ESSAR OIL LIMITED

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

REVISED FINANCIAL STATEMENTS
2010 - 11

AMENDMENT TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2010-11

To the Members of Essar Oil Limited

The Board of Directors had adopted its report on the financial statements for financial year ended March 31, 2011 on July 11, 2011.

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 the 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 defeasement of sales tax liability need to be reversed.

The Company proposes to re-open the books of accounts 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 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, 2011 form part of the annual report.

Consequent to reopening of books of accounts information setout at the relevant paras in the Directors' Report for 2010-11 shall stand modified as under:

Financial Results

(` in crore)

	2010-2011	2009-2010
Gross Turnover	53,119.10	42,401.68
Net Income	47,342.21	37,376.54
Profit before Depreciation, Exceptional items and Tax	1,559.25	756.89
Less: Depreciation / Amortisation	730.86	728.31
Profit before Exceptional items and Tax	828.39	28.58
Less: Exceptional items	1,083.43	961.40
Less: Provision for Income Tax / Deferred Tax Liability	(3.35)	(0.88)
Net Profit /(loss) after tax	(251.69)	(931.94)
Add: Balance brought forward from previous year	(2,627.65)	(1,696.16)
Add: Transfer from Foreign Project Reserve	-	0.45
Balance to be carried to Balance Sheet	(2,879.34)	(2,627.65)

Financial Results

This financial year has been a year of significant importance since the refinery started commercial production in 2008. During the year the Company generated a strong revenue growth of 25% at ` 53,119 crore, up from ` 42,402 crore in the previous financial year. This growth can be attributed both to increase in throughput and higher oil prices. The Current Price Gross Refinery Margin (CP GRM) for the refinery business increased to US$ 4.53 per barrel from US$ 1.6 per barrel for the previous financial year. The EBIDTA grew by more than 43% to ` 2,779 crore from ` 1,938 crore for last financial year. Annual Profit / (Loss) After Tax (PAT) of ` (252) crore from

` (932) crore in previous financial year, due to reversal of sales tax incentive income on reopening of accounts.

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

- The Company's revenues increased by ` 10,717 crore representing a 25% growth year on year, from ` 42,402 crore in FY 2009-10 to ` 53,119 crore in FY 2010-11, primarily driven by record refinery throughput and increased product prices.
- Profit / (Loss) after tax decreased by ` 680 crore from ` (932) crore in FY 2009–10 to ` (252) crore in FY 2010-11 mainly due to reversal of income on sales tax on reopening and revising accounts as detailed in note no. 11 of the accompanying abridged revised financial statements and note no. b (16) of schedule xvi of revised financial statements.

Auditors' Report

The financial statements of the Company for the year ended March 31, 2011 (original financial statements) were audited by M/s. Deloitte Haskins & Sells.

The auditors, have audited the revisions carried out in the original financial statements for the financial year 2010-11 and issued their audit report based on the audit report of 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 2010-11.

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 21st annual report & audited accounts of the Company for the financial year ended 31st March, 2011.

(` in Crore)

	2010-2011	2009-2010
Gross Turnover	53,119.10	42,401.68
Net Income	47,342.21	37,376.54
Profit before Depreciation and Tax	1,559.25	756.89
Less: Depreciation/Amortisation	730.86	728.31
Profit before Taxes	828.39	28.58
Less: Provision for Income Tax/Deferred Tax Liability	174.51	(0.88)
Net Profit after tax	653.88	29.46
Add: Balance brought forward from previous year	(556.51)	(556.96)
Less: Transfer to Debenture Redemption Reserve	60.33	29.46
Add: Transfer from Foreign Project Reserve	–	0.45
Total amount available for appropriations	37.04	–
Balance to be carried to Balance Sheet	37.04	(556.51)

Financial results

This financial year has been a year of significant importance since the refinery started commercial production in 2008. During the year the Company generated a strong revenue growth of 25% at ` 53,119 crore, up from ` 42,402 crore in the previous financial year. This growth can be attributed both to increase in throughput and higher oil prices. The Current Price Gross Refinery Margin (CP GRM) for the refinery business increased to US$ 6.91 per barrel from US$ 3.7 per barrel for the previous financial year. The EBIDTA grew by more than 43% to ` 2,779 crore from ` 1,938 crore for last financial year. Annual Profit After Tax (PAT) jumped to ` 654 crore from ` 29 crore in previous financial year, a 23-fold increase.

Considering the profits for the current financial year, carry forward of losses of previous financial years and funds requirements for meeting expansion plans of the Company, the Board has not recommended any dividend for the financial year. Information on the operational performance, etc. of the Company for the financial year is given in the Management Discussion and Analysis which is annexed to the Directors' Report.

Share Capital and Issue of Securities

During the financial year, pursuant to shareholders approval obtained at the Extraordinary General Meeting held on 22nd April, 2010, the Company has allotted equity shares in two tranches, 9,28,44,531 of ` 10/- each, at a price of ` 144/- per share aggregating to ` 1,336.96 crore on 27th April, 2010 and 7,12,92,951 equity shares of ` 10/- each, at a price of ` 144/- per share aggregating to ` 1026.62 crore on 28th May, 2010, to an overseas depository on issue of Global Depository Shares (GDSs), Promoters on preferential issue basis. The funds have been raised for part financing the cost of Refinery expansion project and for other general corporate purposes.

Further, pursuant to the said approvals, the Company has raised US$ 262 million by allotment of Foreign Currency Convertible Bonds (FCCBs) in two tranches viz: US$ 115 million on 15th June, 2010, convertible into equity shares of ` 10/- each and / or GDSs at a price of ` 138 per share and US$ 147 million on 9th July, 2010 convertible into equity shares of ` 10/- each and / or GDSs at a price of ` 153 per share to the Promoters for part financing expansion programmes.

The Company, within the meaning of section 4(6) of the Companies Act, 1956, is an indirect subsidiary of Vadinar Oil, Mauritius, which along with its subsidiary holds 87.09% of the total share capital. Vadinar Oil in turn is a wholly owned subsidiary of Essar Energy Plc.

Directors

In October 2010, IDBI Bank Ltd. nominated Shri Melwyn Rego as its nominee on the Board in place of Dr. G Goswami. Further, during the year, Shri P Sampath stepped down as Director Finance and continues as Non Executive Director. The Board wishes to place on record its appreciation for the guidance and valuable services rendered by Dr. G Goswami during his tenure as member of the Board.

Shri S N Ruia, Shri A S Ruia and Shri P Sampath retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment. Particulars of the directors being re-appointed, as required under clause 49 of the listing agreement with the Stock Exchanges, are given in the Notice convening the ensuing 21st 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, 2011, 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, 2011 on a 'going concern' basis.

Corporate Governance

In terms of clause 49 of listing agreement with the Stock Exchanges, a certificate from the auditors of the Company on compliance of conditions of Corporate Governance is annexed to the Directors' Report. 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 under section 217(2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Head – Human Resources, 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

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

Subsidiary Companies

During the year, the Hon'ble High Court of Gujarat at Ahmedabad sanctioned a Scheme of Amalgamation of wholly owned subsidiary, Essar Oil Vadinar Limited with the company vide orders passed on May 3, 2010. The merger is effective retrospectively from April 1, 2008. Post merger of Essar Oil Vadinar Ltd., the Company does not have any subsidiary.

Auditors and Auditors' Report

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, 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. Other observations, 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
July 11, 2011

S N RUIA
CHAIRMAN

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:**

In the Refinery at Jamnagar several initiatives have been taken for conservation of energy which has consistently improved the Company's energy consumption pattern. Refinery's fuel and loss has reduced considerably since its commissioning which has been achieved by persistent efforts by refinery team for energy conservation. Special task force has been formed for looking at ways to minimize fuel and loss. Also, separate Energy Cell is monitoring the heaters' efficiency and other energy conservation activities.

