.68
	f) Demurrage	**62.81**	14.71
	g) Others	**54.53**	15.73
(ii)	Earnings in foreign currency (on accrual basis) - including for trial runs / expenditure during construction		
	a) Interest	**3.22**	4.66
	b) FOB value of exports	**10,968.69**	11,488.45
	c) On commodity hedging	**1,304.21**	741.16
	d) Others	**0.05**	-
9.	Managerial remuneration		
	a) Salary	**0.98**	1.32
	b) House rent allowance / rent	**0.32**	0.37
	c) Employer's contribution to provident fund and superannuation fund	**0.05**	0.07
	d) Others*	**0.24**	-
		1.59	1.76

(exclusive of provisions for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees. Performance bonus/incentive amount is considered on actual payment basis)

* Others includes perfomance incentive and LTA for the year.

10. The Company has commenced commercial production of Refinery on May 1, 2008. All expenditure pertaining to the completed Refinery Project being advances on capital account, capital work-in-progress and expenditure during construction have been capitalised during the year. Having regard to the foregoing, the current year figures may not be comparable with the previous year figures. The Company has financed some of the expenses in the nature of long term and trial run expenses relating to its working capital requirements through suppliers' credit and other short term sources. The Company plans to progressively fund the same through medium / long term sources, to the extent required .The Company is in the process of increasing the existing capacity of the Refinery and the expenditure incurred on expansion is accounted as advances on capital account, capital work-in-progress and expenditure during construction, as applicable.

11. (a) The Master Restructuring Agreement ("MRA") dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option to the Company to prepay certain funded interest loans of Rs. 2,467.84 crore (Previous year Rs. 2,527.56 crore) arising from funding of interest for the period October 1, 1998 to December 29, 2003 at any point in time during their term at a reduced amount computed in accordance with the mechanism provided in the MRA or in full by one bullet payment in March, 2026 (Refer schedule III).

During the year, the Company agreed to pay a claim of Rs. 206.88 crore of a lender by a single bullet payment in 2031 with an option to prepay this amount as per the agreed terms at a reduced rate at any point of time during its term (Refer schedule III).

In order to give accounting effect to reflect the substance of the above transactions and considering the intention of the management to prepay the funded interest loans under the option aforementioned, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, the principles laid down in International Financial Reporting Standard (IAS 39) (Revised) Financial Instruments – Recognition and Measurement, Statement of Financial Accounting Standard (SFAS 15) Accounting by Debtors and Creditors for Troubled Debt Restructuring under United States Generally Accepted Accounting Principles (US-GAAP), and Accounting Standard (AS 30) Financial Instruments – Recognition and Measurement issued by the Institute of Chartered Accountants of India, have been followed.

In view of the above, an amount of Rs. 2,190.62 crore (Previous year Rs. 2,100.41 crore) shown under secured loans (Refer schedule III) being the amount not payable as at balance sheet date, has been shown as deduction from the funded interest facilities of the financial institutions and the banks to reflect in substance the present obligation under the mechanism on the balance sheet date, with consequential deduction from "Expenditure during construction" till date of capitalisation of the Refinery Project. The changes in the present obligation of the said loans subsequent to capitalisation of the Refinery Project till the date of balance sheet is treated as finance cost in the statement of profit and loss (Refer schedule XV).

In case the Company is unable to prepay the funded interest loans repayable in 2026 by 2012; the Company will be liable to pay interest as per MRA on the said loans w.e.f. April 24, 2007. Hence, the same is considered as a contingent liability.

(b) A foreign currency loan of Rs. 365.53 crore (Previous year Rs. 270.99 crore) including interest of Rs. 108.52 crore (Previous year Rs. 70.62 crore) from a bank is in the process of being restructured as required under the MRA and is consequently considered as long term.

(c) (i) Secured redeemable non – convertible debentures ("NCDs") of Rs. 105/- each consists of :

(1) 14,864,950 (Previous year 14,864,950) – 6% NCDs amounting to Rs. 33.17 crore (Previous year Rs. 66.34 crore) with repayment started from April 30, 2006;

(2) 10,291,750 (Previous year 10,291,350) – 6% NCDs amounting to Rs. 30.88 crore (Previous year Rs. 56.60 crore) with repayment started from December 31, 2006;

(3) 33,315,750 (Previous year 33,316,200) – 9.25% NCDs (including partly paid debentures) amounting to Rs. 59.64 crore (Previous year Rs. 89.45 crore) repayable in equal installments on September 30, 2009 and March 31, 2010;

(4) 16,918,250 (Previous year 16,918,250) – 12.50% NCDs amounting to Rs. 177.64 crore (Previous year Rs. 177.64 crore) with repayment starting from January 24, 2015;

(ii) 700,000 – 12.5% secured redeemable NCDs, of Rs. 100 each on private placement basis are partly paid up @ Rs. 93.86 per debenture amounting to Rs. 6.57 crore (Previous year Rs. 6.57 crore), with repayment starting from January 24, 2015.

The Hon'ble High Court of Gujarat has, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to Rs. 353.10 crore (Previous year Rs. 364.25 crore) as at March 31, 2009 have not been accounted for. Out of the above, funded interest liabilities of Rs. 219.93 crore (Previous year Rs. 219.93 crore) are payable in March, 2026 and April, 2027 and balance on various dates ranging from April, 2009 to April, 2026.

(d) Term loans include interest funded for period up to September 30, 1998, for the period subsequent to December 29, 2003 and interest funded on April 1, 2009.

12. In respect of an insurance claim filed by the Company in the past for Rs. 1,757.83 crore (Previous year Rs. 1,757.83 crore) {including interest of Rs. 871.53 crore (Previous year Rs. 871.53 crore)}, the Company and insurer have agreed to settle the dispute by arbitration. The arbitration proceedings were initiated during the year and the Company has revised its claim amount to Rs. 3,020.22 crore mainly to cover the interest on the claim amount up to the date of filing the claim before the arbitration panel. Pending the outcome of arbitration, the claim amount is not recognised in the books of accounts.

13. The Board of Directors of the Company and its wholly owned subsidiary, Essar Oil Vadinar Limited have approved a scheme of amalgamation with effect from April 1, 2008 and the companies are in the process of obtaining all the necessary approvals. Pending receipt of such approvals, no effect for the scheme has been given in the financial statements, including in respect of Rs. 420.83 crore advanced towards equity to the subsidiary...

14. Pursuant to the adoption by the Company of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Company has capitalised as part of cost of fixed assets exchange differences amounting to Rs. 116.50 crore. Consequently, the loss for the year and balance in the statement of profit and loss are lower by Rs.116.50 crore and fixed assets are higher by Rs.116.50 crore.

15. As at balance sheet date, out of the unutilised balance of GDS proceeds amounting to Rs. 0.01 crore (Previous year Rs. 23.86 crore), Rs. Nil (Previous year Rs. 16.00 crore) is lying in bank deposit and Rs. 0.01 crore (Previous year Rs. 7.86 crore) is lying in bank current accounts.

16. The Company was granted a provisional registration for its Refinery at Vadinar under the Capital Investment Incentive to Premier / Prestigious Unit Scheme 1995-2000 of Gujarat State ("the Scheme"). As the commercial operations of the Refinery could not be commenced before the timeline under the Scheme due to reasons beyond the control of the Company viz. a severe cyclone which hit the Refinery Project site in June 1998 and a stay imposed by the Hon'ble Gujarat High Court on August 20, 1999 based on a Public Interest Litigation which was lifted in January 2004 when the Hon'ble Supreme Court of India gave a ruling in favor of the Company, representations were made by the Company to the State Government for extension of the period beyond August 15, 2003 for commencement of commercial operations of the Refinery to be eligible under the Scheme. As the State Government did not grant extension of the period as requested, the Company filed a writ petition in the Hon'ble Gujarat High Court which vide its order dated April 22, 2008, directed the State Government to consider the Company's application for granting benefits under the Scheme by excluding the period from July 13, 2000 to February 27, 2004 for determining the timeline of commencement of commercial production. Based on the order of the Hon'ble High Court, the Company started availing the benefits under the deferral option in the Scheme from May 2008 onwards and simultaneously defeased the sales tax liability covered by the Scheme to a related party. An amount of Rs. 1,516.47 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of Rs. 331.78 crores resulting in a net defeasement income of Rs. 1,184.69 crores which was recognised during the financial year 2008-2009. The Company also recognised a liability of Rs. 45.49 crores towards contribution to a Government Welfare Scheme which was payable being one of the conditions to be eligible under the Scheme.

The State Government had filed a petition on July 14, 2008 in the Hon'ble Supreme Court against the order dated April 22, 2008 of the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India has vide its order dated January 17, 2012 set aside the order of the Hon'ble High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the Scheme, making the Company liable to pay Rs 6,168.97 crores (net of payment of Rs. 236.82 crores) being the sales tax collected under the Scheme ("the sales tax dues"). Consequently, the Company had reversed income of Rs. 4,416.12 crores recognised during May 1, 2008 to December 31, 2011, reversed the cumulative liability of Rs. 189.27 crores towards contribution to a Government Welfare Scheme and recognised income of Rs. 264.57 crores on account of interest receivable from the assignee of the defeased sales tax liability, and had presented the same as 'Exceptional items' in the Statement of Profit and Loss forming part of the financial statements for the year ended March 31, 2012 which were approved by the Board of Directors in its meeting held on May 12, 2012.

The Company has since reopened its books of account for the financial years 2008-09 to 2010-11 and revised the financial statements for the said years for the limited purpose of reflecting a true and fair view of the sales tax incentives / liabilities, etc. concerning the Government of Gujarat consequent to the order dated January 17, 2012 of the Hon'ble Supreme Court of India, in accordance with the approval of the Ministry of Corporate Affairs obtained during the financial year 2012-2013 which is subject to compliance of certain conditions. This has resulted in cash losses during the year.

The details of the revisions to the original financial statements for the financial year 2008-2009 are given in the following table:

a) **Statement of Profit and Loss :** (Rs. in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Exceptional Items	-	1,139.20	i) Reversal of income on defeasance of sales tax liability Rs. 1,184.69 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore
Net loss after taxes	(513.51)	(1,652.71)	Effect of above adjustments

b) **Balance Sheet :** (Rs. in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Other current Assets			
Other receivables	394.98	158.16	Offsetting of sales tax considered as recoverable Rs. 236.82 crore against sales tax liability
Current Liabilities			
Sundry Creditors (Others)	6,015.51	5,638.24	i) Reversal of liability in respect of defeasement amount payable to related party Rs. 331.78 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore
Other liabilities	442.74	1,722.39	Recognition of Sales tax liability Rs. 1,279.65 crore after setting off payment of Rs. 236.82 crore
Debit balance in Statement of Profit and Loss	534.71	1,673.91	Effect of revisions in Statement of Profit and Loss described in (a) above

c) **Cash Flow Statement :** (Rs. in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Net loss before Tax and extraordinary items	(543.72)	(1,682.92)	i) Reversal of income on defeasance of sales tax liability Rs. 1,184.69 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore
Changes in receivables, advances and deposits	(2,756.87)	(2,520.05)	Offsetting of sales tax considered as recoverable Rs. 236.82 crore against sales tax liability.
Changes in payables	505.61	1,407.99	i) Recognition of Sales tax liability Rs. 1,279.65 crore after setting off sales tax recoverable of Rs. 236.82 crore. ii) Reversal of liability in respect of defeasement amount payable to related party Rs. 331.78 crore. iii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore.

d) Notes 2, 16, 25, 34 of Schedule XVI (B) have been modified in accordance with the revisions described above.

17. Sundry debtors / other receivables / advances recoverable in cash or kind include Rs. 90.28 crore (Previous year Rs. 92.26 crore) (Net of provision for doubtful debts / advances) due from government companies / agencies in respect of the Company's erstwhile oil drilling and offshore construction activities for which the Company received favorable awards in arbitration proceedings. The awards have since been challenged by the parties. Pending the outcome of the litigations, the debts are considered as recoverable based on the arbitration awards and assessment of the management.

18. The Company has adopted the accounting policy of recognising finance leases (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 – Leases, as there is no specific guidance available under Indian Accounting Standard (AS 19) Leases, for recognition of leases in case the assets taken on lease are under construction (CWIP).

19. Leases:-

(i) Finance lease:-

a) Future lease rental payable:-

(Rs. in crore)

	Particulars	As at March 31, 2009	As at March 31, 2008
i)	Not later than one year	**14.61**	12.67
ii)	Later than one year but not later than five years	**58.43**	50.67
iii)	Later than five years	**79.27**	81.32
	Total	**152.31**	144.66

b) Reconciliation of minimum lease payments and its present value in respect of the assets:-

(Rs. in crore)

Particulars	Minimum Lease payments		Interest		Present value of minimum lease payments	
	As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
Future lease rental obligation payable:						
Not later than one year	**14.61**	12.67	**1.10**	0.96	**13.51**	11.71
Later than one year but not later than five years	**58.43**	50.67	**20.00**	17.37	**38.43**	33.30
Later than five years	**79.27**	81.32	**56.53**	58.34	**22.74**	22.98
Total	**152.31**	144.66	**77.63**	76.67	**74.68**	67.99

c) General description of the leasing arrangements:

- Lease Assets – Residential township, Transit accommodation and supply depot.
- Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Company has an option to extend the lease on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Company at the end of the lease term.
- Assets are taken on lease over a period of 10 to 20 years.

d) The above disclosures pertain to lease arrangements where leases have commenced upon assets becoming ready to use.

(ii) Operating lease:-

Assets taken on operating lease primarily consists of retail outlet facilities which are cancellable lease agreements. These lease agreements are normally for seven years and are renewable by mutual consent on mutually agreeable terms. The lease payments are recognised as “ROI to retail outlets” in the revised profit and loss account under schedule – XIII selling and marketing expenses.

20. The pilot project for coal bed methane gas was partially financed by a conditional grant of USD 0.89 million (Previous year USD 0.89 million) and Rs. 2.31 crore (Previous year Rs. 2.31 crore) received from a bank.

The conditional grant, in terms of the agreement, will be repayable in the event the Company puts the project to commercial use, and repayments to the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant.

21. (a) As per the Company’s policy of Full Cost method of accounting prescribed by the Guidance Note in “Accounting for Oil and Gas Producing Activities” issued by the “Institute of Chartered Accountants of India” the Company has identified the following 3 Cost Pools:

i. India CBM (Coal Bed Methane) Pool :

a) Mehsana Pilot Project held outside Pool.

b) RG (East) 2001/1 Block – Undetermined as yet and held outside Pool.

ii. India Oil & Gas Pool :

a) Block CB-ON/3- existence of commercial reserves established, held inside Pool.

b) Block RJ-ON-90/5- unsuccessful exploration, no commercial reserves), held inside Pool.

c) Block CR-ON-90/1- unsuccessful exploration, no commercial reserves, held inside Pool.

d) Ratna & R-Series -discovered oilfield but contract not executed and hence held outside Pool.

On commencement of commercial production from ESU field forming part of CB-ON/3 block , the Pool has been transferred to “Producing Properties”. Depletion on “Producing Properties” is being charged on a “Unit of Production” basis.

iii. Myanmar Pool :

a) Blocks L and A2 - Undetermined as yet, held outside Pool.

Summary of Cost Pools:

(Rs. in crore)

Cost Pool	Cost in Pool		Cost outside Pool		Total	
	As at March 31,2009	As at March 31,2008	**As at March 31,2009**	As at March 31,2008	**As at March 31,2009**	As at March 31,2008
India CBM	**Nil**	Nil	**130.84**	71.49	**130.84**	71.49
India Oil & Gas	**178.69**	141.66	**76.57**	71.23	**255.26**	212.89
Myanmar	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Total	**178.69**	141.66	**207.41**	142.72	**386.10**	284.38

(b) Company's interest in oil & gas and CBM Joint Ventures as at March 31, 2009:

Sr. No.	Name of the block	As at March 31, 2009	As at March 31, 2008
1	CB-ON/3 (Gujarat, India)	#**100%**	#100%
2	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
3	Block L (Myanmar)	##2**5%**	##25%
4	Block A2 (Offshore in Myanmar)	##**25%**	##25%
5	AA-ONN-2004/3 (Assam, India)	**10%**	10%
6	AA-ONN-2004/5 (Assam, India)	**10%**	10%

Following commercial discovery in ESU field forming part of CB-ON/3 Block, and its subsequent approval by the Management Committee on August 4, 2006, ONGC has exercised its back-in rights of 30% for prospect ESU in financial year 2006-07, leaving the Company with a 70% Participating Interest in the ESU field. The Company continues to hold 100% interest in the rest of the CB-ON/3 Block.

##The Government of Myanmar vide their letter dated March 29, 2006 have given their approval for assignment of the Company's 75% Participating Interest in Blocks L and A2 to EEPSEAL. As per the Farm-in agreement between the Company and EEPSEAL, EEPSEAL will bear Company's share of 25% of costs until commercial discovery. Hence all costs incurred up to March 31, 2009 amounting to Rs. 86.12 crore are charged to EEPSEAL.

Application dated May 22, 2008 for assignment of the balance 25% of the Company's Participating Interest in Blocks L and A2 to EEPSEAL is pending with the Government of Myanmar.

(c) Company's interest in Proved and Probable (2P) reserves of crude oil as on March 31, 2009 was as under:

Area of operation	Crude oil			
	Position as at April 1, 2008	**Additions/ revisions**	**Production quantity**	**Position as at March 31, 2009**
	MT	**MT**	**MT**	**MT**
Essar South Unawa (ESU) Block CB-ON/3- onshore Cambay Basin	**359,329** (361,333)	**-** (-)	**464** (2,004)	**358,865** (359,329)
Total	**359,329**	**-**	**464**	**358,865**

Previous year figures have been shown in brackets.

22. The Company had entered into a Farm-in agreement dated November 1, 2005 with Essar Exploration & Production Gujarat Ltd. (EEPGL) for assigning 84% of Participating Interest in block CB-ON/3. The Farm-in agreement expired on June 30, 2008 and approval from Ministry of Petroleum and Natural Gas, Government of India for the proposed assignment was not received as stipulated in the agreement. Meanwhile EEPGL was merged with Essar Exploration & Production Ltd. (EEPL), Mauritius with effect from June 12, 2008. In view of this, the advances received towards such assignment was refundable to EEPL. As at March 31, 2009 the amount to be refunded is Rs. 114.49 crore (USD 28.54 million) (Previous year Rs. Nil).

The Company has also decided to assign 90% of Participating Interest in block RG (East)-2001/1 to Essar Exploration & Production Ltd. (EEPL). For this purpose EEPL has paid Rs. 102.90 crore (USD 20 million) (Previous year Rs. Nil) to the Company up to March 31, 2009. The same is considered as advance received towards participating interest pending receipt of approval from Ministry of Petroleum and Natural Gas, Government of India.