A natural gas receiving system has been commissioned at the Refinery. Receipt of natural gas for being used as fuel has commenced. This has helped in improving the efficiency of heaters and reduced green house gas emissions.

In the development field at Mehsana for effective water separation bath heater is being used. Pipelines have been insulated from outside for avoiding heat loss/congealing. For safety, reasons the small flare is maintained.

b) **Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:**

In the Refinery:

i) Under Clean Development Mechanism (CDM) nine projects were identified and are taken through the global certification process for registration at United Nations (UN). All these projects have substantially advanced in this process and a few of them are soon going to be put up for UN validation. Once registered and implemented refinery will be able to not only earn Carbon Credits but shall also benefit from the saving of energy through these initiatives. These initiatives are under various stages of implementation.

ii) Gas turbines for power generation – New gas turbines have been installed under expansion plan of captive power plant. These turbines are operated on Natural gas which helps in reduction of carbon emission as compared to fuel oil and also reduce total fuel consumption.

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) Implementation of the energy conservation measures identified above have already started accruing benefits to the Refinery on a recurring basis.

ii) The Carbon Credit projects so far identified at the Refinery, once registered at UN have the potential to cumulatively reduce about 1.0 million Tons of CO_2 annually and thus directly addressing the important aspect to mitigate the challenge of global warming to make a positive contribution towards reducing the effects of climate change.

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

FORM A

					2010-11	2009-10
A	**Power and Fuel Consumption:**					
	1	**Electricity**				
		(a)	**Purchased**			
			Unit ('000 KWH)		**89,628.54**	84,058.99
			Rate/Unit (including minimum demand charge)		**6.27**	6.59
			Total Amount (₹ in lakh)		**5,621.32**	5,538.71
		(b)	**Own Generation**			
			(i)	Through Diesel Generator	**NA**	
				Unit ('000 KWH)		
				KWH per litre of diesel oil		
				Cost/Unit (₹/KWH)		
			(ii)	Through Steam Turbine/Generator Unit ('000 KWH)	**478,227.60**	428,386.50
				KWH per litre of Fuel Oil/Gas	**3.32**	3.47
				Cost/Unit (₹/KWH)	**10.26**	8.90
		(c)	**Electricity Consumed** (a+b) ('000 KWH)		**567,856.14**	512,445.49
	2	**Coal (specify quality and where used)**			**NA**	**NA**
	3	**Furnace Oil/other Liquid fuels-Purchased**				
		Quantity (MTs)			**0**	0
		Total amount (₹ in lakh)			**NA**	NA
		Average Rate (₹/MT)			**NA**	NA
	4	**Others/From Internal Generation Fuel**				
		(i)	**Fuel Gas**			
			Unit (MTs)		**288,058.93**	201,854.72
			Total amount (₹ in lakh)		**61,353.20**	37,284.86
			Average Rate (₹/MT)		**21,298.84**	18,471.14
		(ii)	**Liquid Fuel-FO**			
			Unit (MTs)		**323,997.75**	402,264.10
			Total amount (₹ in lakh)		**50,936.69**	64,671.17
			Average Rate (₹/MT)		**15,721.31**	16,076.79
		(iii)	**Solid Fuel – FCC Coke**			
			Unit (MTs)		**199,823.91**	160,910.51
			Total amount (₹ in lakh)		**26,985.88**	22,222.06
			Average Rate (₹/MT)		**13,504.83**	13,810.19
	5	**Total Liquid Fuel – (Purchased + Own Generation) (MT)**			**323,998.00**	402,264.10
		Total Fuel Gas, Liquid, Solid – (Purchased + Own Generation)			**811,880.60**	765,029.34
B	**Consumption Per Unit of Production:**					
	(i)	Actual Production (MTs) –			**13,894,796**	12,718,151
	(ii)	Consumption per MT of Production				
		–	Electricity (Purchased + Generated) KWH/MT		**40.87**	40.29
		–	Liquid Fuel (FO/LSHS/NAPHTHA) (Purchased + Internal Generation)		**0.023**	0.032
		–	Fuel Gas		**0.021**	0.016
		–	FCCU coke		**0.014**	0.013

B. Technology Absorption

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

FORM B

Research and development (R & D)

1) **Specific areas in which R & D carried out by the Company.**
R & D trials are being undertaken at the Refinery to effectively tackle the heat exchangers fouling problem.

2) **Benefits derived as a result of the above R&D**
Once successful this will help in more efficient operations at the Refinery

3) **Future plan of action**
   a) Further trials with aqueous chemical formulations to clean heat exchangers.
   b) Development of anti foulant chemical to prevent heat exchangers fouling.

4) **Expenditure on R & D: ₹52.29 lakh**
   a) Capital – Nil
   b) Recurring – ₹52.29 lakh
   c) Total – ₹52.29 lakh
   d) Total R & D expenditure as a percentage of total turnover – 0.00%

Technology, absorption, adaptation and innovation

1) **Efforts, in brief, made towards technology absorption, adaptation and innovation**
   a) A significant part of fuel oil has been replaced with cleaner fuel i.e. Natural Gas. This has helped in reduction of green house gases as well as improved performance of heaters and boilers.
   b) Gas turbines for power generation have been commissioned with cleaner fuel i.e. Natural Gas. This has improved reliability of power as well as reduced green house gas emissions.
   c) Advance process control implementation in CDU and FCCU. APC has already been implemented in CDU and under implementation in FCCU. APC will provide better control of Refinery operation and hence improve refinery margins by improving products quality and maximizing yields.
   d) In the Mehsana Block, down hole 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.**
   a) Yields maximization and product quality improvement
   b) Improvement in refinery margins
   c) Reduction of green house gas emissions
   d) Lower fuel and loss

3) **In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :**
   a) Technology imported.
      i) Technovacuum technology from Russia was imported and implemented in DHDS unit for removal of moisture from Diesel product. This technology has replaced steam jet ejectors with vacuum pumps and has resulted in energy savings in terms of steam consumption
      ii) Amipur Technology for purification of Amine in Amine Regeneration Unit which has resulted in reducing costly Amine loss.
   b) Year of import.
      i) Technovacuum - 2009
      ii) Amipur – 2009
   c) Has technology been fully absorbed?
      i) Technovacuum - Yes
      ii) Amipur – Yes
   d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action – NIL.

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:**

The Indian economy is on a high growth trajectory and the consumption of petroleum products has increased steadily. India continues to be heavily dependent on imports for meeting its crude oil requirements. The Company's sales focus had 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.

Exports of high value products such as Naphtha and Gasoline have increased compared to the last year while some quantities of Gasoil have also been exported from time to time. The Company has also exported large quantities of surplus Fuel Oil.

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.

Auditors' Certificate

To

The Members of Essar Oil Limited

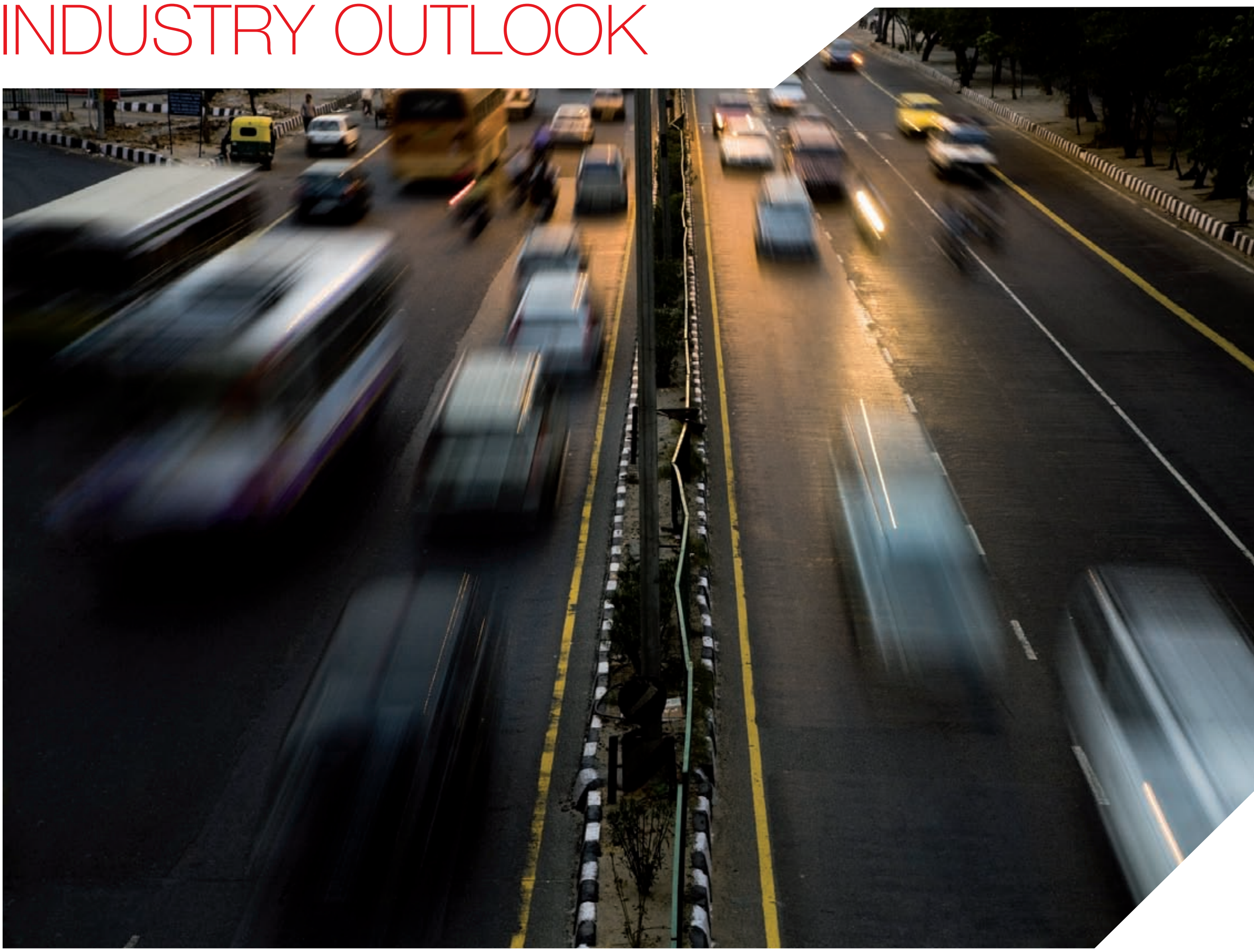
1. We have examined the compliance of conditions of Corporate Governance by Essar Oil Limited ("the Company"), for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement entered into by the said Company with stock exchanges in India.
2. The compliance of conditions of Corporate 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.
3. 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.
4. 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
(Registration No: 117365W)

Khurshed Pastakia
Partner
Membership No. 31544

Mumbai, July 11, 2011

INDUSTRY OUTLOOK



Growing to meet India's growth

- 8.5 per cent GDP growth in FY2010–11
- 80 per cent of Indian oil & gas needs were imported in FY2010-11
- Sustained petroleum product demand

Market outlook

India experienced sustained economic growth in FY2010-11 with GDP growing around 8.5 per cent one of the highest rates among the world's major economies. With nominal GDP forecast at US$1.73 trillion, India will make the transition from a low income to a middle income country as per capita income passes US$1,200.

Seeing substantial growth opportunities,foreign institutional investors (FIIs) injected around US$37 billion into the Indian market during the last 12 months. The Government has mandated ₹2,14,000 crore for infrastructure development in 2011-12 a 23.3 per cent increase on the previous year. Exports grew by 37.6 per cent and imports registered around 21.6 per cent growth from FY2010-11. Food inflation reduced from 20 per cent to a more modest 12 per cent by the fiscal year-end.

It is estimated that India's total primary energy consumption will grow by 39 per cent in the 20 year period from 1995 to 2015 and increase a further 55 per cent by 2035 (International Energy Outlook, 2010 – US Energy Information Authority).This sustained growth of incomes, infrastructure, spending and vehicle ownership positively impacts India's energy demand growth; which correlates with our strategy to focus on energy demand growth in India.

Consumption of petroleum products grew by 2.9 per cent in the last year to an estimated 141.8 MMTPA. Consumption of high speed diesel and motor spirit showed year-on year growth of 6.7 per cent and 10.7 per cent respectively. The number of commercial and passenger vehicles is estimated to grow at 18 per cent and 23 per cent respectively and demand for fuels is expected to remain strong in the current year. The price de-regulation of motor spirit in the domestic market has led to prices becoming competitive, with greater earnings potential for private sector marketers.

Current events in the Middle East and North Africa have a deep impact on India, which imports around 80 – 85 per cent of its crude oil requirement. That situation is expected to continue despite significant discoveries of oil and gas in India in recent years. Essar Oil's E&P portfolio has 11 of its 17 oil & gas and coal bed methane blocks located in India. Given the domestic demand scenario, commercialisation of these assets represents a significant opportunity for Essar Oil.

Once the acquisition of Stanlow refinery in the UK by Essar Energy plc is completed, it will increase the sales options available for the export of high value products produced at our Vadinar refinery.

highlights

Strong India GDP growth outlook

- GDP growth of 8.5 per cent for the fiscal year 2010-11.
- Infrastructure spending is increasing by 23 per cent to ₹2,14,000 crore in 2011-12. (Source: Ministry of Statistics and Programme Implementation)

Economic and Geopolitical Outlook

- As economies are stabilising and recovering globally, demand for crude is increasing.
- Substantial increase in crude prices due to political crisis in various nations.

Increasing Indian oil and gas consumption

India has:

- Low per capita oil consumption compared to other BRIC markets: 0.9 barrels per person in 2010 vs 2.3 in China (Source: KBC)
- Low per capita gas consumption compared to other BRIC markets: 1.89 cubic feet per person in 2010 vs 2.87 in China (Source: KBC)

India, imported nearly 128 MMT, or about 80%, of its oil needs in FY 2010-11. (Source: Petroleum Planning & Analysis Cell)

Global Oil Demand

- Demand grew by 2.84 million barrels per day in 2010
- Expected growth in demand is 1.54 million barrels per day in 2011 (Source: International Energy Agency)

Crack Margins

- Diesel crack at a premium of US$22/bbl Petrol crack at US$11.5/bbl.
- Forward cracking margins for FY2011-12 are nearly 60 per cent higher than those of FY2010-11. (Source: Historical- Platt's forward curve projections)

Business Outlook

- Petroleum product demand in India demonstrates strong growth.
- Current events in the Middle East and North Africa impact India which imports around 80-85 per cent of its crude oil demand.

14.76 million tonnes

Installation of a coker drum at the Delayed Coker Unit (DCU), which is being added as part of the Phase 1 optimisation of Vadinar Refinery

REFINING

The Vadinar refinery in Gujarat continues to operate well above its nameplate capacity of 10.5 MMTPA. It processed a record 14.76 million tones of crude oil (107.3 million barrels) during FY2010-11, 9 per cent higher than the 13.50 million tonnes of crude oil (98.4 million barrels) processed in FY2009-10. This produced a CP GRM, inclusive of sales tax benefit, of US$6.91 per barrel for FY2010-11 an 87 per cent improvement compared with a CP GRM of US$3.70 per barrel in FY2009-10.