23. (a) During the year, the Company transferred Rs. 8.00 crore (Previous year Rs. 10.00 crore) from foreign project reserve created up to 2002-03 (Previous year 2001-02) to statement of profit and loss upon fulfillment of conditions prescribed u/s 80HHB of the Income Tax Act, 1961.

(b) Appropriation towards debenture redemption reserve has not been made in the absence of profits during the year.

24. The Company has following export obligations as at balance sheet date:

Obligation under	Export obligation (Rs. in crore)	
	As at March 31, 2009	As at March 31, 2008
Exports Promotion Capital Goods (EPCG) Scheme	**767.60**	541.72
Advance License Scheme	-	3,616.79

Based on past performance, market conditions and business plans, the Company expects to fully meet the EPCG export obligation in the near future, and accordingly has not recognised the customs duty amounting to Rs. 95.95 crore (Previous year Rs. 191.66 crore) on the related imports of crude and capital equipment as at balance sheet date. Export obligation of Rs. 767.60 crore includes export obligation of Rs. 748.49 crore (Previous year Rs. 483.61 crore) against imports made by Vadinar Power Company Limited, a subsidiary of the Company.

25. Earnings per share:

(Rs. in crore)

Particulars	**Year ended March 31, 2009**	Year ended March 31, 2008
Loss after tax	**(1,652.71)**	(41.18)
Loss attributable to ordinary shareholders	**(1,652.71)**	(41.18)
	Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS	**1,173,757,656**	1,139,530,638
Add: Weighted average number of ordinary shares issued on July 22, 2008 (Previous year on March 31, 2008)	**19,250,145**	93,516
Weighted average number of ordinary shares for basic EPS	**1,193,007,801**	1,139,624,154
Add:- Shares deemed to be issued	**1,075,592**	768,979
Weighted average number of ordinary shares for diluted EPS	**1,194,083,393**	1,140,393,133
Nominal value of ordinary shares (Rs.)	**10/-**	10/-
Basic earnings per share (Rs.)	**(13.85)**	(0.36)
Diluted earnings per share (Rs.)	**(13.85)**	(0.36)

26. Derivative contracts entered into by the Company and outstanding as at balance sheet date:

(a) For hedging currency related risks:

(i) The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on outstanding forward exchange contracts is given below:

Currency	Amount		Buy/Sell	
	As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
US Dollar million	**986.98**	20.00	**Buy**	Buy

(ii) The foreign currency exposure of the Company as at the balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

Currency	Payable		Receivable		Loan liabilities (including interest)		LC outstanding#	
	Rs. in crore	Fc in million	Rs. in crore	Fc in million	Rs. in crore	Fc in million	Rs. in crore	Fc in million
SGD	**0.00****	**0.00***	**-**	**-**	**-**	**-**	**-**	**-**
	(0.04)	(0.00)*	-	-	-	-	-	-
JPY	**0.00****	**0.00***	**-**	**-**	**-**	**-**	**0.19**	**3.65**
	(0.03)	(0.73)	-	-	-	-	(35.06)	(87.01)
USD	**1,480.50**	**287.75**	**416.06**	**82.34**	**1,598.30**	**310.65**	**133.15**	**25.88**
	(2,830.76)	(705.75)	(48.37)	(12.24)	(2,176.78)	(542.70)	(15.28)	(3.81)
EURO	**12.69**	**1.85**	**0.90**	**0.14**	**-**	**-**	**112.93**	**16.50**
	(8.48)	(1.34)	-	-	-	-	(18.22)	(2.87)
GBP	**1.76**	**0.24**	**0.19**	**0.03**	**-**	**-**	**0.31**	**0.04**
	(0.40)	(0.05)	-	-	-	-	(3.48)	(0.43)
DEM	**0.03**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**
	(0.02)	(0.01)	-	-	-	-	-	-
CHF	**-**	**-**	**0.01**	**0.00***	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
AUD	**-**	**-**	**0.28**	**0.08**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
TOTAL	**1,494.98**		**417.44**		**1,598.30**		**246.58**	
	(2,839.73)		(48.37)		(2,176.78)		(72.04)	

Other than in respect of recognised liability

* Amount less than 0.01 million

** Amount less than Rs. 0.01 crore

Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2009 Rs. 2.70 crore (USD 0.53 million) {Previous year Rs. 20.26 crore (USD 5.13 million)}.

(b) For hedging commodity related risks:

Category wise break-up of commodity derivative contracts entered into by the Company and outstanding as at balance sheet date:

Sr. No.	Nature of instrument	Crude oil purchases		Petroleum product sales	
		Qty. in barrels ('000)		Qty. in barrels ('000)	
		As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
1	Net options	**-**	-	**500**	-
2	Net forward swaps	**715**	1,500	**-**	-
3	Spreads	**-**	200	**-**	-
4	Margin hedging	**-**	-	**2,860**	7,600

27. The deferred tax (liability) / asset (net) comprises of the following:

(Rs. in crore)

Particulars	**As at March 31, 2009**	As at March 31, 2008
Deferred tax liability		
Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)	**(1,535.83)**	(32.04)
(A)	**(1,535.83)**	(32.04)
Deferred tax assets		
Unabsorbed depreciation carried forward as per provisions of the Income Tax Act, 1961 (restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	**1,535.83**	-
Provision for doubtful debts	**0.57**	0.51
(B)	**1,536.40**	0.51
Net deferred tax (liability) / asset (B) + (A)	**0.57**	(31.53)

28. Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers and excise duty.

29. Professional fees include fees to auditors for audit Rs. 1.00 crore (Previous year Rs. 1.00 crore), and for IFRS audit fees (including Rs.0.60 crore for earlier years) Rs. 0.90 crore (Previous year Rs. Nil), certification and other work Rs. 0.05 crore (Previous year Rs. 0.47 crore).

30. Interest-other includes interest on income tax refund Rs. 15.95 crore (Previous year Rs. 0.34 crore) and interest income on arbitration award Rs. 3.10 crore (Previous year Rs. 3.10 crore).

31. In accordance with Accounting Standard on Segment Reporting (AS 17) as notified under Companies (Accounting Standards Rules,2006) ,information relating to segments is furnished in the consolidated financial statements.

32. The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(Rs. in crore)

Sr. No.	**Particulars**	**As at March 31, 2009**	As at March 31, 2008
1	Principal amount remaining unpaid	**-**	0.91
2	Interest due on (1) above and the unpaid interest	**-**	0.00*
3	Interest paid	**0.06**	-
4	Payment made beyond the appointed day during the year	**3.14**	3.66
5	Interest due and payable for the period of delay	**-**	0.02
6	Interest accrued and remaining unpaid	**-**	0.02
7	Amount of further interest remaining due and payable in succeeding year	**-**	0.02

*Amount less than Rs. 1 Lac.

33. (a) Defined benefit plans / long term compensated absences – as per actuarial valuations as at March 31, 2009:

(Rs. in crore)

		Gratuity		**Compensated absences**		**Employer established provident fund**	
		As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
A	**Net assets / liability recognised in the revised balance sheet as at** (Refer note viii below)						
1	Present value of defined benefit obligation	**3.96**	3.40	**25.27**	12.03	**43.18**	30.85
2	Fair value of plan assets	**3.89**	2.66	**-**	-	**43.18**	30.85
3	Funded status - Surplus / (Deficit)	**(0.07)**	(0.74)	**(25.27)**	(12.03)	**-**	-
4	Net assets / (liability) recognised in the revised balance sheet	**(0.07)**	(0.74)	**(25.27)**	(12.03)	**-**	-
B	**Expenses recognised in revised statement of profit and loss or expenditure during construction, Trial Runs , as applicable for the year ended March 31, 2009**						
1	Current services cost	**1.11**	0.60	**10.82**	5.30	**4.43**	4.61
2	Interest cost	**0.29**	0.15	**1.03**	0.78	**3.04**	2.19
3	Expected return on plan assets	**(0.28)**	(0.13)	**-**	-	**(3.04)**	(2.19)
4	Actuarial losses/gains	**(0.21)**	0.84	**1.89**	(3.10)	**-**	-
5	Total expenses	**0.91**	1.46	**13.74**	2.98	**4.43**	4.61
6	Expenses pertain to other Group Company	**0.02**	-	**-**	-	**0.19**	-
7	Previous Year Expenses Adjustment	**0.54**	-	**0.17**	-	**-**	-
8	Net Expenses	**0.35**	1.46	**13.57**	2.98	**4.24**	4.61
C	**Change in obligation and assets**						
C 1	Change in defined benefit obligation						
1	Defined benefit obligation at beginning of the year	**3.40**	1.92	**12.03**	9.24	**30.85**	23.92
2	Service cost	**1.11**	0.60	**10.82**	5.30	**4.43**	4.61
3	Interest cost	**0.29**	0.15	**1.03**	0.78	**3.04**	2.19
4	Settlement cost#	**(0.24)**	-	**(0.20)**	-		
5	Acquisitions/Transfer@					**1.78**	-
6	Actuarial losses / (gain)	**(0.52)**	0.87	**1.90**	(3.10)	**(0.01)**	-
7	Benefit payments	**(0.08)**	(0.14)	**(0.31)**	(0.19)	**(4.97)**	(5.85)
8	Employees contribution	**-**	-	**-**	-	**8.06**	5.98
9	Defined benefit obligation at the end of the year	**3.96**	3.40	**25.27**	12.03	**43.18**	30.85

		Gratuity		Compensated absences		Employer established provident fund	
		As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
C 2	Change in fair value of assets						
1	Fair value of plan assets at the beginning of the year	**2.66**	1.20	**-**	-	**30.85**	23.92
2	Expected return on plan assets	**0.28**	0.13	**-**	-	**3.03**	2.19
3	Actual employees / Company contributions	**1.34**	1.44	**0.31**	0.19	**14.27**	10.59
4	Actuarial gain / (loss)	**(0.31)**	0.03	**-**	-	**-**	-
5	Benefits payments	**(0.08)**	(0.14)	**(0.31)**	(0.19)	**(4.97)**	(5.85)
6	Fair value of plan assets at the end of the year	**3.89**	2.66	**-**	-	**43.18**	30.85
D	**Actuarial assumptions**						
1	Discount rates (per annum)	**7.60%**	8.70%	**7.60%**	8.70%	**7.60%**	8.70%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.50%**	8.50%
3	Mortality	**LIC (1994 -96) ultimate**	LIC (1994 - 96) ultimate	**NA**	NA		
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	**100%**	100%	**NA**	NA		
	Government of India security					**40.00%**	24.71%
	Corporate bonds					**60.00%**	60.00%
	Others						15.29%
F	**Experience adjustment:** (Refer note viii below)						
	Plan liabilities loss/(gain)	**0.16**	(0.20)	**(1.89)**	2.87	**-**	-
	Plan asset gain/(loss)	**(0.31)**	0.40	**-**	-	**-**	-
	Actuarial gain / (loss) due to change in assumption	**0.37**	0.68	-	0.25	**-**	-
G	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**1.22**	1.62			**4.87**	5.66

Liability in respect of employees transferred from a group company as on October 1, 2008.

@ Employees were transferred from group companies with credit for past services.

Notes:

i) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.

ii) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.

iii) The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

iv) The employer managed provident fund is considered as defined benefit plan.

v) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.

vi) Short term compensated absences have been provided on actual basis.

vii) The Company is unable to obtain the details of plan assets from the insurance company (LIC of India) and hence the disclosure thereof is not made.

viii) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the above information for the past four years; however the information is available only for past one year since the date of implementing the Standard.

(b) Defined contribution plans:

Company's contribution to superannuation fund aggregating to Rs. 0.80 crore (Previous year Rs. 0.93 crore) are recognised in the revised statement of profit and loss / expenditure during construction / trial runs, as applicable. There is no obligation other than the contribution payable to the respective trusts.

34. **Related party disclosures :**

I. Transactions with related parties		
		(Rs. in crore)
Nature of transactions	**Subsidiaries**	**Companies in which promoters have significant influence**
Global Depository Shares (GDS) issued (EEHL - Rs. 555.44 crore) (Previous year - EEHL - Rs. 684.54 crore)	**-** -	**555.44** (684.54)
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holding Ltd.) {Advance received – EEHL - Rs. 120.72 crore (Rs. 91.03 crore against GDS)) (Previous year advance repayment EEHL - Rs. 37.72 crore)}	**-** -	**120.72** (37.72)
Loans / advances taken (EIL - Rs. 171.52 crore, ESTL - Rs. 245.00 crore , VPCL - Rs. 50.00 crore) (Previous year - EIL - Rs. 154.57 crore, ESTL - Rs. 65.00 crore)	**50.00** -	**421.43** (230.21)
Purchase of fixed assets/intangible assets (including CWIP) (ECIL - Rs. 57.72 crore) (Previous year - ESTL- Rs. 0.89 crore, EITL - Rs. 0.80 crore, ECIL - Rs. 0.25 crore)	**-** -	**59.22** (1.94)
Sale / return of fixed assets (ESHL-SEZ - Rs. 15.00 crore-sale of asset, ESTL - Rs. 28.83 crore-return of asset) (Previous year - EEXP(I)L - Rs. 0.42 crore, ECIL - Rs. 0.13 crore)	**-** -	**43.83** (0.55)
Investment in equity shares (Previous year – EOVL - Rs. 0.05 crore)	**-** (0.05)	**-** -
Advance paid against equity shares (EOVL - Rs. 310.62 crore) (Previous year - EOVL - Rs. 110.21 crore)	**310.62** (110.21)	**-** -

Loans / advances given / assigned (EEXPL - Rs. 10.96 crore, EEXPSEAL - Rs. 8.48 crore, EEHL - Rs. 20.00 crore) (Previous year - ESTL - Rs. 24.10 crore, VPL - Rs. 9.13 crore)	**-** -	**39.44** (38.74)
Advances given on capital account (ECIL - Rs. 191.42 crore) (Previous year - GSG-UAE - Rs. 120.33 crore, ECIL - Rs. 174.75 crore)	**-** -	**191.42** (316.44)
Advance received on capital account as participating interest (EEXPL - Rs. 105.20 crore (Previous year - EEXPGL (merged with EEXPL) - Rs. 74.90 crore)	**-** -	**105.20** (74.90)
Deposits-given by the Company (EITL - Rs. 8.50 crore, FUTURA - Rs. 6.01 crore) (Previous year - EITL – Rs. 3.54 crore)	**-** -	**14.51** (4.03)
Deposits-received by the Company (Previous year VPL - Rs. 4.11 crore)	**-** -	**-** (4.11)
Present value of sales tax liability assigned (EHL - Rs. 331.78 crore) (Previous year Rs. Nil)	**-** -	**331.78** -
Sale of goods and scrap (including sales tax) (EBTL - Rs. 9.31 crore, ECIL - Rs. 19.13 crore, ESHL-SEZ - Rs. 7.07 crore, ESTL - Rs. 17.87 crore) (Previous year - ESTL - Rs. 21.54 crore, ESHL - Rs. 2.68 crore)	**-** -	**62.81** (26.46)
Interest income (EBTL - Rs. 0.26 crore, ECIL - Rs. 0.11 crore , ESTL - Rs. 0.15 crore) (Previous year Rs. Nil)	**-** -	**0.52** -

(Rs. in crore)

Nature of transactions	**Subsidiaries**	**Companies in which promoters have significant influence**
Lease income (including lease tax) (VOTL - Rs. 0.25 crore, ESTL - Rs. 0.63 crore) (Previous year - VOTL - Rs. 0.29 crore, ESTL - Rs. 0.62 crore, ECIL - Rs. 0.14 crore)	**0.01** (0.00)**	**0.90** (1.05)
Rendering of services (including allocation of expenses) (VOTL - Rs. 18.25 crore, EPMCL - Rs. 3.64 crore) (Previous year – VOTL - Rs. 21.92 crore, ECIL - Rs. 3.08 crore)	**0.02** -	**23.60** (25.01)
Purchase of goods/license fees / supply of material (ECIL - Rs. 193.86 crore) (Previous year - ESTL - Rs. 6.65 crore)	**-** -	**209.38** (6.65)
Receiving of services (including allocation of expenses) (VOTL - Rs. 451.03 crore, VPCL - Rs. 132.78 crore) (Previous year - VPCL - Rs. 132.02 crore, VOTL - Rs. 241.17 crore, ECIL - Rs. 94.73 crore)	**132.78** (132.02)	**730.56** (450.72)
Interest / financial charges paid/funded (VOTL - Rs. 11.38 crore) (Previous year - VOTL - Rs. 11.00 crore)	**0.84** -	**12.80** (11.96)
Advances written off / reversal of advances written off (EPLL - Rs. 0.02 crore - reversal of advance written off) (Previous year EPLL - Rs. 0.08 crore – Advance Written off)	**-** -	**0.02** (0.08)
Lease rent charged to Company (VPL - Rs. 14.20 crore) (Previous year - VPL - Rs. 5.03 crore)	**-** -	**14.20** (5.03)
Cenvat / VAT charged by party (ECIL - Rs. 8.50 crore, VPCL - Rs. 1.57 crore) (Previous year - ECIL - Rs. 41.43 crore, VOTL - Rs. 27.02 crore)	**1.57** -	**8.50** (68.45)
Guarantees given on behalf of the Company (EIL - Rs. 4775.00 crore, EGL - Rs. 700.00 crore) (Previous year - EIL - Rs. 4,675.00 crore)	**-** -	**5,513.80** (4,685.72)
Guarantees given by the Company (Previous year – VOTL – Rs. 27.25 crore, VPCL - Rs. 3.90 crore)	**-** (3.90)	**-** (27.25)

Transactions with other classes of related parties		
a) Key management personnel (remuneration) (Shri Naresh Nayyar - Rs. 1.29 crore, Shri Suresh Mathur - Rs. 0.30 crore) (Previous year - Shri Naresh Nayyar - Rs. 0.51 crore, Shri Hari L. Mundra - Rs. 0.53 crore, Shri Suresh Mathur - Rs. 0.72 crore)	**-** **-**	**1.59** (1.76)
b) Individuals having significant influence/control on the group (Directors' sitting fees) (Shri A.S. Ruia Rs. 7,500, Shri P.S. Ruia Rs. 85,000, Shri S.N.Ruia Rs. 7,500) (Previous year - Shri A.S. Ruia Rs. 15,000 and Shri P.S. Ruia Rs. 92,500)	**-** **-**	**0.01** (0.01)

II. Balances with related parties :		
		(Rs. in crore)
Nature of balances	**Subsidiaries**	**Companies in which promoters have significant influence**
Debit balances		
Deposits (EHL - Rs. 20.27 crore, FUTURA - Rs. 10.41 crore, EITL - Rs.12.04 crore) (Previous year - EHL - Rs. 20.27 crore, FUTURA - Rs. 4.40 crore, EITL – Rs.3.54 crore)	**-** **-**	**43.65** (30.32)
Investments (Equity shares of VPCL - Rs. 103.00 crore) (Previous year – Equity shares of VPCL - Rs. 103.00 crore)	**103.05** (103.05)	**-** -
Debtors (ECIL - Rs. 11.73 crore, ESTL - Rs. 5.07 crore, ESHL-SEZ - Rs.15.02 crore, EBTL - Rs. 4.92 crore) (Previous year - ECIL - Rs. 5.60 crore, ESTL - Rs. 12.09 crore)	**0.02** -	**37.43** (19.11)
Other receivable (ESTL - Rs. 28.83 crore) (Previous year - Rs. Nil)	**-** **-**	**28.83** -
Advances (EESL - Rs. 9.13 crore, EEHL - Rs. 19.92 crore) (Previous year - GSG UAE - Rs. 120.33 crore, EESL – Rs. 27.40 crore)	**-** -	**34.73** (170.48)
Advance against equity shares (EOVL - Rs. 420.83 crore) (Previous year - EOVL - Rs. 110.21 crore)	**420.83** (110.21)	**-** -
Credit balances		
Deposits (Including retention money) (EESL - Rs. 1.68 crore, ESTL - Rs. 1.82 crore, VOTL - Rs. 10.00 crore) (Previous year - ESL - Rs. 12.00 crore, VPL - Rs. 4.11 crore, VOTL - Rs. 10.00 crore , ECIL (Retention money) - Rs. 19.92 crore)	**-** -	**13.50** (48.56)
Loans and advances (EIL - Rs. 52.62 crore, VOTL - Rs. 112.85 crore, VPL - Rs. 72.38* crore) (Previous year - EIL - Rs. 195.71 crore, VOTL - Rs. 112.37 crore, VPL – Rs. 65.56* crore)	**-** -	**244.60** (376.14)
Creditors and other liabilities (ECIL - Rs. 117.40 crore, EEXPL - Rs. 114.49 crore) (Previous year - ECIL - Rs. 21.45 crore, VOTL - Rs. 42.73 crore)	**17.68** (9.13)	**333.53** (101.60)
Advances received (Including global depository shares advances from Essar Energy Holding Ltd.) (EEXPL - Rs. 102.90 crore, EEHL - Rs. 91.03 crore) (Previous year EEXPGL (Merged with EEXPL) - Rs. 171.15 crore, EEHL - Rs. 151.67 crore)	**-** -	**193.93** (322.82)
Remuneration payable to key management personnel (Shri Naresh Nayyar – Rs. 0.06 crore) (Previous year - Rs. Nil)	**-** -	**0.06** -

Other balances		
Outstanding guarantees given on behalf of the Company (EIL - Rs. 9,979.80 crore) (Previous year - EIL - Rs. 5,204.80 crore)	**-** -	**11,191.03** (5,713.18)
Outstanding guarantees given by the Company (VOTL - Rs. 272.39 crore, VPCL – Rs. 279.68 crore) (Previous year - VOTL - Rs. 276.66 crore, VPCL - Rs. 354.38 crore)	**279.68** (354.38)	**272.39** (276.66)

*Company has entered into finance lease with VPL. The Company has recognised loan amount Rs.77.98 crore (Previous year Rs. 67.73 crore) (fair value of asset) as per para 11 of AS 19.
** Amount less than Rs. 1 lac.

Notes :
(1) Names of related parties and description of relationship:
Subsidiaries
Vadinar Power Company Ltd. (VPCL)
Essar Oil Vadinar Ltd. (EOVL)
Essar Energy Overseas Ltd. (EEOL)
Key management personnel
Shri Naresh Nayyar, Managing Director
Shri Suresh Mathur , Wholetime Director (Up to August 31, 2008)
Individuals having significant influence on the Company (Promoters)
Shri S. N. Ruia, Chairman
Shri R. N. Ruia, Vice Chairman
Shri P. S. Ruia, Director
Shri A. S. Ruia, Director
Companies in which promoters have significant influence/control:
Aegis BPO Services Ltd. (AEGIS),Arkay Holdings Ltd. (ARKAYHPL),Bhander Power Ltd. (BPOL),Essar Agrotech Ltd. (EATL),Essar Bulk Terminal Ltd. (EBTL),Essar Construction (I) Ltd. (ECIL), Essar Global Ltd. (EGL),Essar Energy Holdings Ltd. (EEHL),Essar Engineering Services Ltd. (EESL),Essar Energy Services Ltd. (EESL(EIL)),Essar Exploration & Production (I) Ltd. (EEXPIL),Essar Exploration & Production Ltd.(Merger of Essar Exploration & Production Gujarat Ltd) (EEXPL),Essar Exploration & Production Southeast Asia Ltd. (EEXPSEAL),Essar Gujarat Petrochemicals Ltd. (EGPL),Essar Heavy Engineering Services Ltd. (EHESL),Essar House Ltd. (EHL),Essar Investments Ltd. (EIL),Essar Infrastructure Services Ltd.(EISL)(Merger of Essar House Services Ltd & Evergrowth Infrastructure Services Limited) ,Essar Information Technology Ltd. (EITL),Essar Logistics Ltd. (ELL),Essar Oilfield Services Ltd. (EOFSL),Essar Power Gujarat Ltd. (EPGL),Essar Projects Ltd. (EPL),Essar Pipelines Ltd. (EPLL),Essar Project Management Consultants Ltd. (EPMCL),Essar Project Management Company Ltd.(EPMCL - UAE),Essar Power Ltd. (EPOL),Essar Properties Ltd. (EPRL),Essar Steel Hazira Ltd. (ESHL),
Essar Sez Hazira Ltd. (ESHL-SEZ),Essar Shipping Ports & Logistics Ltd. (ESL),Essar Shipping & Logistics Ltd. (ESLL),Essar Steel Ltd. (ESTL),Essar Steel Orissa Ltd. (ESTLOL),Essar Steel (Jharkhand) Ltd. (ESTLR),Futura Travels Ltd. (FUTURA),Global Supplies Gsz (UAE) Fze (up to March 23,2009 (GSG UAE),Ibrox Estates Pvt. Ltd. (Earlier Known as Hill Properties Ltd.) (HILLPL),India Securities Ltd. (ISL),Kanak Communications Ltd. (KANAKCL),Kartik Estates Pvt. Ltd. (KEPL), Neelkamal Traders Pvt. Ltd. (NEELKAMAL),New Ambi Trading & Investments Pvt. Ltd. (NEWAMBITPL),Hazira Pipe Mill Ltd. (PIPE),Hazira Plate Ltd. (PLATE),Sinter-Keramos & Composites Pvt. Ltd. (SKCPL),The Mobile Stores Ltd. (TMSL),Vadinar Oil Terminal Ltd. (VOTL),Vadinar Properties Ltd. (VPL),
(2) Names of related parties, where the transaction during the year with single party is 10% or more, are disclosed under each nature of transaction.
(3) Previous year figures have been shown in brackets.

35. Expenditure during construction includes:

(Rs. in crore)

Particulars	**As at March 31, 2008**	**Incurred during the year**	**As at March 31, 2009**
Interest and other finance charges (Net of reduction in the amount of funded interest i.e. amount not payable as at balance sheet date (Refer note (11) (a) of this schedule)	4,011.86	244.10	4,255.96
Exchange differences on loans (Net)	61.64	133.85	195.49
Less: Interest income inclusive of tax deducted at source Rs. 0.97 crore (Previous year Rs. 9.07 crore)	193.09	15.27	208.36
Less: Gain on cancellation of currency swap	6.23	0.00	6.23
Total A	**3,874.18**	**362.68**	**4,236.86**
Raw material consumed (Refer note 36 of this schedule)	20,887.75	3,423.45	24,311.20
Consumption of stores and spares	78.59	9.76	88.35
Freight and material handling charges	214.16	23.10	237.26
Excise duty (Difference between opening and closing stock)	54.66	27.37	82.03
Salaries, wages and bonus	240.22	57.13	297.35
Contribution to / provision for provident and other funds	15.41	2.37	17.78
Employees' welfare and other amenities	19.48	1.31	20.79
Rent	41.03	16.67	57.70
Rates and taxes	68.64	48.47	117.11
Repairs and maintenance:			
- Buildings	21.27	0.28	21.55
- Machinery / equipments	105.32	7.35	112.67
- Others	24.10	2.56	26.66
Professional and other technical advisory fees	142.62	16.34	158.96
Power and fuel	238.79	14.61	253.40
Insurance	71.08	1.14	72.22
Depreciation / amortisation	61.07	16.23	77.30
Loss on sale of assets (Net)	2.18	0.00	2.18
(Gain) / Loss on foreign exchange differences (Net)	(457.60)	(9.02)	(466.62)
Commission	1.85	6.48	8.33
Provision for diminution in value of Investments	24.57	0.00	24.57
Fringe benefit tax	6.71	1.23	7.94
Miscellaneous expenditure written-off	42.63	0.00	42.63
Bad debts written-off	4.92	0.01	4.93
Sundry expenses	393.90	24.15	418.05
Total B	**22,303.35**	**3,690.99**	**25,994.34**

(Rs. in crore)

Particulars	**As at March 31, 2008**	**Incurred during the year**	**As at March 31, 2009**
Less : Income during construction			
Sale of products out of trial run production of some of the units (Refer note 36 of this schedule)	19,080.04	3,534.21	22,614.25
Less: Excise duty and sales tax	793.96	504.19	1,298.15
Net Sales	18,286.08	3,030.02	21,316.10
Increase/ (Decrease) in stocks	1,513.44	350.69	1,864.13
Miscellaneous income	29.73	52.97	82.70
Total C	**19,829.25**	**3,433.68**	**23,262.93**
Capitalised to fixed assets	0.58	6,615.55	6,616.13
Total D	**0.58**	**6,615.55**	**6,616.13**
Expenditure during construction – pending allocation (A+B-C-D)	**6,347.70**	**(5,995.56)**	**352.14**

36. During the year, the Company made a gain (net) of Rs. 344.92 crore post commencement of commercial production on commodity hedging transactions, where as it incurred a net loss of Rs. 280.90 crore on these transactions during trial runs of the Refinery. The gains (net) of Rs 127.29 crore and losses (net) of Rs. 63.19 crore on the instruments for hedge of risk of movement in prices of crude oil has been netted off from / added to consumption of raw material in the revised statement of profit and loss and expenditure during construction respectively. The gains (net) of Rs. 217.63 crore and losses (net) of Rs. 217.71 crore on the instruments for hedge of risk of movement in prices of finished goods and margins have been added to / netted off from Turnover (Gross) in the revised statement of profit and loss and expenditure during construction respectively. Gains (net) pertaining to MTM of open derivative contracts have not been accounted on prudent basis.

37. Balances with non-scheduled banks:

Name of the bank	**Nature of account**	**2008-09**		2007-08	
		As at March 31, 2009	**Maximum during the year**	As at March 31, 2008	Maximum during the year
Oman International Bank	Current account	Rs. Nil	Less then Rs. 1 lac	Less then Rs. 1 lac	Less then Rs. 1 lac

38. Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ESSAR OIL LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956
REVISED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Rs. in Crore

I. REGISTRATION DETAILS

REGISTRATION NO.	32116	STATE CODE	4
BALANCE SHEET DATE	March 31, 2009		

II. CAPITAL RAISED DURING THE PERIOD

PUBLIC ISSUE	RIGHT ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	27.77

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

TOTAL LIABILITIES	TOTAL ASSETS
14,148.43	14,148.43

SOURCES OF FUNDS

PAID UP CAPITAL*	RESERVE & SURPLUS
1,218.13	2,807.56

*Excluding Rs 91.03 crore advance towards issue of global depository shares

SECURED LOANS	UNSECURED LOANS
9,419.15	612.56

APPLICATION OF FUNDS

NET FIXED ASSETS	INVESTMENTS
12,605.84	103.05
DEFERRED TAX ASSETS	NET CURRENT ASSETS
0.57	(2,148.84)
ACCUMULATED LOSSES	
1,673.91	

IV. PERFORMANCE OF COMPANY

TURNOVER(including other income)	TOTAL EXPENDITURE
37,700.15	39,383.07
PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX
(1,682.92)	(1,652.71)
EARNING PER SHARE IN Rs.	DIVIDEND RATE %
(13.85)	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (As per monetary terms)

PRODUCT DESCRIPTION	ITEM CODE No.
i) PETROLEUM PRODUCT	2710

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

AUDITORS' REPORT ON THE REVISED CONSOLIDATED FINANCIAL STATEMENTS OF ESSAR OIL LIMITED GROUP

To the Board of Directors of Essar Oil Limited

1. The consolidated financial statements of Essar Oil Limited ("the Company") and its subsidiaries (collectively referred to as "the EOL Group") for the year ended March 31, 2009 ("the original consolidated financial statements for the year ended March 31, 2009") were audited by Deloitte Haskins & Sells (Registration Number – 117366W) and their audit report dated May 18, 2009 ("the audit report on the original consolidated financial statements") expressed an unqualified opinion on the same. The original consolidated financial statements for the year ended March 31, 2009 have now been revised by the Company due to revision of the separate financial statements of the Company for the year ended March 31, 2009 in accordance with the approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-13 in the manner and for the reasons explained in Note B (8) of Schedule XVI to the attached revised consolidated financial statements.. The said approval for the revision of the separate financial statements of the Company is restricted to the revised separate financial statements reflecting a true and fair view of the sales tax incentives /liabilities etc. concerning the Government of Gujarat consequent to an order of the Hon'ble Supreme Court of India dated January 17, 2012 and subject to compliance of certain conditions.

   As explained in Note B (8) of Schedule XVI to the attached revised consolidated financial statements, the Supreme Court of India has, vide its order dated January 17, 2012, set aside the order of the Honorable High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the 'Capital Investment Incentive Premier/Prestigious Units Scheme 1995 – 2000' of the State of Gujarat ("the Scheme"). Consequently, the Company, in its separate financial statements for the year ended March 31, 2012, reversed income of Rs 4,416.12 Crores previously recognised by defeasance of the deferred sales tax liability under the Scheme during May 1, 2008 to December 31, 2011, reversed the cumulative liability of Rs 189.27 Crores towards contribution to a Government Welfare Scheme which was previously payable being one of the conditions to be eligible under the Scheme ("the welfare scheme") and recognised interest income of Rs 264.57 Crores (net of break up charges of Rs. 32.09 Crores) on account of interest receivable from the assignee of the defeased sales tax liability; and presented the same under 'Exceptional Items' in the Statement of Profit and Loss for the year ended March 31, 2012. However, pursuant to reopening of the books of account in accordance with the aforesaid approval of the MCA, the effects of reversal of income of Rs 1,184.69 Crores and reversal of liability of Rs 45.49 Crores towards contribution to the welfare scheme pertaining to the financial year 2008-09 ("the revisions") have been considered in the revised separate financial statements of the Company for the year ended March 31, 2009 and, consequently in the attached revised consolidated financial statements for the year ended March 31, 2009. The effects of the revisions on the original consolidated financial statements for the year ended March 31, 2009 have been explained in detail in the said Note.

2. We have audited the revisions carried out in the original consolidated financial statements to prepare the attached revised consolidated financial statements comprising the revised consolidated balance sheet of the EOL Group as at March 31, 2009, and also the revised consolidated statement of profit and loss and the revised consolidated cash flow statement for the year ended on that date, both annexed thereto. These revised consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these revised consolidated financial statements based on the audit report on the original consolidated financial statements and our audit of the revisions.

   Having regard to the above and the limited application of SA 560, Subsequent Events, only to the matter described in paragraph 1 above in terms of the approval of the MCA, we conducted our audit of the revisions in accordance with the auditing standards generally accepted in India.

3. The financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 802.81 crores as at March 31, 2009, total revenue of Rs. 4.72 crores and cash flows amounting to Rs. 79.33 crores for the year ended on that date as considered in the consolidated financial statements, were not audited by the Group auditors. These financial statements and other financial information have been audited by other auditors whose reports were furnished to the Group auditors and their opinion was based solely on the report of such other auditors.

4. Based on the audit report on the original consolidated financial statements and our audit of the revisions, we report that the attached revised consolidated financial

statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.

5. As reported in the audit report on the original consolidated financial statements, attention is invited to: -
   a. Note B (4)(a) of Schedule XVI to the revised consolidated financial statements detailing the state of the Master Restructuring Agreement and the reasons for following the principles laid down in other internationally recognised financial reporting frameworks as well as Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   b. Note B (4)(c) of Schedule XVI to the revised consolidated financial statements with regard to following cash basis of accounting pursuant to the Court Order in respect of certain funded / accrued interest on debentures, pertaining to the Refinery Project under construction / trial runs and payable at various future dates as per the scheme of arrangement and compromise between the Company and its debenture holders;
   c. Note B (10) of Schedule XVI to the revised consolidated financial statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Accounting Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

6. Based on the audit report on the original consolidated financial statements and our audit of the revisions, in our opinion and to the best of our information and according to the explanations given to us, the revised consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India and in respect of the matters described in paragraph 5. a) and 5. c) above where accounting principles generally accepted in India do not provide specific guidance, in

conformity with the principles laid down in other internationally recognised financial reporting frameworks:

(a) in the case of the revised consolidated balance sheet, of the state of affairs of the EOL Group as at March 31, 2009;

(b) in the case of the revised consolidated statement of profit and loss, of the loss of the EOL Group for the year ended on that date; and

(c) in the case of the revised consolidated cash flow statement, of the cash flows of the EOL Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

R D Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012,

ESSAR OIL LIMITED

REVISED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

Particulars	Schedule	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Sources of funds			
Shareholders' funds			
a) Share capital	**I**	**1,218.13**	1,190.36
b) Advance towards issue of global depository shares		**91.03**	151.67
c) Advance towards issue of equity shares (refer note B(31) of schedule XVI)		**19.25**	49.98
d) Reserves and surplus	**II**	**2,807.42**	2,287.89
Loan funds			
a) Secured loans	**III**	**9,691.46**	9,460.83
b) Unsecured loans	**IV**	**622.39**	701.61
Minority Interest		**118.25**	-
Deferred tax liability (net)		**2.49**	31.53
(Refer Note B (19) of schedule XVI)			
	TOTAL	**14,570.42**	13,873.87
Application of funds			
Fixed assets	**V**		
a) Gross block		**13,765.49**	551.92
b) Less: Accumulated depreciation and amortisation		**776.02**	121.65
c) Net block		**12,989.47**	430.27
Capital work-in-progress	**V**	**3,060.68**	13,851.11
Investments	**VI**	**19.01**	-
Current assets, loans and advances	**VII**		
a) Inventories		**2,257.34**	4,889.73
b) Debtors		**1,165.35**	803.36
c) Cash and bank balances		**1,184.12**	1,088.97
d) Other current assets		**183.11**	54.54
e) Loans and advances		**636.92**	717.43
		5,426.84	7,554.03
Less: Current liabilities and provisions	**VIII**		
a) Current liabilities		**8,543.14**	7,977.56
b) Provisions		**25.69**	13.20
		8,568.83	7,990.76
Net current assets		**(3,141.99)**	(436.73)
Debit balance in revised consolidated statement of profit and loss		**1,643.25**	29.22
	TOTAL	**14,570.42**	13,873.87
Significant accounting policies and notes to revised consolidated financial statements	**XVI**		