In June 2010, the refinery received its first supply of the low sulphur, heavy and high pour Mangala crude through a dedicated heated and insulated pipeline from Cairn India's Barmer oil fields in Rajasthan. This is an important new source of crude as it improves crude oil supply security and offers the added benefits of lower logistics costs and taxes. The refinery processed about 1.33 million tonnes of Mangala crude between June 2010 and March 2011.

Phase 1 expansion of the Vadinar refinery is scheduled to reach mechanical completion in phases in the second and third quarters of calendar year 2011. The majority of increased production from new units will commence in Q4 of calendar year 2011.

Completion of Phase 1 of the refinery expansion will increase production to 375,000 barrels per stream day (bpsd) from 300,000 bpsd and significantly increase the refinery complexity from 6.1 to 11.8. With this, the refinery can increase the proportion of heavy and ultra-heavy crude it processes, producing a higher proportion of middle and light distillates. The result will have a positive impact on GRM. While the construction costs of the Phase I refinery project are within the overall budget, costs are estimated to increase by approximately ₹500 crore (US$111.6 million), or 6.4 per cent of the original project cost, mainly due to an expected delay in commissioning and related interest costs and pre-operative expenditure.

highlights

- Vadinar Refinery achieves record annual throughput at 14.76 MMT
- Refinery phase 1 expansion to 18 MMTPA – mechanical completion in phases in the second and third quarters of CY 2011
- Refinery expansion will increase production to 375,000 barrels per stream day (bpsd) from 300,000 bpsd; complexity to increase to 11.8 from 6.1 currently
- Refinery optimisation project to enhance capacity to 20 MMTPA by September 2012 on track
- Refinery continues to maintain excellent safety track record, with 1,094 Lost Time Incident (LTI) free days

The Company plans to further increase the capacity of the refinery to 20 MMTPA, or 405,000 bpsd. This will be achieved through optimisation of some refinery units at an estimated cost of ₹1,700 crore (c. US$380 million). The project is expected to be completed by September 2012.

Favourable crude mix: The capacity expansion, complexity enhancement and subsequent optimisation will give the Vadinar refinery the capability to process nearly 90 per cent ultra heavy crudes, which are cheaper than light or heavy crudes.

Favourable product yield: In terms of product yield, the capacity expansion, complexity enhancement and subsequent optimisation will give the Vadinar refinery higher flexibility between light and middle distillates. This will enable the conversion of the majority of our fuel oil production into higher value products, including pet coke.

With a crude mix that can accommodate a higher quantity of cheaper, heavier crudes and a product slate with a larger proportion of high value products, the Vadinar refinery is set to become India's second most efficient refinery in terms of cost per barrel. This will result in a significant boost in the Gross Refining Margin (GRM).

MARKETING

Essar Oil Limited operates a franchise-based retail model, with 1,381 outlets across India selling petrol and diesel under the Essar brand. Another 254 outlets are under construction and are in various stages of completion.

In June 2010, the Government of India announced plans to fully deregulate petrol prices and to gradually deregulate diesel prices as well. This decision supported our plans to increase our retail fuel outlets to 1,700 by March 2011. However, increasing oil prices have put pressure on the market price of diesel. This in turn has caused uncertainty regarding the Government's plans to deregulate retail prices of diesel. As a result, Essar Oil intends to slowdown its plans to increase retail outlets beyond 1,700 until there is further clarity on diesel deregulation.

The Company is increasing non-fuel retailing activities in its current portfolio of retail outlets to provide an additional source of revenue for its franchisees. Alliances have been forged with alternative fuel and non-fuel retailers in segments like auto gas, auto components, lubricants and services. EOL has also set-up points of sale at its outlets for retailers in the food & beverages, agro products, telecom and banking/finance segments. The Company is now focusing on introducing Auto LPG & CNG pumps in its outlets through tie-ups with Aegis Logistics and GAIL India Ltd. respectively. The Company is also sourcing auto gas for its outlets from other companies operating in this space. Two CNG stations have been commissioned in Surat and Ahmedabad, in association with Sabarmati Gas & Gujarat State Petroleum Corporation.

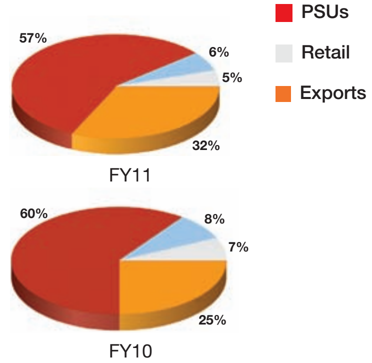
Sales performance

In FY 2010-11, Essar Oil sold 7.19 MMT of diesel, petrol, LPG and kerosene to Public Sector Oil Companies. This is slightly lower than the 7.30 MMT of these products sold in FY 2009-10 to Public Sector Oil Companies, but this performance is commendable because of the more intense competition from other private sector refiners in this fiscal.

In total Essar Oil sold 8.95 MMT of products - 64 per cent (by volume) or 68 per cent (by value) in the domestic market. This has dropped from last year's domestic sales of 9.55 MMT and reflects the Company's considered strategy of exporting diesel during the low-demand monsoon months. The dip in domestic sales is also because of diminished demand for fuel oil in the Indian market because of natural gas availability from the KG D-6 block.

1,381
retail outlets

Sales Mix
by value



Export outlook

The Company exported a record 5.11 MMT of products from the Vadinar refinery this fiscal. Once the refinery expands to 18 MMTPA later in 2011, exports will play a key role in Essar Oil's sales mix.

highlights

- 1,635 retail outlets; 1,381 operational, 254 underway
- Increased focus on non-fuel retailing; tie-ups with more than 20 brands in segments like lubricants, food & beverages, agro products, telecom, and banking & finance for setting up points of sale at Essar Oil retail outlets
- Introduced Auto LPG & CNG pumps in outlets, in association with Aegis Logistics and Sabarmati Gas / GSPC respectively
- Exports increased to 32 per cent in 2010-11 compared to 25 per cent in 2009-10

EXPLORATION & PRODUCTION

Essar's exploration & production business has 2.1 billion barrels of oil equivalent of reserves and resources. Of this, approximately 150 million barrels are 2P & 2C resources, 1 billion barrels are prospective resources and 1 billion barrels are unrisked, in-place resources.

Essar Oil has signed contracts for four new coal bed methane (CBM) exploration blocks in FY2010-11. These blocks were awarded in the CBM-IV bidding round. They comprise 2,233 km^2 of exploration acreage with in-place prospective resources of over 7.6 tcf of CBM gas. These, together with its existing CBM block at Raniganj, make Essar Oil the company with the largest CBM acreage in India and more than 10 tcf of reserves and resources.

DGH certified reserves & resources

The four new CBM blocks have in-place prospective resources of over 7.6 tcf of CBM gas, according to the gas in-place resource estimates contained in the information documents issued by the Directorate General of Hydrocarbons (DGH) at the time of bidding. At Raniganj, the Competent Person's Report has certified contingent resource of 0.2 tcf and best estimate prospective resource of 0.792 tcf.

Raniganj CBM block

In FY2010-11, significant progress was made at the Raniganj CBM block. Currently, we are producing about 35,000 scmd (standard cubic metres) per day of gas from Raniganj. Approximately, 201 bcf of gas has been classified in the 2C, contingent resource category. Another 792 bcf is classified as a best estimate prospective resource. Financial closure of the first phase has been achieved. EOL is fast-tracking drilling of new wells.