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

R. D. Kamat
Partner
Mumbai, November 09, 2012

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S.S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ESSAR OIL LIMITED

REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Schedule	For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Income			
Turnover (gross) {Refer note B(20) of Schedule XVI}		**41,855.97**	651.93
Less: Excise duty		**3,761.62**	-
Turnover (net)		**38,094.35**	651.93
Less :- Sales tax {(Refer note B (8) of schedule XVI)}		**538.27**	89.64
		37,556.08	562.29
Other income	IX	**148.79**	14.49
		37,704.87	576.78
Expenditure			
Purchase of traded petroleum products		**650.93**	495.10
Consumption of raw materials		**32,560.26**	-
{Refer note B (29) of schedule XVI}			
(Increase) / Decrease in stock	X	**991.41**	99.28
Operating expenses	XI	**247.27**	-
Employee costs	XII	**101.26**	2.30
Selling and marketing expenses	XIII	**354.74**	4.89
General and administrative expenses	XIV	**1,481.77**	10.71
		36,387.64	612.28
Profit / (Loss) before interest, depreciation and amortisation, exceptional items and taxes		**1,317.23**	(35.50)
Less: Interest and other finance charges	XV	**1,120.30**	6.06
Less: Depreciation and amortisation		**671.91**	2.53
Net loss before exceptional items and taxes		**(474.98)**	(44.09)
Less: Exceptional items (Refer note B (8) of schedule XVI)		**1,139.20**	-
Net loss before taxes		**(1,614.18)**	**(44.09)**
Taxes			
Current Tax		**7.12**	-
Foreign tax		**-**	(2.38)
Deferred tax		**(29.04)**	(0.57)
Fringe benefit tax		**2.00**	0.06
Net loss before Minority Interest		**(1,594.26)**	(41.20)
Minority Interest		**27.77**	-
Net loss		**(1,622.03)**	(41.20)
Balance brought forward from previous year		**(51.47)**	(20.27)
Add: Amount transferred from foreign projects reserve (Refer note B (15) (a) of schedule XVI)		**8.00**	10.00
Balance carried forward		**(1,665.50)**	(51.47)
Out of above:			
Shown as deduction from general reserve (Refer schedule II)		**(22.25)**	(22.25)
Shown as debit balance in revised consolidated statement of profit and loss in the revised consolidated balance sheet		**(1,643.25)**	(29.22)
		(1,665.50)	(51.47)
Earnings per share			
(face value Rs. 10 per share)			
(Refer note B (17) of schedule XVI)			
- Basic and diluted (Rs.)		**(13.60)**	(0.36)
Significant accounting policies and notes to the revised consolidated financial statements	XVI		

As per our report of even date attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

R. D. Kamat
Partner
Mumbai, November 09, 2012

S.S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ESSAR OIL LIMITED

REVISED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Particulars	For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
A	**Cash flow from operating activities**		
	Net loss before tax and extraordinary items	**(1,614.18)**	(44.09)
	Adjustments for :		
	Depreciation / amortisation	**671.91**	2.53
	Income from lease rental	**(0.84)**	(0.60)
	Fixed assets written off	**0.21**	0.05
	Income on account of arbitration claim (receivable)	**(3.10)**	(3.10)
	Interest on income tax refund	**(15.95)**	(0.34)
	Profit on redemption of mutual Fund	**(1.23)**	-
	Interest income from long term deposits	**(4.10)**	(0.12)
	(Profit) / loss on sale of fixed assets (net)	**-**	(0.02)
	Unrealised exchange differences	**56.17**	-
	Interest	**777.55**	2.89
	Bad debts written off / doubtful debts advances provided for	**0.07**	1.08
	Credit balances / old payables written back	**(0.75)**	(0.36)
	Operating profit / (loss) before working capital changes	**(134.24)**	(42.08)
	Working capital changes		
	Adjustments for :		
	Changes in inventories	**3,272.04**	98.95
	Changes in receivables, advances and deposits	**(2,511.36)**	17.00
	Changes in payables	**1,214.73**	(151.19)
	Cash generated from / (used in) operating activities	**1,841.17**	(77.32)
	Income tax refund / (payment) (net) (including interest)	**(4.06)**	(21.36)
	Net cash generated from / (used in) operating activities (A)	**1,837.11**	(98.68)
B	**Cash flow from investing activities**		
	Additions to fixed assets / capital work in progress (including trial run)	**(2,447.22)**	(1,585.93)
	Amount spent towards common expenditure allocated to the port terminal	**-**	(5.93)
	Sale of fixed assets	**1.75**	0.43
	Purchase of investments	**(129.30)**	(21.35)
	Sale of Investments	**111.52**	21.53
	Changes in long term deposit (net)	**(89.70)**	0.13
	Interest received on long term deposits (other than margin deposits)	**3.62**	-
	Net cash generated from / (used in) investing activities (B)	**(2,549.33)**	(1,591.12)
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings (including funding of interest (net)) (Refer note B (4) (a) of schedule XVI)	**259.91**	1,507.42
	Repayment of long term borrowings	**(389.76)**	(942.54)
	Changes in short term borrowings (net)	**(72.57)**	687.96
	Proceeds towards GDS issued / to be issued (net of refund)	**521.69**	646.82
	Share application money received	**-**	49.98

ESSAR OIL LIMITED

REVISED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Particulars	**For the year ended March 31, 2009 Rs. in Crore**	For the year ended March 31, 2008 Rs. in Crore
Proceeds from issue of equity	**59.75**	-
Interest paid for operating activities	**(734.30)**	(3.86)
Changes in balance of bills of exchange accepted	**909.08**	(28.03)
Net cash generated from / (used in) financing activities (C)	**553.80**	1,917.75
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(158.42)**	227.95
Cash and cash equivalents at the beginning of the year	**355.72**	127.77
Cash and cash equivalents at the end of the year	**197.30**	355.72
Net (decrease) / increase in cash and cash equivalents	**(158.42)**	227.95

Notes:

1 Non cash transactions:

a) The Group has taken transit accomodation facility costing Rs. 10.25 crore on finance lease basis. (Refer note B(11) of schedule XVI)

During previous year:

a) The Group has taken township costing Rs. 67.27 crore and sale depot costing Rs. 2.55 crore on finance lease basis. (Refer note B(11) of schedule XVI)

2 Cash and cash equivalents included in the revised consolidated cash flow statement comprise of the following balance sheet amounts:

	As at March 31, 2009 Rs. in Crore	As at March 31, 2008 Rs. in Crore
Cash on hand and balances with banks		
Cash and bank balances as per consolidated balance sheet	**1,184.12**	1,088.97
Less: Margin and long term fixed deposits #	**986.58**	729.59
Less: Effect of exchange rate changes	**0.24**	3.66
Cash and cash equivalents as restated	**197.30**	355.72

Comprises of margin deposits mainly towards letters of credit facilities availed and term deposits

As per our report of even date attached

For **Deloitte Haskins & Sells**
Chartered Accountants

R. D. Kamat
Partner
Mumbai, November 09, 2012

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S.S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09,2012

ESSAR OIL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE REVISED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - I

SHARE CAPITAL

Particulars		As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Authorised			
5,000,000,000 (Previous year 5,000,000,000) equity shares of Rs. 10 each		**5,000.00**	5,000.00
Issued and subscribed			
1,263,455,604 (Previous year 1,235,683,656) equity shares of Rs.10 each		**1,263.46**	1,235.69
Paid up			
1,201,529,604 (Previous year 1,173,757,656) equity shares of Rs. 10 each fully paid up		**1,201.53**	1,173.76
Add : Forfeited shares - 61,926,000 (Previous year 61,926,000) equity shares of Rs. 10 each		**16.60**	16.60
	TOTAL	**1,218.13**	1,190.36

Notes:- Of the above equity shares :

a) 65,370,000 (Previous year 65,370,000) equity shares were allotted as fully paid-up equity shares pursuant to a contract for consideration other than cash during the financial year 1992-1993.

b) 846,385,290 (Previous year 818,613,342) equity shares are represented by 5,531,930 (Previous year 5,350,414) global depository shares (GDS). GDS issued during the year 181,516 (Previous year 223,706) are represented by 27,771,948 (Previous year 34,227,018) equity shares.

SCHEDULE - II

RESERVES AND SURPLUS

Particulars		As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Capital reserve			
Balance as per last consolidated balance sheet		**40.89**	40.89
	(A)	**40.89**	40.89
Securities premium account			
Balance as per last consolidated balance sheet		**2,201.34**	1,551.03
Add : Premium on issuance of GDS		**527.67**	650.31
	(B)	**2,729.01**	2,201.34
Foreign projects reserve			
Balance as per last consolidated balance sheet		**8.45**	18.45
Less: Transferred to revised consolidated statement of profit and loss (Refer note B (15) (a) of Schedule XVI)		**8.00**	10.00
	(C)	**0.45**	8.45
General reserve			
Balance as per last consolidated balance sheet		**22.25**	22.30
Less: Adjustment on account of transitional provision of Accounting Standard - 15 on employee benefits		**-**	0.05
		22.25	22.25
Less: Debit balance in revised consolidated statement of profit and loss (to the extent of balance in general reserve)		**22.25**	22.25
	(D)	**-**	-
Debenture redemption reserve			
Balance as per last consolidated balance sheet		**37.21**	37.21
(Refer note B (15) (b) of schedule XVI)	**(E)**	**37.21**	37.21
Foreign currency translation reserve		**(0.14)**	-
	(F)	**(0.14)**	-
	TOTAL (A+B+C+D+E+F)	**2,807.42**	2,287.89

SCHEDULE - III

SECURED LOANS

Particulars			As at March 31, 2009 Rs. In Crore		As at March 31, 2008 Rs. In Crore
Debentures					
(Refer note B (4) (c) of schedule XVI)					
Non convertible debentures			**301.33**		390.03
12.5% Non convertible debentures			**6.57**		6.57
	(A)		**307.90**		396.60
Term loans and funded interest facilities					
Term loans (Refer note B (4) (d) of schedule XVI)					
From banks {Including interest accrued and due Rs. 9.02 crore (Previous year Rs.14.03 crore)} (Refer note B (4) (a) of schedule XVI)			**4,591.61**		4,341.47
From financial institution(s) {Including interest accrued and due Rs. Nil (Previous year Rs.3.69 crore)}			**3,168.20**		3,227.00
Term loans - funded interest facilities (Comprising funding of interest for the period October 01, 1998 to December 29, 2003) (Refer note B (4) (a) of schedule XVI)					
From banks		**1,033.00**		1,095.69	
Less: Amount not payable as of consolidated balance sheet date in respect of funded interest payable in the year 2026		**840.13**	**192.87**	910.52	185.17
From financial institution(s)		**1,641.72**		1,431.87	
Less: Amount not payable as of consolidated balance sheet date in respect of funded interest payable in the year 2026 / 2031		**1,350.49**	**291.23**	1,189.89	241.98
	(B)		**8,243.91**		7,995.62
Short term loans from banks	**(C)**		**1,118.64**		1,044.74
Bank Overdraft	**(D)**		**21.01**		-
Demand loan from a bank	**(E)**		**-**		23.87
	TOTAL (A+B+C+D+E)		**9,691.46**		9,460.83

Notes :

Debentures

Rs. 301.33 crore (Previous year Rs. 390.03 crore) debentures are secured / to be secured by first / second ranking security interests, on all movable and immovable assets, present and future, and first ranking security interests in favour of holders of more than 2000 debentures by pledge of certain shares of Essar Oil Limited (EOL) held by its promoters / associates of promoters or of EOL, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to projects and personal guarantees by some of the promoter directors of EOL together with collateral securities.

Term loans and funded interest facilities from banks and financial institutions and debentures of Rs. 6.57 crore

a) Rs. 10141.81 crore (Previous year Rs. 9,769.09 crore) of term loans, funded interest facilities and debentures of Rs. 6.57 crore (Previous year Rs. 6.57 crore) are secured / to be secured by first ranking security interests on all immovable assets (except certain leased out assets), all movable assets other than current assets and second ranking security interests on current assets, present and future, pledge of certain shares of the EOL held by its promoters / associates of promoters or of EOL, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to refinery project and personal guarantees by some of the promoter directors of the EOL together with collateral securities. A term loan of Rs. 137.83 crore (Previous year Rs. 140.41 crore) {(including funded interest facilities of Rs. 33.83 crore) (Previous year Rs. 36.41 crore)} is also secured by a corporate guarantee and other assets pertaining to terminal project of Group Company

b) Rs. 0.01 crore (Previous year Rs. 0.16 crore) vehicle loans are secured by hypothecation of the vehicles financed.

c) Rs. 20.40 crore (Previous year Rs. Nil) loan from a Bank is secured by hypothecation of current assets of an oilfield and a corporate guarantee provided by a group Company.

d) Rs.272.31 crore (Previous Year Rs.326.78 crore) term loan from Financial Institutions are secured by first mortgage and charge on Vadinar Power Comapany Limited's (VPCL) immovable and movable properties including lease hold rights, first mortgage and charge by EOL on the land (along with certain equipment and materials erected thereon), a first charge on book debts, operating cash flow, receivables, commissions, revenues and Company's intangibles including goodwill, uncalled capital : present and future, ranking paripasu with all the lenders of VPCL; pledge of at least 51% of the total paid up share capital of VPCL held by EOL; security interest on rights, title and interest in the project related contracts and contractor guarantee, trust and retention and other bank accounts and assignment of all insurance policies.

Short term and demand loans from banks

Rs. 1,118.64 crore (Previous year Rs. 1,068.61 crore) short term and demand loans from banks are secured / to be secured by first charge on all the current assets excluding that of exploration division of EOL, second charge by way of mortgage of land and building and plant and machinery and other assets excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by a group Company and other collaterals being second charge on pledge of certain shares of the Company and that of a Group Company held by promoters.

Bank overdraft of Rs. 21.01 crore (Previous Year Rs. Nil) from a bank is secured by fixed deposits placed by the Company with the bank.

SCHEDULE - IV

UNSECURED LOANS

Particulars	As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Conditional grant from a bank	**6.88**	5.87
{Refer note B (12) of schedule XVI}		
Term loans		
From banks in foreign currency (Refer note B (4) (b) of schedule XVI)	**365.53**	270.99
{Including interest accrued and due Rs. 108.52 crore (Previous year Rs. 70.62 crore)}		
Other loans		
From banks in foreign currency	**-**	28.29
From others	**175.30**	328.47
{Including interest accrued and due Rs. 2.04 crore(Previous year Rs.2.06 crore)}		
{Including payable within one year Rs. 54.35 crore (Previous year Rs. 183.06 crore)}		
Finance lease obligation	**74.68**	67.99
(Refer note B (11) (i) (b) of schedule XVI)		
TOTAL	**622.39**	701.61

SCHEDULE - VI
INVESTMENTS

Particulars	As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Other Investments (fully paid - up)		
(Long term, unquoted)		
Non trade investment		
13,000,000 (Previous year 13,000,000) equity shares of Rs. 10 each of Petronet VK Limited (face value Rs. 10) (Refer note below)	**13.00**	13.00
1,584,000 (Previous year 1,584,000) equity shares of Rs. 10 each of Petronet CI Limited (face value Rs. 10) (company under liquidation)	**1.58**	1.58
10,000,000 (Previous year 10,000,000) equity shares of Rs. 10 each of Petronet India Limited (face value Rs. 10)	**10.00**	10.00
(Current, quoted)		
Non trade investment	**19.01**	-
LIC Mutaul Funds (13339260.218 units @ Rs.14.25 per unit)		
	43.59	24.58
Less : Provision for diminution in value of investments	**24.58**	24.58
TOTAL	**19.01**	-

Note:-

All the Shares are pledged with a lender against a loan disbursed to the Group.

ESSAR OIL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE REVISED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE - V

FIXED ASSETS

Rs. in crore

Description of the assets	Gross block (at cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2008	Additions	Deductions/ write offs / adjustments	As at March 31, 2009	As at April 01, 2008	During the year	Deductions/ write offs / adjustments	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
A) Tangible assets										
Land	50.19	78.22	9.89	**118.52**	-	-	-	**-**	**118.52**	50.19
Building	29.47	266.47	4.20	**291.74**	14.52	22.10	2.78	**33.84**	**257.90**	14.95
Plant and machinery	175.54	12,885.06	68.73	**12,991.87**	56.87	619.83	31.47	**645.23**	**12,346.64**	118.67
Producing properties	142.72	37.29	-	**180.01**	1.06	0.26	-	**1.32**	**178.69**	141.66
Furniture and fixtures	6.69	0.85	0.02	**7.52**	4.61	0.87	0.01	**5.47**	**2.05**	2.08
Office equipments	32.15	4.46	0.57	**36.04**	18.32	5.10	0.50	**22.92**	**13.12**	13.83
Vehicles	4.75	3.32	0.01	**8.06**	1.53	1.42	0.01	**2.94**	**5.12**	3.22
Total (A)	**441.51**	**13,275.67**	**83.42**	**13,633.76**	**96.91**	**649.58**	**34.77**	**711.72**	**12,922.04**	344.60
B) Intangible assets										
Softwares and licenses	22.39	11.07	0.00	**33.46**	4.83	5.55	-	**10.38**	**23.08**	17.56
Total (B)	**22.39**	**11.07**	**0.00**	**33.46**	**4.83**	**5.55**	**-**	**10.38**	**23.08**	17.56
C) Assets taken on lease										
Land	0.17	-	-	**0.17**	-	-	-	**-**	**0.17**	0.17
Building	65.65	7.08	-	**72.73**	1.36	33.33	-	**34.69**	**38.04**	64.29
Plant and machinery	3.60	2.02	-	**5.62**	0.18	0.23	-	**0.41**	**5.21**	3.42
Furniture and fixtures	-	0.88	-	**0.88**	-	0.17	-	**0.17**	**0.71**	-
Office equipments	0.40	0.27	-	**0.67**	0.17	0.28	-	**0.45**	**0.22**	0.23
Total (C)	**69.82**	**10.25**	**-**	**80.07**	**1.71**	**34.01**	**-**	**35.72**	**44.35**	68.11
D) Assets given on lease										
Plant and machinery	18.20	-	-	**18.20**	18.20	-	-	**18.20**	**-**	-
Total (D)	18.20	-	-	**18.20**	**18.20**	**-**	**-**	**18.20**	**-**	-
Total (E = A + B + C + D)	**551.92**	**13,296.99**	**83.42**	**13,765.49**	**121.65**	**689.14**	**34.77**	**776.02**	**12,989.47**	430.27
Previous year	303.92	252.51	4.51	551.92	107.60	17.87	3.82	121.65	430.27	
Capital work-in-progress {including advances on capital account Rs. 1283.61 crore (Previous year Rs. 2394.24 crore) and expenditure during construction pending allocation Rs 538.41 crore (Previous year Rs 6391.39 crore} {(Refer note B (3), B(4)(a) and B(28) of schedule XVI)}									**3,060.68**	13,851.11

Notes:-

1 Total depreciation / amortisation / depletion for the year - Rs. 689.14 crore (Previous year Rs. 17.87 crore) is charged / allocated as under :
(i) Rs.671.91 crore (Previous year Rs. 2.53 crore) to revised consolidated statement of profit and loss;
(ii) Rs. 16.24 crore (Previous year Rs. 14.99 crore) to expenditure during construction / trial runs;
(iii) Rs. 0.99 crore (Previous year Rs. 0.35 crore) to capital work-in-progress (exploration activities);

2 Plant and machinery includes capital expenditure of Rs. 23.27 crore (Previous year Rs. 25.61 crore) incurred by the Company for a 220 KVA line from Paschim Gujarat Vij Company Limited (PGVCL) feeder, the ownership of which vests with PGVCL and is amortised over a period of 20 years.

3 Land includes Rs.20.26 crore (Previous year Rs. 19.15 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL) and Vadinar Properties Limited. A charge has been created against the land leased to VOTL in favour of lenders of VOTL respectively.

4 Additions to plant and machinery includes exchange difference of Rs.224.81 crore on long term monetary items.

5 The estimated useful life of softwares and licenses is estimated to be 5 years from the date of acquisition.

6 Capital work-in-progress includes loss on account of exchange difference of Rs. 35.92 crore (Previous year Rs. 1.50 crore gain).

7 Capital work-in-progress (including advances on capital account) and expenditure during construction includes Rs. 2,094.61 crore (Previous year Rs.831.14 crore) for refinery expansion project, Rs. 212.62 crore (Previous year Rs.142.72 crore) for exploration and production project, Rs. 31.76 crore (Previous year Rs. 7.45 crore) for petrochemical project , Rs. 360.48 crore (Previous year Rs. 391.28 crore) for power plant and Rs. 361.21 crore (Previous year Rs. 12,478.52 crore) for base refinery and other projects.

SCHEDULE - VII

CURRENT ASSETS, LOANS AND ADVANCES

Particulars		As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Current Assets			
Inventories			
Raw material {including material in transit Rs. 333.75 crore (Previous year Rs. 1,175.27 crore)}		**1,137.05**	3,255.67
Work-in-progress		**614.19**	1,012.51
Traded / Finished goods		**289.68**	526.05
Stores and spare parts {including material in transit Rs.3.31 crore (Previous year Rs. 10.79 crore)}		**184.04**	79.59
Other consumables {including material in transit Rs. 0.66 crore (Previous year Rs. 1.52 crore)}		**32.38**	15.91
		2,257.34	4,889.73
Sundry debtors (Refer note B (9) of schedule XVI)			
Over six months			
- Considered good		**82.65**	84.77
- Considered doubtful		**0.08**	0.01
Others - considered good		**1,082.70**	718.59
		1,165.43	803.37
Less : Provision for doubtful debts		**0.08**	0.01
		1,165.35	803.36
Cash and bank balances			
Cash on hand		**0.28**	0.34
Balances with banks in:			
i) Current accounts (Refer note B (30) of schedule XVI)		**158.40**	223.91
ii) Deposit and escrow accounts		**1,025.44**	864.72
(Deposit accounts comprises of margin deposits mainly placed for letters of credit facilities, guarantees and other term deposits)			
		1,184.12	1,088.97
	(A)	**4,606.81**	6,782.06
Other current assets			
Other receivables(Refer note B (9) of schedule XVI)		**158.16**	36.32
Interest accrued on deposits		**24.95**	18.22
	(B)	**183.11**	54.54
Loans, advances and deposits			
(Unsecured and considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (Refer note B (9) of schedule XVI)			
- considered good		**256.77**	165.73
- considered doubtful		**3.00**	3.00
Deposits			
With government and semi-government departments		**200.61**	421.46
Others		**136.47**	97.73
Advance income tax / Tax deducted at source {(Net of provisions of Rs. 28.81 crore) (Previous year Rs. 21.75 crore)}			
- considered good		**42.91**	32.51
- considered doubtful		**1.61**	1.50
Advance fringe benefit tax (Net of provisions of Rs. 10.35 crore)		**0.16**	-
		641.53	721.93
Less : Provision for doubtful advances		**4.61**	4.50
	(C)	**636.92**	717.43
	TOTAL(A+B+C)	**5,426.84**	7,554.03

SCHEDULE - VIII

CURRENT LIABILITIES AND PROVISIONS

Particulars		As at March 31, 2009 Rs. In Crore	As at March 31, 2008 Rs. In Crore
Current liabilities			
Bills payable		**918.49**	9.41
Sundry creditors			
- Dues to micro and small enterprises (Refer note B (25) of schedule XVI)		**-**	0.91
- Others {Including Rs. 4,569.23 crore (Previous year Rs. 2,382.01 crore) covered under letters of credit}		**5,794.54**	7,093.82
Unclaimed debenture interest and principal (secured)* (For security details refer note under schedule III)		**21.18**	11.83
Other liabilities (Refer note B (14) of schedule XVI)		**1,722.41**	608.48
Temporary overdrawn bank balances as per books of account		**44.50**	200.32
Interest accrued but not due on loans		**42.02**	52.79
	(A)	**8,543.14**	7,977.56
Provisions			
Compensated absenses		**25.42**	12.08
Gratuity		**0.27**	0.81
Fringe benefit tax (Previous year net of advances of Rs.7.99 crore)		**-**	0.31
	(B)	**25.69**	13.20
	Total (A+B)	**8,568.83**	7,990.76

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at consolidated balance sheet date.

ESSAR OIL LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE - IX
OTHER INCOME

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Interest			
{Inclusive of tax deducted at source Rs. 28.71 crore (Previous year Rs. 0.47 crore)}			
a) On deposits		**97.97**	2.20
b) Others (Refer note B (23) of schedule XVI)		**26.89**	3.46
		124.86	5.66
Profit on sale of fixed assets		**-**	0.02
Lease rentals		**0.84**	0.60
Exchange differences (net)		**-**	5.91
Profit on redemption of mutual funds		**1.23**	-
Miscellaneous income		**21.86**	2.30
	TOTAL	**148.79**	14.49

SCHEDULE - X
(INCREASE) / DECREASE IN STOCK

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Opening stock:			
Finished goods*		**668.76**	**-**
Work-in-progress*		**1,195.54**	**-**
Traded goods		**30.99**	130.27
	(A)	**1,895.29**	130.27
Closing stock:			
Finished goods		**277.25**	-
Work-in-progress		**614.19**	-
Traded goods		**12.44**	30.99
	(B)	**903.88**	30.99
(Increase) / Decrease in stock	(A) - (B)	**991.41**	99.28

* As on May 1, 2008 {Date of capitalisation of refinery and power plant (refer note B (3) of schedule XVI)}

SCHEDULE - XI
OPERATING EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Consumption of stores and spare parts		**38.91**	-
Intermediate material handling charges		**15.45**	-
Power and fuel {Net of consumed out of own production Rs. 479.29 crore (Previous year Rs. Nil)		**37.12**	-
Excise duty (Difference between excise duty on opening* and closing stock)		**(12.00)**	-
Other operating expenses		**167.79**	-
	TOTAL	**247.27**	-

* As on May 1, 2008 {being date of capitalisation of refinery (Refer note B (3) of schedule XVI)}

SCHEDULE - XII
EMPLOYEE COSTS

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Salaries, wages and bonus		**92.39**	1.79
Contribution to / provision for provident and other funds		**4.12**	0.13
Staff welfare expenses		**4.75**	0.38
	TOTAL	**101.26**	2.30

SCHEDULE - XIII
SELLING AND MARKETING EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Terminalisation charges		**9.89**	0.98
Rent for retail outlets		**13.43**	1.49
Commission		**48.06**	-
Product handling charges		**248.83**	-
Others		**34.53**	2.42
	TOTAL	**354.74**	4.89

SCHEDULE - XIV

GENERAL AND ADMINISTRATIVE EXPENSES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Rates and taxes		**4.56**	3.39
Insurance		**12.05**	-
Professional fees		**63.15**	-
Rent		**17.60**	0.20
Repairs and maintenance			
a) Buildings		**5.73**	-
b) Plant and machinery		**16.21**	-
c) Others		**10.15**	-
Sundry expenses		**90.93**	7.12
Exchange differences (net) (Refer note B (6) of schedule XVI)		**1,261.39**	-
	TOTAL	**1,481.77**	10.71

SCHEDULE - XV

INTEREST AND OTHER FINANCE CHARGES

Particulars		For the year ended March 31, 2009 Rs. in Crore	For the year ended March 31, 2008 Rs. in Crore
Interest			
a) On debentures		61.35	-
b) On fixed loans		682.21	-
c) On others		33.99	4.21
Change in present obligation of certain loans (Refer note B (4) (a) of schedule XVI)		42.11	-
Other finance charges		300.64	1.85
	TOTAL	1,120.30	6.06

SCHEDULE XVI

Significant accounting policies and notes to revised consolidated financial statements.

A. Significant accounting policies:

1. Basis of accounting

The revised financial statements of Essar Oil Limited (the Company) and its subsidiaries and joint ventures (the group) are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India ("GAAP") except that the revision of the original financial statements have been carried out in accordance with the approval of the Ministry of Corporate Affairs only for a limited purpose of reflecting a true and fair view of the sales tax incentives / liabilities, etc. consequent to an order dated January 17, 2012 of the Hon'ble Supreme Court of India concerning the Government of Gujarat (Refer note 8 of part B of this schedule) which has effect of restricting application of Accounting Standard (AS) 4, Contingencies and Events Occurring after the Balance Sheet date, only to the said event in so far as it relates to the events after approval of the original financial statements of the Company by the Board of Directors in its meeting held on May 18, 2009. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

A summary of the significant accounting policies is set out below:

a) The financial statements of the subsidiary companies used in this consolidation are drawn upto the same reporting date as of the Company.

b) The financial statements of the Group have been combined on a line by line basis adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra-group balances and intra group transactions, if any, resulting in unrealised profits or losses.

c) The excess of cost to the Company of its investments in subsidiaries over its share of the equity of the subsidiaries at the dates on which the investments in the subsidiaries are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiaries as at the date of investment is in excess of the cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head Reserves and Surplus in the consolidated financial statements.

d) The financial statements of the Group reflect its share of assets, liabilities, income and expenditure of its joint venture operations, which are accounted on the basis of available information on a line by line basis with similar items in the Group's financial statements to the extent of the participating interest of the Group as per the various joint venture agreement(s).

The consolidated financial statements are prepared on accrual basis. Attention is invited to note (4) (c) of part B of this schedule.

2. Use of estimates

The preparation of consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Though management believes that the estimates used are prudent and reasonable, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Revenue recognition

Revenue on sale of goods is recognised when property in the goods is transferred to the buyer for a price, or when all significant risks and rewards of ownership have been transferred to the buyer and no effective control is retained by the Group in respect of the goods transferred, to a degree usually associated with ownership, and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.

Revenue on transactions of rendering services is recognised under the completed service contract method. Contract is regarded as completed when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

4. Government grants

Government grants are recognised only when there is reasonable assurance that the conditions attached to the grants will be complied with, and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

5. Fixed assets and depreciation

Fixed assets are recorded at cost less accumulated depreciation and impairment loss, if any. Cost is inclusive of non-recoverable duties and taxes, cost of construction including erection, installation, commissioning, know how and expenditure during construction including borrowing costs and results of trial runs.

Depreciation on plant and machinery is provided as per straight line method. All other assets are depreciated as per written down value method. Depreciation is computed at the rates based on the estimated useful lives of the assets or at the rates provided under schedule XIV to the Companies Act, 1956 whichever is higher.

Depreciation on additions / deductions to fixed assets made during the year is provided on a pro-rata basis from / upto the date of such additions / deductions, as the case may be.

Cost of the assets purchased and / or constructed by the Group whose ownership vests with others by virtue of a contract or otherwise, are amortised at the higher of rates based on the estimated useful lives of the assets or the contract period, or at the rates provided under Schedule XIV of the Companies Act, 1956.

Direct expenditure on projects or assets under construction or development is shown under capital work-in-progress.

The progress / milestone based payments made under the contracts for projects and assets under construction or development and other capital advances are considered as advances on capital account until the same are allocated to fixed assets, capital work-in-progress, expenditure during construction and other relevant accounts, as applicable.

Expenditure incidental to the construction of projects or assets under construction or development that take substantial period of time to get ready for their intended use is accumulated as expenditure during construction, pending allocation to fixed assets and other relevant accounts, as applicable.

6. Intangible assets and amortisation

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised over the best estimate of their useful lives, subject to a rebuttable presumption that such useful lives will not exceed ten years.

7. Oil and gas exploration and development of assets

The Group follows the full cost method of accounting for its oil and gas exploration and development activities whereby, all costs associated with acquisition, exploration and development of oil and gas reserves, are capitalised under capital work-in-progress, irrespective of success or failure of specific parts of the overall exploration activity within or outside a cost centre (known as 'cost pool').

Exploration and survey costs incurred are held outside the cost pool until the existence or otherwise of commercial reserves are determined. These costs remain un-depleted pending determination, subject to there being no evidence of impairment. Costs are released to its related cost pool upon determination or otherwise of reserves.

When any field in a cost pool is ready to commence commercial production, the accumulated costs in that cost pool are transferred from capital work-in-progress to the gross block of assets under producing properties. Subsequent exploration expenditure in that cost pool is added to the gross block of assets either on commencement of commercial production from a field discovery or failure. In case a block is surrendered, the accumulated exploration expenditure pertaining to such block is transferred to the gross block of assets.

Expenditure carried within each cost pool (including future development cost) is depleted on a unit-of-production basis with reference to quantities, with depletion computed on the basis of the ratio that oil and gas production bears to the balance proved and probable reserves at commencement of the year.

8. Impairment of assets

The Group assesses at each consolidated balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the consolidated balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

9. Valuation of inventories

Inventories (other than crude oil extracted by exploration and production segment) are valued at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Closing stock of crude oil extracted and in saleable condition is valued at net realisable value.

10. Foreign currency transactions

Foreign currency transactions are accounted at the rate normally prevailing on the transaction date. Monetary items denominated in foreign currency other than net investment in non-integral foreign operations are translated at the exchange rate prevailing at the consolidated balance sheet date. In case of non-integral foreign operations, all the assets and liabilities are translated at the closing rate whereas the income and expense items are translated at average exchange rate during the period.

Exchange differences arising on settlement or conversion of short term monetary items are recognised in the consolidated statement of profit and loss or capital work-in-progress / expenditure during construction, as applicable. Exchange differences relating to long term monetary items are accounted as under:

(i) in so far as they relate to the acquisition of a depreciable capital asset added to / deducted from the cost of the asset and depreciated over the balance useful life of the asset

(ii) in other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Profit and Loss Account over the balance life of the long term monetary item or March 31, 2011, whichever is shorter.

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise’s net investments in a non-integral operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the same is recognised in the statement of profit and loss.

11. Derivative instruments (other than forward exchange contracts)

<u>Commodity derivatives</u>

In order to hedge its exposure to commodity price risk, the Group enters into non-speculative hedges, such as forward, option or swap contracts and other appropriate derivative instruments. These instruments are used only for the purpose of managing the exposure to commodity price risk and not for speculative purposes. The premium and gains / losses arising from settled derivative contracts, and mark to market (MTM) losses in respect of outstanding derivative contracts as at consolidated balance sheet date are credited for gains or charged for losses to the raw material consumed in so far as it relates to the derivative instruments taken to hedge risk of movement in price of crude oil, and credited for gains or charged for losses to sales in so far as it relates to the derivative instruments (including margin cracks) taken to hedge risk of movement in price of finished products. The net MTM gains in respect of outstanding derivatives contracts are not recognised on conservative basis.

<u>Others</u>

Gains or losses arising on settlement of financial derivative contracts are credited for gains or charged for losses to the consolidated statement of profit and loss or expenditure during construction, as applicable, as and when settlement takes place. The net MTM losses in respect of outstanding derivative contracts as at the consolidated balance sheet date are provided for. The net MTM gains in respect of outstanding derivative contracts are not recognised on conservative basis.

12. Lease

Operating Lease

Lease expenses and lease income on operating leases are recognised on a straight line basis over the lease term in the consolidated statement of profit and loss or expenditure during construction, as applicable.

Finance lease

As lessee:

Assets taken on lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy of the Group on depreciation. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease. The leases are recognised in the books of account at the inception of the lease term. Attention is invited to note B (11) of this schedule .

As lessor:

The assets given under a finance lease are recognised as a receivable in the balance sheet at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

13. Employee benefits

i. Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense in the consolidated statement of profit and loss / expenditure during construction, as applicable, when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each consolidated balance sheet date. Actuarial gains and losses are recognised in full in the consolidated statement of profit and loss / expenditure during construction, as applicable, for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and is otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the consolidated balance sheet represents the present value of the defined benefit obligation and is adjusted both for unrecognised past service cost, and for the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme, if lower.

ii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

iii. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the consolidated balance sheet date.

14. Valuation of investments

Investments are classified into long term and current investments. Long term investments are carried at cost. Diminution in value of long term investments is provided for when it is considered as being other than temporary in nature. Current investments are carried at the lower of cost and fair value.

15. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or development of qualifying assets (i.e. the assets that take substantial period of time to get ready for its intended use) are charged to expenditure during construction.

Other borrowing costs are recognised in the statement of consolidated profit and loss.

16. Taxation

The provision for current taxation is computed in accordance with the relevant tax laws and regulations. Deferred tax is recognised on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date. Deferred tax assets are recognised only when there is a reasonable certainty that sufficient future taxable income will be available against which they will be realised. Where there is a carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence of availability of taxable income against which such deferred tax assets can be realised in future.

Fringe benefit tax is determined at current applicable rates on expenses falling within the ambit of fringe benefit as defined under the Income Tax Act, 1961.

17. Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are neither recognised nor disclosed.