The 48-km Raniganj-Durgapur pipeline being implemented. It will help bring gas from the field to industrial customers. EOL also received incidental Gas Sale Price approval from the Ministry of Petroleum & Natural Gas. The field development plan for the Raniganj block, which will allow EOL to drill a total of 500 wells, has also been approved. Commercial sales are expected to begin soon after some statutory approvals have been received.

highlights

- Largest CBM acreage in India
- Contracts signed for 4 Indian coal bed methane (CBM) blocks with estimated resources of over 7.6 tcf
- Raniganj CBM block producing 35,000 scmd of gas; commercial sales to begin soon
- Field Development Plan approved for drilling 500 production wells in Raniganj over the life of the block

FINANCIAL HIGHLIGHTS

- The Company's revenues increased by ₹10,717 crore representing a 25 per cent growth year on year, from ₹42,402 crore in FY2009-10 to ₹53,119 crore in FY2010–11, primarily driven by record refinery throughput and increased product prices
- Profit after tax increased by ₹625 crore representing a 23 fold growth from ₹29 crore FY2009–10 to ₹654 crore in FY2010-11
- The above improvements resulted in earnings per share for FY2010–11 improve to ₹4.85 per share as a result of increased profits against ₹0.25 per share for FY2009-10

INTERNAL CONTROL SYSTEM & INTERNAL AUDIT

Your Company has adequate internal control systems and procedures that are commensurate with the size and nature of its business. The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or losses.

During the year controls have been refined and improved. Implementation internal control policy is achieved through a clearly defined operating structure with lines of responsibility and delegated authority.

The Company's operating procedure include appropriate systems for reporting information to management. These procedures are business dependent but all significant operational business use SAP general ledger systems with automated controls and reconciliation process.

In addition, we have a comprehensive Management Information System involving daily MIS reporting, monthly and quarterly performance reviews and an annual business plan that includes opex and capex budget plan.

A number of processes have been instituted for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective actions.

The Company has well developed and adequately staffed internal audit and management audit function that work under the guidance of the Audit & Governance Committee.

During the year, Essar Energy Plc, the parent company, appointed its internal auditors, Ernst & Young Pvt. Limited. This internal audit function reports directly to the EEplc Audit committee and had undertaken a number of planned audits on subsidiary companies' operations. Their audit observation pertaining to the Company have been shared with the Audit & Governance Committee. A Management Audit team headed by Managing Director has also been formed that reviews regularly the significant internal audit observations to ensure all issues are properly addressed.

RISK & UNCERTAINTIES

Because of the nature of its operations Essar Oil identifies the following risks as inherent to its business. Below we outline how those risks are mitigated.

Price risk

This risk relates to the fluctuation of crude oil prices and refined petroleum products prices affecting refining margins.

The Oil business is dependent on the margin between crude oil prices and refined petroleum product prices for profitability. Operating efficiency and access to crude oil of the required quantity, quality and price has a significant impact on the Company's performance. While refined product normally tracks changes in feedstock prices, there is a lag which can impact short-term working capital requirements and profitability.

Mitigation of price risk

Essar Oil uses long-term contracts as well as open international markets to source crude oil at competitive prices. Management prepare four month rolling plans on a weekly basis to identify any changes in the profile of price risk and take appropriate action on a timely basis.

The use of commodity hedging further reduces fluctuation in refining margin. These hedges are mandated in Risk Management Committee Meetings.

Other approaches to drive down costs include an increase in the use of cheaper tough crudes and use of blending to improve the product slate. Increased production efficiency through technological advances is another ongoing mitigating factor.

Foreign exchange risk

This risk relates to the impact of foreign exchange fluctuations because of the Company's exposure to foreign currency imports/exports as part of its normal operations.

Mitigation of foreign exchange risk

The Company has two main approaches to managing this area of risk:

Foreign exchange fluctuations are managed in accordance with the guidelines and limitations defined in the "Risk Management Policy" approved by the Board of Directors. The policy broadly covers the following aspects: Maximum forex risk exposure to be taken by the Company; approved financial instruments for hedging risk; personnel authorized to execute the approved instruments.

The Company has constituted a Risk Management Committee (RMC), headed by the MD, which meets once a week to take risk mitigation actions based on the existing market scenario and the risk management policy approved by the board. The Treasury Operating Committee (TOC) advises the Treasury function about managing the exchange risk based on the current economic scenario.

Reputational risk

This risk relates to the potential commercial and reputational damage that could result from a health, safety or environmental incident or conflicts with local communities, terrorism, or the geo–political location of refinery. The Company is at risk given the nature of its operations.

Mitigation of reputational risk

The Company has a Health, Safety and Environmental (HSE) policy and other HSE Management systems (HSEMS) in place. These are communicated to employees and training is provided on a regular basis. Necessary tools are in place to monitor emissions in plants/ refineries and medical expertise and support is available at all locations.

Regular reviews are carried out to ensure compliance with HSE policy/ HSEMS and adherence to regulatory requirements.

The Company engages and works closely with local communities to maintain relationships and to ensure that concerns are heard and acted upon in a timely manner.

PEOPLE

Essar Oil has 1,676 employees as of March 31, 2011. Essar Oil's policies and programmes address every aspect of employee life. The Company has adopted a Total Rewards Model which works across the spectrum of on-boarding, career and development opportunities, reward and recognition and work-life balance initiatives. Detailed career progression maps, across functions and strata, give employees complete clarity on their future prospects. Job rotations, succession planning for vital positions and performance management processes benefit both employees and the organisation.

Initiatives encouraging innovation among employees have been launched. The rewards and recognition programme - GEM (Going the Extra Mile); is extensively used to celebrate superior performance. Carefully designed training programmes ensure that employees achieve their potential. Learning and development initiatives are collaborations with institutes. They include external as well as internal training programmes for employees.

Leadership Speak sessions are a platform for senior management and high performers to network with leaders from within and outside the Essar group. The Company's technical assessment programme, Saksham, is designed to test the level of learning attained by employees. Various work-life and engagement initiatives such as Josh, Family Connect and E-Square enable employees and their families to extend their connections with the organisation.

CAUTIONARY STATEMENT

Certain words and statements in this Management Discussion and Analysis are forward looking 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.

Corporate Governance Report

1. Company's philosophy on Corporate Governance:

Essar Oil Ltd. believes that adhering to global standards of Corporate Governance is essential to enhance shareholder value and achieve long term corporate goals. The Company is committed to ethical conduct of business, manages its affairs with fairness to all stakeholders and operates with openness, integrity and accountability. The Board of Directors conducts the business of the Company in due compliance with its Memorandum and Articles of Association and the laws applicable to the jurisdictions of the places where the Company operates and undertakes a periodic review of business plans, 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 directorships held #	Committee Membership Δ	
					Member	Chairman
Shashikant N Ruia (Chairman)	Promoter Non-Executive	Nil	No	6	Nil	Nil
Prashant S Ruia	Promoter Non-Executive	1	No	2	2	Nil
Anshuman S Ruia	Promoter Non-Executive	2	No	8	6	Nil
Naresh K Nayyar (Managing Director)	Executive Director	6	Yes	2	2	Nil
P Sampath[1]	Non-Executive Director	4	No	1	Nil	Nil
D J Thakkar	Independent Non-Executive	4	Yes	13	10	5
K N Venkatasubramanian	Independent Non-Executive	6	Yes	6	3	2
K V Krishnamurthy	Independent Non-Executive	6	No	10	9	4
Melwyn Rego[2]	Nominee of IDBI Ltd.*	2	NA	1	Nil	Nil
V K Sinha	Nominee of LIC*	6	Yes	Nil	1	Nil
Manju Jain[3]	Nominee of IFCI Ltd.*	3	No	3	1	Nil
G Goswami[4]	Nominee of IDBI Ltd.*	3	No	7	6	1
R P Singh[5]	Nominee of IFCI Ltd.*	2	NA	6	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.
Δ Memberships/chairmanships of Audit Committee and Shareholders Grievance Committee including positions held in the Company.
1 Designation changed from Director (Finance) to Non-Executive Director with effect from 18th October, 2010.
2 Appointed with effect from 18th October, 2010.
3 Appointed with effect from 26th July, 2010.
4 Ceased to be Nominee Director with effect from 18th October, 2010.
5 Ceased to be Nominee Director with effect from 26th July, 2010.

Six Board Meetings were held during the financial year 2010-2011 on 13th April, 2010; 4th June, 2010; 26th July, 2010; 18th October, 2010; 10th November, 2010 and 17th January, 2011.

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

Shri Shashikant N Ruia, Shri Anshuman S Ruia and Shri P Sampath retire by rotation and being eligible seek re-appointment at the ensuing Twenty First Annual General Meeting (AGM). A brief resume of the directors retiring by rotation along with the nature of their expertise and the details of other directorships and the committee positions held by them and their shareholdings have been disclosed to the shareholders through notes annexed to the Notice for the ensuing AGM. None of the Directors is related to any other director except for Shri Prashant S Ruia and Shri Anshuman S. Ruia, sons of Shri Shashikant N Ruia, Chairman. As on 31st March, 2011, Shri D J Thakkar, Shri K N Venkatasubramanian and Shri V K Sinha held 300 shares, 6,500 shares and 20 shares respectively in the Company. None of the other directors hold any shares in the Company. Brief profile of all the directors is separately setout in the Annual Report.

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. The declaration to this effect of the Managing Director is given below:

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, 2011, compliance with the Code of Conduct of the Company laid down for them.

11th July, 2011

Naresh Nayyar
Managing Director

4. Audit & Governance Committee:

The Audit & Governance Committee comprises of 4 members viz: Shri D J Thakkar, Shri K N Venkatasubramanian, Shri K V Krishnamurthy and the nominee of Life Insurance Corporation of India, Shri V K Sinha. The Committee was reconstituted in January, 2011 with the induction of Shri K V Krishnamurthy in place of Shri Prashant S Ruia. 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 2010-2011, the Committee met five times. Shri D J Thakkar, Shri K N Venkatasubramanian and Shri V K Sinha attended all meetings. Shri K V Krishnamurthy attended one meeting. The Statutory Auditors, Internal Auditors, the Managing Director, the Director Finance during his tenure in office, the Chief Financial Officer 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 has 3 non-executive, Independent Directors as members viz: Shri K N Venkatasubramanian, Shri D J Thakkar and the Nominee Director of IDBI Ltd., Shri Melwyn Rego.

One meeting was held during the year 2010-2011. Shri K N Venkatasubramanian and Shri D J Thakkar attended the meeting. Shri K N Venkatasubramanian generally chairs the meetings. 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 package, etc. for the Executive and other Directors.

Remuneration to Directors

Non - Executive Directors

The Non Executive Directors do not draw any remuneration from the Company except for sitting fees. With effect from 26th July, 2010, the Non Executive Directors are being paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board of Directors and ₹ 10,000/- for attending each meeting of Committee thereof. Prior to 26th July, 2010 they were being paid sitting fees of ₹ 7,500/- for attending each meeting of the Board of Directors and ₹ 5,000/- for attending each meeting of any of the Committees. The sitting fees paid to the Directors for the year ended 31st March, 2011 are as follows: Shri Prashant S Ruia: ₹ 80,000/-; Shri Anshuman S Ruia: ₹ 27,500/-; Shri P Sampath: ₹ 10,000/-; Shri D J Thakkar: ₹ 3,92,500/-; Shri K N Venkatasubramanian: ₹ 1,55,000/-; Shri K V Krishnamurthy: ₹ 1,55,000/-; Dr. G Goswami: ₹ 35,000/; Shri Melwyn Rego: ₹ 40,000/- (paid to IDBI Ltd.); Shri V K Sinha: ₹ 1,35,000/- (paid to LIC of India); Shrimati Manju Jain: ₹ 60,000/- and Shri R P Singh: ₹ 15,000/-.

Executive Directors

During the financial year 2010-2011, remuneration paid to the Executive Directors was as under:

(Amount in ₹)

	Shri Naresh Nayyar Managing Director	**Shri P. Sampath Director Finance**
Basic Salary	4,815,000	5,489,100
Allowances & Perquisites	7,447,200	4,060,091
Retirement benefits	577,800	658,962
Performance Bonus	4,012,500	6,018,750
Total	16,852,500	16,226,633
Service contract	5 years from 15.10.2007	Upto 18.10.2010
Notice period	6 months	3 months

The resolutions appointing these directors do not provide for stock option. There is no separate provision for payment of severance fee. In terms of the applicable provisions of the Companies Act, 1956, due to inadequacy of profits during the financial years in which the wholetime directors were appointed approvals have been obtained from the Central Government for appointment and payment of their remuneration and the remuneration paid is within the approvals so obtained.

6. Investors' Relations:

i) Investors' Relations Committee

The Investors' Relations Committee comprised of 4 members viz: Shri Prashant S Ruia, Shri Naresh Nayyar, Shri D J Thakkar and Shri K V Krishnamurthy. Shri D J Thakkar generally chairs the meetings. The Committee was reconstituted in January, 2011 with the induction of Shri K V Krishnamurthy in place of Shri P Sampath.

During the financial year 2010-2011, the Committee had 28 meetings. Shri D J Thakkar attended 27 meetings, Shri Prashant S. Ruia attended 6 meetings, Shri Naresh K Nayyar attended 25 meetings, Shri P Sampath attended 12 meetings and Shri K V Krishnamurthy attended 5 meetings.

ii) Company Secretary

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

iii) Requests/complaints

There were 23 complaints from share/debenture holders pending at the beginning of the financial year. During the financial year, 2,215 complaints were received and 2,238 complaints were replied to/resolved. As of 31st March, 2011, there were no pending complaints.

3,793 requests involving transfer of 7,03,800 shares were received during the financial year. There were 7 requests involving 800 shares pending to be processed. These pending requests are less than 5 days old.

iv) Equity shares in suspense account

In compliance with the newly introduced clause 5A of the Listing Agreement with Stock exchanges, the Company issued three reminder letters during the financial year to 359 shareholders holding 60,100 shares whose share certificates were lying unclaimed with the Company post issue of shares in physical form during the Public Issue in 1995. On receipt of confirmation from 96 shareholders holding 17,450 shares, share certificates were dispatched to them. The balance shares will be transferred to a separate folio in the name of "unclaimed suspense account" and dematerialized in due course. The voting rights on the shares outstanding in the suspense account will remain frozen till the rightful owner of such shares claims the shares.

7. Secretarial Audit

As a measure of good corporate governance practice, the Company appointed Mr. Prakash K Pandya of P K Pandya & Co., Practising Company Secretary, to conduct Secretarial Audit of records and documents of the Company for the financial year ended 31st March, 2011.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of issue of Foreign Currency Convertible Bonds, issue of Global Depository Shares and subsisting External Commercial Borrowings and Secretarial Standards relating to Board and general meetings issued by the Institute of Company Secretaries of India.

8. 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
2009-2010	24th September, 2010	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	3
2008-2009	27th June, 2009	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	2
2007-2008	27th September, 2008	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	NIL

In addition to the above, the following Extraordinary General Meeting has been held in the last three years:

Date	Time	Venue	Special resolutions passed
April 22, 2010	2:00 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.

9. 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) (33) 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) (b) of Schedule XVI to the Annual Accounts forming part of the Annual Report.

iii) 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 Financial Reporting Standards and US GAAP, as detailed in note no. A (13) and B (11) (a) 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.

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

v) 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, half-yearly and annual financial results are put up on the Company's website, besides being available on www.corpfiling.co.in and are being published in English and Gujarati newspapers. The auditors' observations/ suggestions, if any, have been adequately explained wherever necessary in the appropriate notes to the accounts and are self explanatory.

vi) 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.

vii) The Managing Director and the Chief Financial Officer have certified to the Board of full compliance as per clause 49(V) of the Listing Agreement for the financial year ended 31st March, 2011.