B. NOTES TO THE REVISED CONSOLIDATED FINANCIAL STATEMENTS

		Year ended March 31, 2009 Rs. in crore	Year ended March 31, 2008 Rs. in crore
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including Rs.1.48 crore (Previous year Rs. 1.45 crore) pertaining to joint ventures (Refer note B (13) (b))}	**23,037.51**	18,715.81
2	Contingent liabilities		
	a) Income tax / sales tax and other demands of various years against which appeals have been filed	**48.61**	48.55
	b) Claims against the Group not acknowledged as debts :		
	i) In respect of custom duty / excise duty	**3.31**	2.19
	ii) In respect of encashment of performance guarantee	**7.98**	7.98
	iii) Others	**198.29**	130.57
	The above includes counter claims on the Group in certain arbitration matters Rs. 93.84 crore (Previous year Rs. 83.08 crore) , matters under litigation being demand for additional compensation in land acquisition matter Rs. 8.48 crore (Previous year Rs. 7.14 crore) , demand of road tax on certain heavy equipment Rs. 10.45 crore (Previous year Rs 0.67 crore) , stamp duty on import of crude Rs. 57.45 crore (Previous year Rs. 22.70 crore) , interest on a loan under restructuring from a bank Rs. 17.84 crore (Previous year Rs. 10.46 crore), Gujarat entry tax Rs. 5.38 crore (Previous year Rs. 5.38 crore) and other miscellaneous claims of Rs. 4.85 crore (Previous year Rs.1.14 crore).		
	c) Interest not payable if certain funded interest facilities are prepaid {Refer note 4 (a) of schedule XVI}	**268.45**	129.50
	d) In respect of custom duty, where the department has gone in appeal	**24.66**	22.45
	e) In respect of bills discounted with banks	**-**	389.67
	<u>Guarantees / Bonds</u>		
	a) Guarantees given by the Group on behalf of others	**272.39**	276.66
	b) Guarantees given by banks / others on behalf of the Group {excluding guarantees and confirming bank guarantees given as security Rs. 7,592.54 crore (Previous year Rs. 4,810.82 crore) in respect of liabilities existing as at balance sheet date} {including Rs.14.72 crore (Previous year Rs. 14.29 crore) pertaining to joint ventures (Refer note B (13)(b))}	**5,556.79**	1,340.00
	The claims by parties in respect of which the management has been legally advised that the same are frivolous and not tenable, have not been considered as contingent liabilities as the possibility of an outflow of resources embodying economic benefits is highly remote.		

3. The Group has commenced commercial production of Refinery and power plant on May 1, 2008. All expenditure pertaining to the completed Refinery Project and Power Plant being advances on capital account, capital work in progress and expenditure during construction have been capitalised during the year. Having regard to the forgoing, the current year figures may not be comparable with previous year figures. The Group is in the process of increasing the existing capacity of the Refinery and Power Plant and the expenditure incurred on expansion is accounted as advances on capital account, capital work in progress and expenditure during construction, as applicable.

4. (a) The Master Restructuring Agreement ("MRA") dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option to the Group to prepay certain funded interest loans of Rs. 2,467.84 crore (Previous year Rs. 2,527.56 crore) arising from funding of interest for the period October 1, 1998 to December 29, 2003 at any point in time during their term at a reduced amount computed in accordance with the mechanism provided in the MRA or in full by one bullet payment in March, 2026 (Refer schedule III) .

During the year, the Group agreed to pay a claim of Rs. 206.88 crore of a lender by a single bullet payment in 2031 with an option to prepay this amount as per the agreed terms at a reduced rate at any point of time during its term (Refer schedule III) .

In order to give accounting effect to reflect the substance of the above transactions and considering the intention of the management to prepay the funded interest loans under the option aforementioned, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, the principles laid down in International Financial Reporting Standard (IAS 39) (Revised) Financial Instruments – Recognition and Measurement, Statement of Financial Accounting Standard (SFAS 15) Accounting by Debtors and Creditors for Troubled Debt Restructuring under United States Generally Accepted Accounting Principles (US-GAAP), and Accounting Standard (AS 30) Financial Instruments – Recognition and Measurement issued by the Institute of Chartered Accountants of India, have been followed.

In view of the above, an amount of Rs. 2,190.62 crore (Previous year Rs. 2,100.41 crore) shown under secured loans (Refer schedule III) being the amount not payable as at consolidated balance sheet date, has been shown as deduction from the funded interest facilities of the financial institutions and the banks to reflect in substance the present obligation under the mechanism on the consolidated balance sheet date, with consequential deduction from "Expenditure during construction" till date of capitalisation of the Refinery Project. The changes in the present obligation of the said loans subsequent to capitalisation of the Refinery Project till the date of consolidated balance sheet is treated as finance cost in the statement of consolidated profit and loss (Refer schedule XV).

In case the Group is unable to prepay the funded interest loans repayable in 2026 by 2012 the Group will be liable to pay interest as per MRA on the said loans w.e.f. April 24, 2007. Hence, the same is considered as a contingent liability.

(b) A foreign currency loan of Rs. 365.53 crore (Previous year Rs. 270.99 crore) including interest of Rs. 108.52 crore (Previous year Rs. 70.62 crore) from a bank is in the process of being restructured as required under the MRA and is consequently considered as long term.

(c) (i) Secured redeemable non – convertible debentures ("NCDs") of Rs. 105/- each consists of :

(1) 14,864,950 (Previous year 14,864,950) – 6% NCDs amounting to Rs. 33.17 crore (Previous year Rs. 66.34 crore) with repayment started from April 30, 2006;

(2) 10,291,750 (Previous year 10,291,350) – 6% NCDs amounting to Rs. 30.88 crore (Previous year Rs. 56.60 crore) with repayment started from December 31, 2006;

(3) 33,315,750 (Previous year 33,316,200) – 9.25% NCDs (including partly paid debentures) amounting to Rs. 59.64 crore (Previous year Rs. 89.45 crore) repayable in equal installments on September 30, 2009 and March 31, 2010;

(4) 16,918,250 (Previous year 16,918,250) – 12.50% NCDs amounting to Rs. 177.64 crore (Previous year Rs. 177.64 crore) with repayment starting from January 24, 2015;

(ii) 700,000 – 12.5% secured redeemable NCDs, of Rs. 100 each on private placement basis are partly paid up @ Rs. 93.86 per debenture amounting to Rs. 6.57 crore (Previous year Rs. 6.57 crore), with repayment starting from January 24, 2015.

The Hon'ble High Court of Gujarat has, in response to the Group's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to Rs. 353.10 crore (Previous year Rs. 364.25 crore) as at March 31, 2009 have not been accounted for. Out of the above, funded interest liabilities of Rs. 219.93 crore (Previous year Rs. 219.93 crore) are payable in March, 2026 and April, 2027 and balance on various dates ranging from April, 2009 to April, 2026.

(d) Term loans include interest funded for period up to September 30, 1998, for the period subsequent to December 29, 2003 and interest funded on April 1, 2009.

5. In respect of an insurance claim filed by the Group in the past for Rs. 1,757.83 crore (Previous year Rs. 1,757.83 crore) {including interest of Rs. 871.53 crore (Previous year Rs. 871.53 crore)}, the Group and insurer have agreed to settle the dispute by arbitration. The arbitration proceedings were initiated during the year and the Group has revised its claim amount to Rs. 3,020.22 crore mainly to cover the interest on the claim amount up to the date of filing the claim before the arbitration panel. Pending the outcome of arbitration, the claim amount is not recognised in the books of account.

6. Pursuant to the adoption by the Group of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Group has capitalised as part of cost of fixed assets exchange differences amounting to Rs. 116.50 crore. Consequently, the loss for the year and balance in the statement of consolidated profit and loss are lower by Rs.116.50 crore, fixed assets are higher by Rs.116.50 crore.

7. As at consolidated balance sheet date, out of the unutilised balance of GDS proceeds amounting to Rs. 0.01 crore (Previous year Rs. 23.86 crore), Rs. Nil (Previous year Rs. 16.00 crore) is lying in bank deposit and Rs. 0.01 crore (Previous year Rs. 7.86 crore) is lying in bank current accounts.

8. The Group was granted a provisional registration for its Refinery at Vadinar under the Capital Investment Incentive to Premier / Prestigious Unit Scheme 1995-2000 of Gujarat State ("the Scheme"). As the commercial operations of the Refinery could not be commenced before the timeline under the Scheme due to reasons beyond the control of the Group viz. a severe cyclone which hit the Refinery Project site in June 1998 and a stay imposed by the Hon'ble Gujarat High Court on August 20, 1999 based on a Public Interest Litigation which was lifted in January 2004 when the Hon'ble Supreme Court of India gave a ruling in favor of the Group, representations were made by the Group to the State Government for extension of the period beyond August 15, 2003 for commencement of commercial operations of the Refinery to be eligible under the Scheme. As the State Government did not grant extension of the period as requested, the Group filed a writ petition in the Hon'ble Gujarat High Court which vide its order dated April 22, 2008, directed the State Government to consider the Group's application for granting benefits under the Scheme by excluding the period from July 13, 2000 to February 27, 2004 for determining the timeline of commencement of commercial production. Based on the order of the Hon'ble High Court, the Group started availing the benefits under the deferral option in the Scheme from May 2008 onwards and simultaneously defeased the sales tax liability covered by the Scheme to a related party. An amount of Rs. 1,516.47 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of Rs. 331.78 crores resulting in a net defeasement income of Rs. 1,184.69 crores which was recognised during the financial year 2008-2009. The Group also recognised a liability of Rs. 45.49 crores towards contribution to a Government Welfare Scheme which was payable being one of the conditions to be eligible under the Scheme.

The State Government had filed a petition on July 14, 2008 in the Hon'ble Supreme Court against the order dated April 22, 2008 of the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India has vide its order dated January 17, 2012 set aside the order of the Hon'ble High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Group's eligibility to the Scheme, making the Group liable to pay Rs. 6,168.97 crores (net of payment of Rs. 236.82 crores) being the sales tax collected under the Scheme ("the sales tax dues"). Consequently, the Group had reversed income of Rs. 4,416.12 crores recognised during May 1, 2008 to December 31, 2011, reversed the cumulative liability of Rs. 189.27 crores towards contribution to a Government Welfare Scheme and recognised income of Rs. 264.57 crores on account of interest receivable from the assignee of the defeased sales tax liability, and had presented the same as 'Exceptional items' in the Statement of Profit and Loss forming part of financial statements for the year ended March 31, 2012 which were approved by the Board of Directors in its meeting held on May 12, 2012.

The Group has since reopened its books of account for the financial years 2008-09 to 2010-11 and revised the financial statements for the said years for the limited purpose of reflecting a true and fair view of the sales tax incentives / liabilities, etc. concerning the Government of Gujarat consequent to the order dated January 17, 2012 of the Hon'ble Supreme Court of India, in accordance with the approval of the Ministry of Corporate Affairs obtained during the financial year 2012-2013 which is subject to compliance of certain conditions. This has resulted in cash losses during the year.

The details of the revisions to the original consolidated financial statements for the financial year 2008-2009 are given in the following table:

a) Consolidated Statement of Profit and Loss : (Rs. in crore)

Particulars	**Original financial statements**	**Revised financial statements**	**Remarks**
Exceptional Items	-	1,139.20	i) Reversal of income on defeasance of sales tax liability Rs. 1,184.69 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore
Net Profit / (loss)	(482.83)	(1,622.03)	Effect of above adjustments

b) Consolidated Balance Sheet : (Rs. in crore)

Particulars	**Original financial statements**	**Revised financial statements**	**Remarks**
Other current Assets			
Other receivables	394.98	158.16	Offsetting of sales tax considered as recoverable Rs. 236.82 crore against sales tax liability
Current Liabilities			
Sundry Creditors (Others)	6,171.82	5,794.55	i) Reversal of liability in respect of defeasement amount payable to a related party Rs. 331.78 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore

Other liabilities	442.75	1,722.40	Recognition of Sales tax liability Rs. 1,279.65 crore after setting off payment of Rs. 236.82 crore
Debit balance in Statement of consolidated Profit and Loss	504.05	1,643.25	Effect of revisions in Consolidated Statement of Profit and Loss described in a) above

c) Consolidated Cash Flow Statement :

(Rs. in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Net loss before Tax and extraordinary items	(474.98)	(1,614.18)	i) Reversal of income on defeasance of sales tax liability Rs. 1,184.69 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore
Changes in receivables, advances and deposits	(2,748.18)	(2,511.36)	Offsetting of sales tax considered as recoverable Rs. 236.82 crore against sales tax liability.
Changes in payables	312.35	1,214.73	i) Recognition of Sales tax liability Rs. 1,279.65 crore after setting off payment of Rs. 236.82 crore. ii) Reversal of liability in respect of defeasement amount payable to related party Rs. 331.78 crore. iii) Reversal of liability towards contribution to a Government Welfare Scheme Rs. 45.49 crore.

d) Notes 2, 8, 17, 24, 27 of Schedule XVI (B) have been modified in accordance with the revisions described above.

9. Sundry debtors / other receivables / advances recoverable in cash or kind include Rs. 90.28 crore (Previous year Rs. 92.26 crore) (Net of provision for doubtful debts / advances) due from government companies / agencies in respect of the Group's erstwhile oil drilling and offshore construction activities for which the Group received favorable awards in arbitration proceedings. The awards have since been challenged by the parties. Pending the outcome of the litigations, the debts are considered as recoverable based on the arbitration awards and assessment of the management.

10. The Group has adopted the accounting policy of recognising finance leases (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 – Leases, as there is no specific guidance available under Indian Accounting Standard (AS 19) Leases, for recognition of leases in case the assets taken on lease are under construction (CWIP).

11. Leases:-

(i) Finance Lease:-

a) Future lease rental payable:-

(Rs. in crore)

	Particulars	As at March 31, 2009	As at March 31, 2008
i)	Not later than one year	**14.61**	12.67
ii)	Later than one year but not later than five years	**58.43**	50.67
iii)	Later than five years	**79.27**	81.32
	Total	**152.31**	144.66

b) Reconciliation of minimum lease payments and its present value in respect of the assets:-

(Rs. in crore)

Particulars	Minimum lease payments		Interest		Present value of minimum lease payments	
	As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
Future lease rental obligation payable:						
Not later than one year	**14.61**	12.67	**1.10**	0.96	**13.51**	11.71
Later than one year but not later than five years	**58.43**	50.67	**20.00**	17.37	**38.43**	33.30
Later than five years	**79.27**	81.32	**56.53**	58.34	**22.74**	22.98
Total	**152.31**	144.66	**77.63**	76.67	**74.68**	67.99

c) General description of the leasing arrangements:

- Lease Assets – Residential township, Transit accommodation and supply depot.
- Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.
- At the expiry of the lease term, the Group has an option to extend the lease on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Group at the end of the lease term.
- Assets are taken on lease over a period of 10 to 20 years.

d) The above disclosures pertain to lease arrangements where leases have commenced upon assets becoming ready to use.

(ii) Operating Lease:-

Assets taken on operating lease primarily consists of retail outlet facilities which are cancellable lease agreements. These lease agreements are normally for seven years and are renewable by mutual consent on mutually agreeable terms. The lease payments are recognised as “ROI to retail outlets” in the consolidated statement of profit and loss account under schedule – XIII selling and marketing expenses.

12. The pilot project for coal bed methane gas was partially financed by a conditional grant of USD 0.89 million (Previous year USD 0.89 million) and Rs. 2.31 crore (Previous year Rs. 2.31 crore) received from a bank.

The conditional grant, in terms of the agreement, will be repayable in the event the Group puts the project to commercial use, and repayments to the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant.

13. (a) As per the Group’s policy of Full Cost method of accounting prescribed by the Guidance Note in “Accounting for Oil and Gas Producing Activities” issued by the “Institute of Chartered Accountants of India” the Group has identified the following 3 Cost Pools:

i. India CBM (Coal Bed Methane) Pool :
   a) Mehsana Pilot Project held outside Pool.

   b) RG (East) 2001/1 Block – Undetermined as yet and held outside Pool.

ii. India Oil & Gas Pool :

   a) Block CB-ON/3- existence of commercial reserves established, held inside pool.
   b) Block RJ-ON-90/5- unsuccessful exploration, no commercial reserves, held inside Pool.
   c) Block CR-ON-90/1- unsuccessful exploration, no commercial reserves, held inside Pool.
   d) Ratna & R-Series -discovered oilfield but contract not executed and hence held outside Pool.

On commencement of commercial production from ESU field forming part of CB-ON/3 block , the Pool has been transferred to “Producing Properties”. Depletion on “Producing Properties” is being charged on a “Unit of Production” basis.

iii. Myanmar Pool :

a) Blocks L and A2 - Undetermined as yet, held outside Pool.

Summary of Cost Pools:

Rs. in crore

Cost Pool	Cost in Pool		Cost outside Pool		Total	
	As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31,2009**	As at March 31,2008
India CBM	**Nil**	Nil	**130.84**	71.49	**130.84**	71.49
India Oil & Gas	**178.69**	141.66	**76.57**	71.23	**255.26**	212.89
Myanmar	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Total	**178.69**	141.66	**207.41**	142.72	**386.10**	284.38

(b) Group's interest in oil & gas and CBM Joint Ventures as at March 31, 2009 :

Sr. No.	Name of the Block	As at March 31, 2009	As at March 31, 2008
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
3	Block L (Myanmar)	**##25%**	##25%
4	Block A2 (Offshore in Myanmar)	**##25%**	##25%
5	AA-ONN-2004/3 (Assam, India)	**10%**	10%
6	AA-ONN-2004/5 (Assam, India)	**10%**	10%

\# Following commercial discovery in ESU field forming part of CB-ON/3 Block, and its subsequent approval by the Management Committee on August 4, 2006, ONGC has exercised its back-in rights of 30% for prospect ESU in financial year 2006-07, leaving the Group with a 70% Participating Interest in the ESU field. The Group continues to hold 100% interest in the rest of the CB-ON/3 Block.

\##The Government of Myanmar vide their letter dated March 29, 2006 have given their approval for assignment of the Group's 75% Participating Interest in Blocks L and A2 to EEPSEAL. As per the farm-in agreement between the Group and EEPSEAL, EEPSEAL will bear Group's share of 25% of costs until commercial discovery. Hence all costs incurred up to March 31, 2009 amounting to Rs. 86.12 crore are charged to EEPSEAL.

Application dated 22nd May'08 for assignment of the balance 25% of the Group's participating interest in Blocks L and A2 to EEPSEAL is pending with the Government of Myanmar.

(c) Group's interest in proved and probable (2P) reserves of crude oil as on March 31, 2009 was as under:

Area of operation	Crude oil			
	Position as at April 1, 2008	**Additions/ revisions**	**Production quantity**	**Position as at March 31, 2009**
	MT	**MT**	**MT**	**MT**
Essar South Unawa (ESU) Block CB-ON/3- onshore Cambay Basin	**359,329** (361,333)	**-** (-)	**464** (2,004)	**358,865** (359,329)
Total	**359,329**	**-**	**464**	**358,865**

Previous year figures have been shown in brackets.

14. The Group had entered into a Farm-in agreement dated November 1, 2005 with Essar Exploration & Production Gujarat Ltd. (EEPGL) for assigning 84% of Participating Interest in block CB-ON/3. The Farm-in agreement expired on June 30, 2008 and approval from Ministry of Petroleum and Natural Gas, Government of India for the proposed assignment was not received as stipulated in the agreement. Meanwhile EEPGL was merged with Essar Exploration & Production Ltd. (EEPL), Mauritius with effect from June 12, 2008. In view of this, the advances received towards such assignment was refundable to EEPL. As at March 31, 2009 the amount to be refunded is Rs. 114.49 crore (USD 28.54 million) (Previous year Rs. Nil).

    The Group has also decided to assign 90% of participating interest in block RG (East)-2001/1 to Essar Exploration & Production Ltd. (EEPL). For this purpose EEPL has paid Rs. 102.90 crore (USD 20 million) (Previous year Rs. Nil) to the Group up to March 31, 2009. The same is considered as advance received towards participating interest pending receipt of approval from Ministry of Petroleum and Natural Gas, Government of India.

15. (a) During the year, the Group transferred Rs. 8.00 crore (Previous year Rs. 10.00 crore) from foreign project reserve created up to 2002-03 (Previous year 2001-02) to statement of consolidated profit and loss upon fulfillment of conditions prescribed u/s 80HHB of the Income Tax Act, 1961.

    (b) Appropriation towards debenture redemption reserve has not been made in the absence of profits during the year.

16. The Group has following export obligations as at consolidated balance sheet date:

Obligation under	Export obligation (Rs. in crore)	
	As at March 31, 2009	As at March 31, 2008
Exports Promotion Capital Goods (EPCG) Scheme	**767.60**	541.72
Advance License Scheme	**-**	3,616.79

Based on past performance, market conditions and business plans, the Group expects to fully meet the EPCG export obligation in the near future, and accordingly has not recognised the customs duty amounting to Rs. 95.95 crore (Previous year Rs. 191.66 crore) on the related imports of crude and capital equipment as at consolidated balance sheet date.

17. Earnings per share:

(Rs. in crore)

Particulars	Year ended March 31,2009	Year ended March 31,2008
Loss after tax	**(1,622.03)**	(41.20)
Loss attributable to ordinary shareholders	**(1,622.03)**	(41.20)
	Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS	**1,173,757,656**	1,139,530,638
Add: Weighted average number of ordinary shares issued on July 22, 2008 (Previous year on March 31, 2008)	**19,250,145**	93,516
Weighted average number of ordinary shares for basic EPS	**1,193,007,801**	1,139,624,154
Add: Shares deemed to be issued	**1,075,592**	768,979
Weighted average number of ordinary shares for diluted EPS	**1,194,083,393**	1,140,393,133
Nominal value of ordinary shares (Rs.)	**10/-**	10/-
Basic earnings per share (Rs.)	**(13.60)**	(0.36)
Diluted earnings per share (Rs.)	**(13.60)**	(0.36)

18. Derivative contracts entered into by the Group and outstanding as at consolidated balance sheet date:

(a) For hedging currency related risks:

(i) The Group uses forward exchange contracts to hedge its exposure in foreign currency. The information on outstanding forward exchange contracts is given below:

Currency	Amount		Buy/Sell	
	As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
US Dollar million	**986.98**	20.00	**Buy**	Buy

(ii) The foreign currency exposure of the Group as at the consolidated balance sheet date that have not been hedged by a derivative instrument or otherwise are given below:

Currency	Payable		Receivable		Loan liabilities (including interest)		LC outstanding#	
	Rs. in crore	Fc in million	Rs. in crore	Fc in million	Rs. in Crore	Fc in million	Rs. in crore	Fc in million
SGD	**0.00****	**0.00***	**-**	**-**	**-**	**-**	**-**	**-**
	(0.04)	(0.00)*	-	-	-	-	-	-
JPY	**0.00****	**0.00***	**-**	**-**	**-**	**-**	**0.19**	**3.65**
	(0.03)	(0.73)	-	-	-	-	(35.06)	(87.01)
USD	**1,490.12**	**289.63**	**416.06**	**82.34**	**1,598.30**	**310.65**	**551.78**	**34.02**
	(2834.53)	(706.69)	(48.37)	(12.24)	(2,176.78)	(542.70)	(16.82)	(4.19)
EURO	**12.80**	**1.87**	**0.90**	**0.14**	**-**	**-**	**159.12**	**17.18**
	(8.48)	(1.34)	-	-	-	-	(18.22)	(2.87)
GBP	**1.76**	**0.24**	**0.19**	**0.03**	**-**	**-**	**0.31**	**0.04**
	(0.40)	(0.05)	-	-	-	-	(3.48)	(0.43)
DEM	**0.03**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**
	(0.02)	(0.01)	-	-	-	-	-	-
CHF	-	-	**0.01**	**0.00***	-	-	-	-
	-	-	-	-	-	-	-	-
AUD	-	-	**0.28**	**0.08**	-	-	-	-
	-	-	-	-	-	-	-	-
TOTAL	**1,504.71**	**291.75**	**417.44**	**82.59**	**1,598.30**	**310.65**	**711.40**	**54.89**
	(2843.50)		(48.37)		(2,176.78)		(73.58)	

respect of recognised liability

* Amount less than 0.01 million

****** Amount less than Rs. 0.01 crore

Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2009 Rs. 2.70 crore (USD 0.53 million) {Previous year Rs. 20.26 crore (USD 5.13 million)}.

(b) For hedging commodity related risks

Category wise break-up of commodity derivative contracts entered into by the Group and outstanding as at consolidated balance sheet date:

Sr. No.	Nature of instrument	Crude oil purchases qty in Barrels ('000)		Petroleum product sales qty in barrels ('000)	
		As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
1	Net options	**-**	-	**500**	-
2	Net forward swaps	**715**	1,500	**-**	-
3	Spreads	**-**	200	**-**	-
4	Margin hedging	**-**	-	**2,860**	7,600

19. The deferred tax (liability) / asset (net) comprises of the following:

(Rs. in crore)

Particulars	**As at March 31, 2009**	As at March 31, 2008
Deferred tax liability		
Fixed assets/ depreciation (excess net book value as per the provisions of the Income Tax Act, 1961)	**(1,539.01)**	(10.37)
Expenditure on oil and gas exploration	**-**	(21.67)
(A)	**(1,539.01)**	(32.04)
Deferred tax assets		
Unabsorbed depreciation (restricted to The extent of deferred tax liability on deprecation on account of virtual certainty)	**1535.83**	-
Provision for doubtful debts	**0.57**	0.51
Provision for gratuity and leave encashment	**0.12**	-
(B)	**1,536.52**	0.51
Net deferred tax liability (A) + (B)	**(2.49)**	(31.53)

20. Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers and excise duty.

21. Professional fees include fees to auditors for audit Rs. 1.18 crore (Previous year Rs. 1.25 crore), and for IFRS audit fees (including Rs. 0.60 crore for earlier years) Rs. 0.90 crore (Previous year Rs. Nil), certification and other work Rs. 0.05 crore (Previous year Rs. 0.47 crore).

22. Managerial Remuneration: (Rs. in crore)

Sr. no.	Particulars	**Year Ended March 31, 2009**	Year Ended March 31, 2008
a)	Salary	1.13	1.39
b)	House Rent Allowance/Rent	0.32	0.38
c)	Employees contribution to Provident fund and superannuation fund	0.06	0.08
d)	Other	0.24	-
	Total	**1.75**	**1.85**

23. Interest-other includes interest on income tax refund Rs. 15.95 crore (Previous year Rs. 0.34 crore) and interest income on arbitration award Rs. 3.10 crore (Previous year Rs. 3.10 crore).

24. Segment Reporting:

	Particulars	**Year ended March 31, 2009 Rs. in crore**	Year ended March 31, 2008 Rs. in crore
	Information about primary segment - business:-		
1	**Segment revenue**		
	Refining including expansion and marketing	**37,577.37**	564.02
	Exploration and production activities	**1.29**	3.88
	Others	**0.60**	0.60
	Unallocated	**-**	1.63
	Total segment revenue	**37,579.26**	570.13
	Add : Interest income (including interest arising from arbitration award and Interest on Income tax refund)	**124.86**	5.66
	Add : Write back of old liabilities	**0.75**	0.99
	Total group revenue	**37,704.87**	576.78
2	**Segment result before interest, extra ordinary items and tax**		
	Refining including expansion and marketing	**(912.66)**	(44.44)
	Exploration and production activities	**(0.70)**	0.15
	Others	**(0.70)**	0.58
	Unallocated	**(50.19)**	(4.58)
	Total	**(964.25)**	(48.29)
	Less : Interest expense	**777.54**	2.01
	Less : Provision for doubtful recovery / write off	**-**	0.50
	Add : Interest income	**124.86**	5.66
	Add : Write back of old liabilities	**0.75**	0.99
	Profit / (Loss) before tax	**(1,616.18)**	(44.15)
	Less : Taxes	**(21.92)**	(2.95)
	Profit / (Loss) after tax	**(1,594.26)**	(41.20)
3	**Segment assets**		
	Refining including expansion and marketing	**20,568.71**	20,955.78
	Exploration and production activities	**453.86**	336.95
	Others	**89.65**	4.21
	Unallocated	**383.77**	339.36
	Total group assets	**21,495.99**	21,636.30
4	**Segment liabilities**		
	Refining including expansion and marketing	**9,256.48**	8,685.73
	Exploration and production activities	**293.97**	226.04
	Others	**8.02**	0.02
	Unallocated	**272.07**	70.41
	Total	**9,830.54**	8,982.20
	Add : Loan funds	**11,245.27**	11,103.83
	Less : Reduction in the amount of funded interest i.e. amount not payable as at consolidated balance sheet date (Refer note B (4) (a) of schedule XVI)	**2,190.62**	2,100.41
	Total group liabilities	**18,885.19**	17,985.62

	Particulars	Year ended March 31, 2009 Rs. in crore	Year ended March 31, 2008 Rs. in crore
5	**Additions to fixed assets**		
	Refining including expansion and marketing	**13,256.63**	100.70
	Exploration and production activities	**40.28**	151.70
	Unallocated	**0.08**	0.11
	Total	**13,296.99**	252.51
6	**Depreciation / amortisation**		
	Refining including expansion and marketing	**686.92**	15.77
	Exploration and production activities	**1.65**	1.49
	Unallocated	**0.57**	0.61
	Total	**689.14**	17.87
7	**Significant non-cash expenses other than depreciation**		
	Refining including expansion and marketing	**53.35**	-
	Unallocated	**2.82**	0.50
	Total	**56.17**	0.50

Notes:

1) As per Accounting Standard on Segment Reporting (AS-17) prescribed by Companies (Accounting Standard) Rules, 2006, the Group has reported segment information on consolidated basis including information about its subsidiaries.

2) The Group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the organisational structure, nature of services, differing risks and internal reporting system. The Group's operation predominantly relates to Refining including expansion & Marketing of Petroleum Products, Oil & Gas exploration.

3) Additions to fixed assets shown above is including exchange difference and excluding capital work in progress and expenditure during construction / trial runs.

4) Segment liabilities include working capital loans and demand loans specific to a segment.

5) The group operates in two geographical segments namely "within India" and "outside india" .

(Rs. in crore)

Particulars	Within India	Out side India	
		Singapore	Other Countries
Sales revenue	27,499.80	5,502.95	4,576.51
Carrying amount of segment assets	21,310.51	87.81	97.67
Additions to fixed assets and intangible assets	13,296.99	-	-

25. The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(Rs. In crore)

Sr. No.	Particulars	**As at March 31, 2009**	As at March 31, 2008
1	Principal amount remaining unpaid	**-**	0.91
2	Interest due on (1) above and the unpaid interest	**-**	0.00*
3	Interest paid	**0.06**	-
4	Payment made beyond the appointed day during the year	**3.14**	3.66
5	Interest due and payable for the period of delay	**-**	0.02
6	Interest accrued and remaining unpaid	**-**	0.02
7	Amount of further interest remaining due and payable in succeeding year	**-**	0.02

*Amount less than Rs. 1 Lac.

26. (a) Defined benefit plans / long term compensated absences – as per actuarial valuations as at March 31, 2009:

(Rs. In crore)

		Gratuity		**Compensated Absences**		**Employer Established Provident Fund**	
		As at March 31, 2009	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008	**As at March 31, 2009**	As at March 31, 2008
A	**Net assets / liability recognised in the revised consolidated balance sheet as at** (Refer note viii below)						
1	Present value of defined benefit obligation	**4.23**	3.47	**25.42**	12.08	**43.18**	30.85
2	Fair value of plan assets	**3.96**	2.66	**-**	-	**43.18**	30.85

3	Funded status - surplus / (deficit)	**(0.27)**	(0.81)	**(25.42)**	(12.08)	**-**	-
4	Net assets / (liability) recognised in the revised consolidated balance sheet	**(0.27)**	(0.81)	**(25.42)**	(12.08)	**-**	-
B	**Expenses recognised in revised consolidated statement of profit and Loss or expenditure during construction / Trial runs , as applicable for the year ended March 31, 2009**						
1	Current services cost	**1.20**	0.75	**10.90**	5.46	**4.43**	4.61
2	Interest cost	**0.30**	0.16	**1.04**	0.79	**3.04**	2.19
3	Expected return on plan assets	**(0.28)**	(0.13)	**-**	-	**(3.04)**	(2.19)
4	Actuarial losses/(gain)	**(0.11)**	0.85	**1.93**	(3.08)	**-**	-
5	Total expenses	**1.11**	1.63	**13.87**	3.17	**4.43**	4.61
6	Expenses pertain to other Group Company	**(0.02)**	**-**	**-**	**-**	**0.19**	**-**
7	Previous year expenses adjustment	**(0.55)**	**-**	**(0.17)**	**-**	**-**	**-**
8	Net expenses	**0.54**	1.63	**13.70**	3.17	**4.24**	4.61
C	**Change in obligation and assets over the year ended**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at the beginning of the year	**3.47**	2.01	**12.08**	9.34	**30.85**	23.92
2	Service cost	**1.20**	0.75	**10.90**	5.46	**4.43**	4.61
3	Interest cost	**0.30**	0.16	**1.04**	0.79	**3.04**	2.19
4	Settlement cost#	**(0.24)**	(0.23)	**(0.21)**	(0.26)	**-**	-
5	Acquisitions/transfer@	**-**	0.04	**-**	0.02	**1.78**	-
6	Actuarial losses / (gain)	**(0.42)**	0.88	**1.93**	(3.08)	**(0.01)**	-
7	Benefit payments	**(0.08)**	(0.14)	**(0.32)**	(0.19)	**(4.97)**	(5.85)
8	Employees contribution	**-**	-	**-**	-	**8.06**	5.98
9	Defined benefit obligation at the end of the year	**4.23**	3.47	**25.42**	12.08	**43.18**	30.85

C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	**2.66**	1.21	**-**	-	**30.85**	23.92
2	Expected return on plan assets	**0.28**	0.13	**0.01**	-	**3.03**	2.19
3	Actual employees / Group contributions	**1.42**	1.48	**0.31**	0.19	**14.27**	10.59
4	Actuarial gain / (loss)	**(0.32)**	0.03	**(0.01)**	-	**-**	-
5	Benefits payments	**(0.08)**	(0.14)	**(0.31)**	(0.19)	**(4.97)**	(5.85)
6	Settlement cost	**-**	(0.04)	**-**		**-**	-
7	Fair value of plan assets at the end of the year	**3.96**	2.66	**-**	-	**43.18**	30.85
D	**Actuarial assumptions**						
1	Discount rates (per annum)	**7.60%**	8.70%	**7.60%**	8.70%	**7.60%**	8.70%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.50%**	8.50%
3	Mortality	**LIC (1994-96) ultimate**	LIC(1994 -96) ultimate				
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	100%	100%				
	Government of India security					40.00%	24.71%
	Corporate bonds					60.00%	60.00%
	Others						15.29%
F	**Experience Adjustment:** (Refer note viii below)						
	Experience gain/(loss) adjustment on plan liabilities	**0.16**	(0.20)	**(1.89)**	2.87	**-**	-
	Experience gain/(loss) adjustment on plan asset	**(0.31)**	0.40	**-**	-	**-**	
	Actuarial gain / (loss) due to change in Assumption	**0.37**	(0.68)	**-**	0.25	**-**	-

G	Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the consolidated balance sheet date	**1.32**	2.08	-	-	**4.87**	5.66

Liability in respect of employees transferred from a Group as on October 1, 2008.

@ Employees were transferred from Group Companies with credit for past services.

Notes:

(i) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over entire life of the related obligation.

(ii) The assumption of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion, supply and demand and other relevant factors.

(iii) The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

(iv) The Group managed provident fund is considered as defined benefit plan.

(v) Liability on account of long term absences has been actuarially valued as per Projected Unit Credit Method.

(vi) Short term compensated absences have been provided on actual basis.

(vii) The Group is unable to obtain the details of major category of plan assets from the insurance Company (LIC of India) and hence the disclosure thereof is not made.

(viii) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the above information for the past four years; however the information is available only for past one year since the date of implementing the Standard

(b) Defined contribution plans:

Group's contribution to superannuation fund and contribution to Government Employee's Provident Fund aggregating to Rs. 1.07 crore (Previous year Rs. 1.14 crore) are recognised in the revised consolidated statement of profit and loss / expenditure during construction / trial runs, as applicable. There is no obligation other than the contribution payable to the respective trusts.