10. 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, Business Standard and in a Gujarati daily, Jai Hind. The quarterly/annual results are also made available at the Company's website, 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) Full text of Annual Reports of the Company are made available on the website of the Company www.essar.com.

iv) The quarterly/annual financial statements along with Corporate Governance reports, Shareholding Pattern, and other documents in compliance with the requirements of Listing Agreement entered into with Stock Exchanges are available on the websites of BSE and NSE and the website for Corporate Filing and Dissemination System (CFDS). Further, the Annual

Reports are available on the websites of BSE and NSE.

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

vi) Reminders were sent to those debenture holders whose interest/redemption amount were unencashed as per records of the Company advising them to seek demand drafts in lieu of their lapsed warrants.

11. General Shareholder Information:

i)	AGM date, time and venue		12th August, 2011 at 2:30 p.m. at the Registered Office of the Company at Khambhalia Post, Dist. Jamnagar - 361 305
ii)	Tentative financial calendar	Approval of the results for the quarter ending June 30, 2011; September 30, 2011; December 31, 2011; and March 31, 2012.	Within 45 days of the quarter ending
		Audited annual results for the year ending March 31, 2012	Before July 31, 2012
iii)	Date of Book closure		10th August, 2011 to 12th August, 2011 (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 2010-2011 and 2011-2012 to BSE and NSE.

The addresses of the stock exchanges are setout below:

Bombay Stock Exchange Ltd. 1st Floor, Rotunda Building P.J. Towers Dalal Street Mumbai - 400 023	National Stock Exchange of India Ltd. Exchange Plaza 5th Floor, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051

vi) **Stock Codes:**

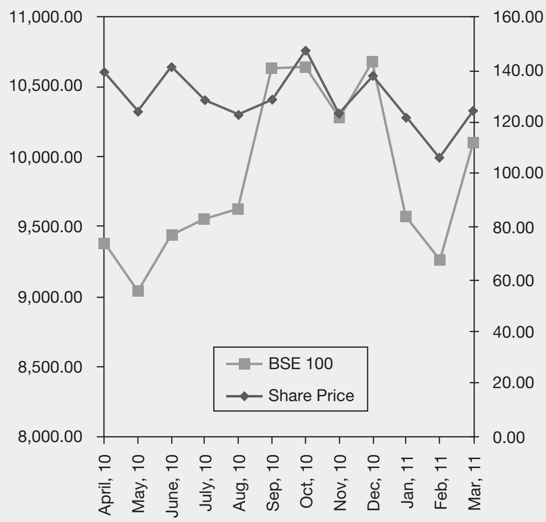
Equity shares	
Trading Symbol	
Bombay Stock Exchange Limited	500134
National Stock Exchange of India Limited	ESSAROIL
ISIN with NSDL and CDSL	INE011A01019
Non - Convertible Debentures	
12.50% Secured Non Convertible Debentures of ₹105/- each redeemable on 23.07.2018	INE011A07073

vii) **Stock Market price data for the financial year 2010-2011:**

High/Low (based on daily closing prices), closing prices and average of the aggregate of daily traded volume at NSE and BSE for each month in the financial year ended March 31, 2011 are as under:

Month	Year	NSE				BSE			
		(in ₹ per share)			(in lakh)	(in ₹ per share)			(in lakh)
		High	Low	Close	Volume	High	Low	Close	Volume
April	2010	152.40	138.75	139.35	33.52	152.40	138.65	139.25	13.57
May	2010	142.10	116.15	124.20	16.25	142.10	116.20	124.00	6.51
June	2010	141.05	120.95	141.05	32.77	141.05	120.95	141.05	13.54
July	2010	144.25	127.35	128.45	25.14	144.30	127.65	128.40	9.16
August	2010	133.60	122.80	122.80	14.62	133.60	122.80	122.80	5.37
September	2010	136.25	124.20	128.80	14.32	136.40	124.10	128.70	5.79
October	2010	149.70	132.15	147.20	45.36	149.60	132.00	147.15	17.67
November	2010	158.85	119.10	123.20	31.44	158.70	119.25	123.25	11.07
December	2010	138.10	123.30	137.75	22.63	137.85	123.45	137.70	7.40
January	2011	141.90	120.25	121.80	16.18	141.65	120.15	121.70	6.34
February	2011	119.95	100.60	106.95	14.25	119.80	100.70	106.50	6.10
March	2011	126.80	109.55	124.40	14.25	126.80	109.35	124.50	4.46

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



ix) **Share Transfer Agent:** M/s. Datamatics Financial Services Ltd. is the Share Transfer Agent of the Company. 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/ debenture holders.

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, 2011:**

No. of Shares	No. of Shareholders	%	No. of Shares	%
Upto 500	370,500	96.33	44,924,056	3.29
501–1000	9,078	2.36	7,052,425	0.52
1001–2000	3,015	0.78	4,522,059	0.33
2001–3000	736	0.19	1,902,352	0.14
3001–4000	321	0.08	1,163,576	0.08
4001–5000	254	0.07	1,210,704	0.09
5001–10000	371	0.10	2,751,305	0.20
10001 and above	345	0.09	1,302,140,609	95.35
TOTAL	**384,620**	**100.00**	**1,365,667,086**	**100.00**

Shareholding pattern as on 31st March, 2011:

Sl. No.	Category	No. of shares	Percen-tage
I	**Promoters**		
a.	Promoter and Promoter Group	218,020,941	15.96
b.	Depository for GDSs	1,010,522,772	73.99
	Sub-total	1,228,543,713	89.96
II	Non-Promoters		
a.	FIs and Banks	11,282,232	0.83
b.	Mutual Funds and UTI	10,025,800	0.73
c.	Foreign Institutional Investors	40,709,049	2.98
d.	Private Corporate Bodies	10,729,063	0.79
e.	Indian Public	61,804,680	4.53
f.	NRIs and OCBs	2,572,549	0.19
	Sub-total	137,123,373	10.04
	TOTAL	**1,365,667,086**	**100.00**

xii) **Dematerialisation of shares:** As on 31st March, 2011, 98.55% of the Company's total shares, i.e. 1,345,802,921 shares were held in dematerialized form and 1.45% i.e. 19,864,165 shares were held in physical form.

xiii) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

6,604,724 Global Depository Shares (GDSs) represented by 1,010,522,772 equity shares were outstanding as on 31st March, 2011. Each GDS represents one hundred and fifty three (153) equity shares.

During the year, the Company issued Foreign Currency Convertible Bonds (FCCBs) on 15th June, 2010 and 9th July, 2010 amounting to US$115 million and US$ 147 million respectively.

The US$ 115 million Bonds are convertible at any time on and after 15th June, 2011 or from the date the shares of the Company cease to be listed, whichever is earlier, into fully paid equity shares of ₹ 10 each at a conversion price of ₹ 138 per share or global depositary shares each representing 153 equity shares subject to adjustments, with a fixed rate of exchange on conversion of ₹ 46.60 to US$ 1.00.

The US$147 million Bonds are convertible at any time on and after 9th July, 2011 or from the date the shares of the Company cease to be listed, whichever is earlier, into fully paid equity shares of ₹ 10 each at a conversion price of ₹ 153 per share or global depositary shares each representing 153 equity shares subject to adjustment, with a fixed rate of exchange on conversion of ₹ 46.85 to US$ 1.00.

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 and the Coal Bed Methane (CBM) fields are located in Durgapur, West Bengal.