27. Related party disclosures :

I. Transactions with related parties	
	(Rs. in crore)
Nature of transactions	**Companies in which promoters have significant influence**
Equity share (Including Global Depository Shares- GDS) issued	**645.92**
(EEHL - Rs. 555.44 crore - GDS issued, EPOL- Rs. 90.48 crore - Equity share issued) (Previous year - EEHL - Rs. 684.54 crore - GDS issued)	(684.54)
Advance received against equity shares	**19.25**
(EPOL-Rs. 19.25 crore) (Previous year - EPOL - Rs. 49.98 crore)	(55.02)
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holding Ltd.)	**120.72**
(Advance received - EEHL - Rs. 120.72 crore (Rs. 91.03 crore against GDS)) (Previous year Advance repayment - EEHL - Rs. 37.72 crore)	(37.72)
Loan / advances taken	**421.43**
(EIL - Rs. 171.52 crore, ESTL - Rs. 245.00 crore) (Previous year - EIL - Rs. 174.95 crore, ESTL - Rs. 65.00 crore)	(250.58)
Purchase of fixed assets/intangible assets (including CWIP)	**59.22**
(ECIL - Rs. 57.72 crore) (Previous year - ESTL - Rs. 0.89 crore, EITL - Rs. 0.80 crore, ECIL - Rs. 0.25 crore)	(1.94)
Sale / return of fixed assets	**43.83**
(ESHL-SEZ - Rs. 15.00 crore-Sale of a ssset, ESTL - Rs. 28.83 crore- return of asset) (Previous year - EEXP(I)L - Rs. 0.42 crore, ECIL - Rs. 0.13 crore)	(0.55)
Loan / advances given / assigned	**39.44**
(EEXPL - Rs. 10.96 crore, EEXPSEAL - Rs. 8.48 crore, EEHL - Rs. 20.00 crore) (Previous year - ESTL - Rs. 24.10 crore, VPL - Rs. 9.13 crore)	(38.74)
Advances given on capital account	**850.85**
(ECIL - Rs. 844.77 crore) (Previous year – GSG UAE - Rs. 120.33 crore, ECIL - Rs. 275.80 crore)	(441.31)
Advance received on capital account as participating interest	**105.20**
(EEXPL - Rs. 105.20 crore) (Previous year - EEXPGL (merged with EEXPL) - Rs. 74.90 crore)	(74.90)
Deposits-given by the Group	**93.51**

(EIL - Rs. 25.00 crore, EPOL - Rs. 50.00 crore) (Previous year - EITL - Rs. 3.54	
crore, FUTURA - Rs. 3.50 crore, EHL - Rs. 8.00 crore)	(15.53)
Deposits-received by the Group (Previous year VPL - Rs. 4.11 crore)	**-** (4.11)
Present value of sales tax liability assigned (EHL - Rs. 331.78 crore) (Previous year - Rs. Nil)	**331.78** -
Assignment of provision/liability for employee benefits upon transfer of employee from EPOL to VPCL (Previous year - EPOL - Rs. 0.07 crore)	- (0.07)
Assignment of provision/liability for employee benefits upon transfer of employee from VPCL to VOTL (Previous year - VOTL - Rs. 0.48 crore)	- (0.48)
Sale of goods & scrap (including sales tax) (EBTL - Rs. 9.31 crore, ECIL - Rs. 19.13 crore, ESHL- SEZ - Rs. 7.07 crore, ESTL - Rs. 17.87 crore) (Previous year - ESTL - Rs. 21.54 crore, ESHL - Rs. 2.68 crore)	**62.81** (26.46)
Interest income (EPOL - Rs. 3.05 crore, EIL - Rs. 0.49 crore) (Previous year Rs. Nil)	**4.06** -
Lease income (including lease tax) (VOTL - Rs. 0.25 crore, ESTL - Rs. 0.63 crore) (Previous year - VOTL - Rs. 0.29 crore, ESTL - Rs. 0.62 crore, ECIL - Rs. 0.14 crore)	**0.90** (1.05)
Rendering of services (including allocation of expenses) (VOTL - Rs. 18.25 crore, EPMCL - Rs.3.64 crore) (Previous year - VOTL - Rs. 21.92 crore, ECIL - Rs. 3.08 crore)	**23.60** (25.01)
Purchase of goods/license fees / supply of material (ECIL - Rs. 200.32 crore) (Previous year - ESTL - Rs. 6.65 crore)	**215.84** (6.65)
Receiving of services (including allocation of expenses) (VOTL - Rs. 451.03 crore, EESL - Rs. 151.51 crore) (Previous year - VOTL - Rs. 241.17 crore, ECIL - Rs. 94.73 crore)	**835.03** (489.57)
Interest / financial charges paid/funded (VOTL - Rs. 11.38 crore) (Previous year - VOTL - Rs. 11.00 crore)	**12.80** (11.96)
Advances written off / reversal of advances written off (EPLL - Rs. 0.02 crore - reversal of advance w.off) (Previous year EPLL - Rs. 0.08 crore- advance w.off)	**0.02** (0.08)

Lease rent charged to the Group	**14.20**
(VPL - Rs. 14.20 crore) (Previous year VPL - Rs. 5.03 crore)	(5.03)
Cenvat / Vat charged by party (ECIL - Rs. 8.50 crore) (Previous year - ECIL - Rs. 41.43 crore, VOTL - Rs. 27.02 crore)	**8.50** (68.45)
Guarantees given on behalf of the Group. (EIL - Rs. 4775.00 crore, EGL - Rs. 2,500.00 crore) (Previous year - EIL - Rs. 4,675.00 crore)	**7,313.80** (4,685.72)
Guarantees given by the Group (Previous year - VOTL - Rs. 27.25 crore)	**-** (27.25)
Transactions with other classes of related parties	
a) Key management personnel (remuneration) (Shri Naresh Nayyar - Rs. 1.29 crore, Shri Suresh Mathur - Rs.0.30 crore) (Previous year - Shri Naresh Nayyar - Rs. 0.51 crore, Shri Hari L. Mundra - Rs. 0.53 crore, Shri Suresh Mathur - Rs. 0.72 crore)	**1.75** (1.85)
b) Individuals having significant influence/control on the group (Directors' sitting fees) (Shri A.S. Ruia Rs. 7,500, Shri P.S. Ruia Rs. 85,000, Shri S.N.Ruia Rs. 7,500) (Previous year - Shri A.S. Ruia Rs. 15,000 and Shri P.S. Ruia Rs. 92,500)	**0.01** (0.01)
II. Balances with related parties :	
Nature of Balances	**Companies in which Promoters have significant influence**
Debit balances	
Deposits (EHL - Rs. 28.27 crore, EIL - Rs. 25.00 crore, EPOL - Rs. 50.00 crore, FUTURA - Rs. 13.90 crore) (Previous year - EHL - Rs. 28.27 crore, FUTURA - Rs. 7.90 crore)	**134.15** (41.82)
Debtors (ECIL - Rs. 11.73 crore, ESTL - Rs. 5.07 crore, ESHL-SEZ - Rs. 15.40 crore, EBTL - Rs. 4.92 crore) (Previous year - ECIL - Rs. 5.60 crore, ESTL - Rs. 12.09 crore)	**37.43** (19.11)
Other receivable	**28.83**

(ESTL - Rs. 28.83 crore) (Previous year - Rs. Nil)	-
Advances (EESL - Rs. 24.03 crore, ECIL - Rs. 145.94 crore, EEHL – Rs. 19.92 crore) (Previous year - GSG UAE - Rs. 120.33 crore, ECIL - Rs. 38.34 crore, EESL - Rs. 46.02 crore)	**195.57** (227.55)
Credit Balances	
Deposits (including retention money) (VOTL - Rs. 10.00 crore, EESL - Rs. 3.72 crore, ESTL - Rs. 1.82 crore) (Previous year - ESL - Rs. 12.00 crore, VPL - Rs. 4.11 crore, VOTL - Rs. 10.00 crore, retention money ECIL - Rs.19.22 crore)	**15.54** (49.07)
Loans and advances (EIL - Rs. 61.02 crore, VOTL - Rs. 112.85 crore, VPL - Rs. 72.38* crore) (Previous year - EIL - Rs. 216.11 crore, VOTL - Rs. 112.37 crore, VPL - Rs. 65.56* crore)	**253.00** (396.54)
Creditors and other liabilities (ECIL - Rs. 201.39 crore, EEXPL - Rs. 114.49 crore) (Previous year - ECIL - Rs. 21.45 crore, VOTL - Rs. 43.21 crore, EESL - Rs. 39.67 crore)	**468.02** (144.98)
Advances received (including Global Depository Shares advances from Essar Energy Holding Ltd.) (EEHL - Rs. 91.03 crore, EEXPL - Rs. 102.90 crore) (Previous year EEXPGL (merged with EEXPL) - Rs. 171.15 crore, EEHL - Rs. 151.67 crore, EPOL - Rs. 49.98 crore)	**213.18** (372.80)
Remuneration Payable to key management personnel (Shri Naresh Nayyar - Rs. 0.06 crore) (Previous year - Rs. Nil)	**0.06** -
Other balances	
Outstanding guarantees given on behalf of the Group (EIL - Rs. 9,979.80 crore, EGL - Rs. 2,500.00 crore) (Previous year - EIL - Rs. 5,204.80 crore)	**12,991.03** (5,713.18)
Outstanding guarantees given by the Group (VOTL - Rs. 272.39 crore) (Previous year - VOTL - Rs. 276.66 crore)	**272.39** (276.66)
*Group has entered into finance lease with VPL. The Group has recognised loan amount Rs.77.98 crore (Previous year Rs. 67.73 crore) (fair value of asset) as per paragraph 11 of AS-19 "Leases".	

NOTES :

(1) Names of related parties and description of relationship:

Key Management Personnel

Shri Naresh Nayyar, Managing Director
Shri Suresh Mathur , Wholetime Director (Upto August 31, 2008)
Shri K.B.Makadia, General Manager (Vadinar Power Company Limited) (Upto July 11, 2008)
Individuals having significant influence on the Group (Promoters)
Shri S. N. Ruia, Chairman
Shri R. N. Ruia, Vice Chairman
Shri P. S. Ruia, Director
Shri A. S. Ruia, Director
Companies in which promoters have significant influence/control:
Aegis BPO Services Ltd. (AEGIS), Arkay Holdings Ltd. (ARKAYHPL), Bhander Power Ltd. (BPOL),Essar Agrotech Ltd. (EATL), Essar Global Limited (EGL), Essar Bulk Terminal Ltd. (EBTL),Essar Construction (I) Ltd. (ECIL),Essar Energy Holding Ltd. (EEHL),Essar Engineering Services Ltd. (EESL),Essar Energy Services Ltd. (EESL(EIL)), Essar Exploration & Production (I) Ltd. (EEXPIL),Essar Exploration & Production Ltd.(Merger of Essar Exploration & Production Gujarat Ltd.) (EEXPL),Essar Expl & Prod Southeast Asia Ltd. (EEXPSEAL),Essar Gujarat Petrochemicals Ltd. (EGPL),Essar Heavy Engineering Services Ltd. (EHESL),Essar House Ltd. (EHL),Essar Investments Ltd. (EIL),Essar Infrastructure Services Ltd.(EISL)(Merger of Essar House Services Ltd & Evergrowth Infrastructure Services Ltd.) ,Essar Information Technology Ltd. (EITL),Essar Logistics Ltd. (ELL),Essar Oilfield Services Ltd. (EOFSL),Essar Power Gujarat Ltd. (EPGL),Essar Projects Ltd. (EPL),Essar Pipelines Ltd. (EPLL),Essar Project Management Consultants Ltd. (EPMCL),Essar Project Management Company Ltd. (EPMCL - UAE),Essar Power Ltd. (EPOL),Essar Properties Ltd. (EPRL),Essar Steel Hazira Ltd. (ESHL), Essar Sez Hazira Ltd. (ESHL-SEZ),Essar Shipping Ports & Logistics Ltd. (ESL),Essar Shipping & Logistics Ltd. (ESLL),Essar Steel Ltd. (ESTL),Essar Steel Orissa Ltd. (ESTLOL),Essar Steel (Jharkhand) Ltd. (ESTLR),Futura Travels Ltd. (FUTURA),Global Supplies Gsz (UAE) Fze (Upto March 23, 2009)(GSG-UAE),Ibrox Estates Pvt. Ltd. (Earlier Known as Hill Properties Ltd.) (HILLPL), India Securities Ltd. (ISL),Kanak Communications Ltd. (KANAKCL),Kartik Estates Pvt. Ltd. (KEPL), Neelkamal Traders Pvt Ltd. (NEELKAMAL),New Ambi Trading & Investments Pvt. Ltd. (NEWAMBITPL), Hazira Pipe Mill Ltd. (PIPE),Hazira Plate Ltd. (PLATE),Sinter-Keramos & Composites Pvt.Ltd. (SKCPL),The Mobile Stores Ltd. (TMSL),Vadinar Oil Terminal Ltd. (VOTL),Vadinar Properties Ltd. (VPL).
(2) Names of related parties, where the transaction during the year with single party is 10% or more, are disclosed under each nature of transaction.
(3) Previous year figures have been shown in brackets.

28. Expenditure during construction includes:

(Rs. in crore)

	As at March 31, 2008	Incurred during the year	As at March 31, 2009
Interest and other finance charges (Net of reduction in the amount of funded interest i.e. amount not payable as at consolidated balance sheet date (Refer note B (4) (a) of this schedule)	4,172.54	420.69	4,593.23
Exchange differences on loans (Net)	61.64	133.85	195.49
Less: Interest income inclusive of tax deducted at source Rs. 1.09 crore (Previous year Rs. 9.08 crore)	194.18	16.13	210.31
Less: Gain on cancellation of currency swap	6.23	-	6.23
Total (A)	**4,033.77**	**538.41**	**4,572.18**
Raw material consumed (Refer note 29 of this schedule)	20,887.75	3,423.45	24,311.20
Consumption of stores and spares	85.68	9.83	95.51
Freight and material handling charges	214.16	23.10	237.26
Excise duty (Difference between excise duty on opening and closing stock)	54.67	27.37	82.04
Salaries, wages and bonus	247.82	58.91	306.73
Contribution to / provision for provident and other funds	16.14	2.50	18.64
Employees' welfare and other amenities	20.94	1.54	22.48
Rent	41.55	16.75	58.30
Rates and taxes	69.32	48.47	117.79
Repairs and maintenance:			
- Buildings	21.38	0.28	21.66
- Machinery / equipments	112.34	9.57	121.91
- Others	30.89	2.89	33.78
Professional and other technical advisory fees	136.21	23.30	159.51
Power and fuel	85.45	14.61	100.06
Insurance	71.50	2.20	73.70
Depreciation / amortisation	61.13	16.23	77.36
Loss on sale of assets (net)	2.18	-	2.18
(Gain) / Loss on foreign exchange differences (net)	(450.35)	(4.59)	(454.94)
Commission	1.85	6.48	8.33
Provision for diminution in value of Investments	24.57	-	24.57
Fringe benefit tax	6.92	1.24	8.16
Miscellaneous expenditure written off	42.63	-	42.63
Bad debts written-off	4.92	0.01	4.93
Sundry expenses	398.03	30.86	428.89
Total (B)	**22,187.68**	**3,715.00**	**25,902.68**

Contd.....

Income during construction			
Sale of products out of trial run production of some of the units (Refer note 29 of this schedule)	19,080.04	3,544.80	22,624.84
Less: Excise duty and sales tax	793.96	504.19	1,298.15
Net sales	18,286.08	3,040.61	21,326.69
Increase/(decrease) in stocks	1,513.44	350.69	1,864.13
Miscellaneous income	29.96	52.97	82.93
Total (C)	**19,829.48**	**3,444.27**	**23,273.75**
Capitalised to fixed assets	0.58	6,662.12	6,662.70
Total (D)	**0.58**	**6,662.12**	**6,662.70**
Expenditure during construction – pending allocation (E = A+B-C-D)	**6,391.39**	**(5,852.98)**	**538.41**

29. During the year, the Company made a gain (net) of Rs. 344.92 crore post commencement of commercial production on commodity hedging transactions, where as it incurred a net loss of Rs 280.90 crore on these transactions during trial runs of the Refinery. The gains (net) of Rs. 127.29 crore and losses (net) of Rs. 63.19 crore on the instruments for hedge of risk of movement in prices of crude oil has been netted off from / added to consumption of raw material in the revised consolidated statement of profit and loss and expenditure during construction respectively. The gains (net) of Rs. 217.63 crore and losses (net) of Rs. 217.71 crore on the instruments for hedge of risk of movement in prices of finished goods and margins have been added to / netted off from Turnover (Gross) in the revised consolidated statement of profit and loss and expenditure during construction respectively. Gains (net) pertaining to MTM of open derivative contracts have not been accounted on prudent basis.

30. Balances with non-scheduled banks:

Name of the bank	**Nature of account**	**2008-09**		**2007-08**	
		As at March 31, 2009	**Maximum during the year**	**As at March 31, 2008**	**Maximum during the year**
Oman International Bank	Current account	Rs. Nil	Less than Rs. 1 lac	Less than Rs. 1 lac	Less than Rs. 1 lac

31. Rs. 19.25 crore (Previous year Rs. 49.98 crore) represents advances received from Essar Power Limited for allotment of equity shares by VPCL

32. Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai
November 09, 2012

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in subsidiary companies

Name of the Subsidiary	**Vadinar Power Company Limited**	**Essar Oil Vadinar Limited**	**Essar Energy Overseas Limited**
1 The Financial year of the subsidiary company ended on	31st March, 2009	31st March, 2009	31st March, 2009
2 Date from which it became a subsidiary company	15th March, 2000	24th December, 2007	18th December, 2007
3 a. Number of shares held by Essar Oil Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company.	103,000,000 (Ten crores thirty lacs)	50,000 (Fifty Thousand)	1 (One)
b. Extent of interest of holding company at the end of the financial year of the subsidiary company	53.24%	100%	100%
4 The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the members of the holding company :	The subsidiary started commercial prodution w.e.f. 1st May 2008 and has earned profit of Rs. 59.39 crore.	18 MMTPA refinery of the subsidiary was under construction as of 31st March, 2009	
a. Not dealt with in the holding company's account : i) For the financial year ended 31st March,2009	Rs. 31.62 crore	Not applicable	USD 277,734 (equivalent INR 14,289,414)
ii) For the previous financial years of the subsidiary company since it became the holding company's subsidiary.	Not applicable	Not applicable	USD 8,015 (equivalent INR 321,482)
b. Dealt with in the holding company's accounts: i) For the financial year ended 31st March,2009 ii) For the previous financial years of the subsidiary company since they became holding company's subsidiary	Not applicable	Not applicable	Nil

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, November 09, 2012

Suresh Jain
Chief Financial Officer

Statement pursuant to section 212(8) of the Companies Act, 1956 relating to Subsidiaries

Pursuant to section 212(8) of the Companies Act, 1956 the Company has obtained exemption from the Ministry of Corporate Affairs, New Delhi, vide its letter No. 47/433/2009 CI III dated 25th May,2009 from the provisions of Section 212(1) of the Companies Act, 1956 relating to attaching Balance Sheet, etc. of subsidiaries. The Balance Sheet, etc. of subsidiaries are available for inspection of members on any working day at the registered office of the Company and its subsidiaries. A statement pursuant to the above order giving details of subsidiaries is given below:

(All amounts are in Indian Rupees, unless otherwise indicated)

Name of the Subsidiary Company	Vadinar Power Company Limited - Year ended March 31, 2009*	Essar Oil Vadinar Limited - Year ended March 31, 2009**	Essar Energy Overseas Limited - Year ended March 31, 2009	
Capital (Including Share application money)	2,127,280,000	4,208,828,347	$ 1	51
Reserves	593,910,595	-	$ (285,749)	(14,701,786)
Other Liabilities	5,483,637,335	4,901,859,445	$ 286,124	14,721,080
Total Liabilities	8,204,827,930	9,110,687,792	$ 376	19,345
Total Assets	8,204,827,930	9,110,687,792	$ 376	19,345
Details of Investments***	190,112,471	-	-	-
Turnover	1,155,706,066	-	-	-
Profit/ (Loss) before taxation	630,710,556	-	$ (277,734)	(14,289,414)
Provision for taxation	36,799,961	-	$ -	-
Proft/ (Loss) after taxation	593,910,595	-	$ (277,734)	(14,289,414)
Proposed Dividend	-	-		-

* The power plant of the subsidiary declared commercial production on 30th April 2008.
** The 18 MMTPA refinery of the subsidiary was under Construction as of 31st March, 2009
*** Other than Investment in Subsidiaries
Exchange rate as on 31st March, 2009 is 1 USD = Rs. 51.45

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, November 09, 2012

Suresh Jain
Chief Financial Officer