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. B - 5, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400 093. Phone: 91-22-66712151 to 66712156, Fax: 91-22-66712209, Email: eolinvestors@dfssl.com

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

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
1	Essar Energy Holdings Limited
2	Vadinar Oil
3	Essar Investments Limited
4	Hazira Steel 2
5	Imperial Consultants & Securities Pvt. Limited
6	Essar Biofuels Limited

AUDITORS' REPORT
TO THE MEMBERS OF ESSAR OIL LIMITED

1. The financial statements of the Company for the year ended March 31, 2011 ("the original financial statements for the year ended March 31, 2011") were audited by us and our audit report dated May 03, 2011 ("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 for the year ended March 31, 2011 were adopted by the shareholders of the Company in the annual general meeting of the Company held on August 12, 2011. The original financial statements for the year ended March 31, 2011 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 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, in addition to effect on opening balances pursuant to reopening of the books of account and revision of the financial statements for the years ended March 31, 2009 and March 31, 2010, the effects of reversal of income of Rs. 1,219.93 Crores, reversal of liability of Rs. 54.34 Crores towards contribution to the welfare scheme and recognition of interest income of Rs. 82.16 Crores (net of breakup charges of Rs. 11.83 Crores) on account of interest receivable from the assignee of the defeased sales tax liability pertaining to the financial year 2010-11, and consequential tax effect ("the revisions") have been considered in the attached revised financial statements for the year ended March 31, 2011. The effects of the revisions on the original financial statements for the year ended March 31, 2011 have been explained in detail in the said Note.

2. We have audited the revisions carried out in the original financial statements for the year ended March 31, 2011 to prepare the attached revised financial statements comprising the revised balance sheet of the Company as at March 31, 2011 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 8, 9 and 13 due to the revisions.

4. As reported in the audit report on the original financial statements; without qualifying our report, 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 reasons for following principles laid down in (a) Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India; and (b) other internationally recognised financial reporting frameworks, 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)(b) 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, and payable at various future dates as per the scheme of arrangement and compromise between the Company and its debenture holders.

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 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 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, read together with our remarks in paragraph (4) above, 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, 2011 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) 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, 2011;

(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 (iii), (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 during the year 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 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. In our opinion and according to the information and explanations given to us, and considering that some of the items purchased are of 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.

4. a. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered

   b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. 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.

6. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

7. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of petroleum products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

8. In respect of statutory dues:

   a. According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, as applicable, with the appropriate authorities except in case of professional tax, where certain delays were noticed. As explained to us, the provisions of Employees State Insurance are not applicable to the Company during the year.

There are no undisputed amounts payable in respect of the above statutory dues outstanding as at March 31, 2011 for a period exceeding six months from the date they became payable.

b. According to the information and explanations given to us, details of Excise Duty, Customs Duty, Sales Tax and Income Tax which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of Statute	**Nature of dues**	**Amount (Rs. In Crores)**	**Period to which amount relates**	**Forum where dispute is pending**
Central Excise Act, 1944	Excise duty, interest and penalty	40.80	November-06 to May-07	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty, interest and penalty	3.15	2006-07	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty, interest and penalty	0.20	2009-10	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty & Interest	0.12	2009-10	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Central Excise Act,	Excise duty,	15.57	November-06	Commissioner of

Name of Statute	**Nature of dues**	**Amount (Rs. In Crores)**	**Period to which amount relates**	**Forum where dispute is pending**
1944	interest and penalty		to November-08	Central Excise (Appeals)
Service Tax Rules, 1994	Service tax	0.05	2009-10	Commissioner of Central Excise (Appeals)
Customs Act, 1962	Custom duty & interest	6.70	2006-07	Commissioner of Custom (Appeals)
Customs Act, 1962	Custom duty & interest	0.18	2009-10	Central Excise & Service Tax Appellate Tribunal (CESTAT)
Gujarat Value Added Tax Act 2003	Sales tax	0.20	2007-08	Gujarat Sales Tax Tribunal
Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam Act, 1976.	Madhya Pradesh Entry tax	0.02	2008-09	Sales Tax Tribunal
Income Tax Act, 1961	Tax deducted at source and interest	5.49	2007 to 2009	Deputy Commissioner of Income Tax

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, and Cess as on 31st March, 2011.

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. 4,565.10 Crores as at March 31, 2011). 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.

9. 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 not incurred cash losses during the year *but had incurred cash losses in the immediately preceding financial year.*

10. 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.

11. 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 interest of the Company.

12. 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.

13. In our opinion and according to the information and explanation given to us, on the basis of review of utilization of funds, which is based on an overall examination of the revised balance sheet of the Company as at March 31, 2011, and having regard to the representation by the management that the short term liabilities of Rs. 3,159 Crores (excluding net increase in the current liabilities by Rs. 3,017.62 Crores due to the revisions as detailed in Note B (16) of Schedule XVI to the revised financial statements) mainly comprising of buyers' credit, bills payable and suppliers credit backed by Letter of Credit Facility as a sub-limit of long term loan facilities sanctioned for expansion of the existing refinery, are convertible into long term loans at the discretion of the Company upon them becoming due in line with the long term loan agreements entered

into / to be entered into, we are of opinion that funds raised on short-term basis have, *prima facie,* not been used for long term investment.

14. 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.

15. 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, 2011

(₹ in Crore)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
Sources of funds			
Shareholders' funds			
a) Share capital	I	**1,382.27**	1,218.13
b) Advance towards issue of global depository shares		**-**	1,153.21
c) Reserves and surplus	II	**5,006.55**	2,807.11
Loan funds			
a) Secured loans	III	**12,274.42**	9,470.59
b) Unsecured loans	IV	**2,272.51**	883.14
	TOTAL	**20,935.75**	15,532.18
Application of funds			
Fixed assets	V		
a) Gross block		**13,974.59**	13,802.50
b) Less: Accumulated depreciation and amortisation		**2,230.50**	1,493.15
c) Net block		**11,744.09**	12,309.35
Capital work-in-progress	V	**8,423.04**	4,318.75
Investments	VI	**103.00**	203.00
Deferred tax asset (net)		**-**	0.57
(Refer note B (26) of schedule XVI)			
Current assets, loans and advances	VII		
a) Inventories		**5,749.14**	3,969.44
b) Debtors		**2,367.30**	1,957.42
c) Cash and bank balances		**2,958.66**	1,350.75
d) Other current assets		**1,676.40**	935.17
e) Loans and advances		**737.88**	728.37
		13,489.38	8,941.15
Less: Current liabilities and provisions	VIII		
a) Current liabilities		**15,650.27**	12,789.80
b) Provisions		**30.58**	56.24
		15,680.85	12,846.04
Net current assets		**(2,191.47)**	(3,904.89)
Debit balance in revised statement of profit and loss		**2,857.09**	2,605.40
	TOTAL	**20,935.75**	15,532.18
Significant accounting policies and notes to revised financial statements	**XVI**		

In terms of our report 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
Mumbai, November 09, 2012

Suresh Jain
Chief Financial Officer

ESSAR OIL LIMITED

REVISED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Crore)

Particulars	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
Income			
Turnover (gross) (Refer notes B (27) and B (35) of schedule XVI)		**53,119.10**	42,401.68
Less: Excise duty		**5,213.77**	5,083.20
Turnover (net)		**47,905.33**	37,318.48
Less : Sales tax / VAT (Refer note B (16) of schedule XVI)		**917.12**	813.87
		46,988.21	36,504.61
Other income	**IX**	**354.00**	871.93
		47,342.21	37,376.54
Expenditure			
Purchase of traded petroleum products		**1,964.20**	1,705.74
Consumption of raw materials (Refer note B (35) of schedule XVI)		**42,129.27**	32,855.98
(Increase) / Decrease in stock	**X**	**(1,157.64)**	(310.81)
Operating expenses	**XI**	**735.66**	413.52
Employee costs	**XII**	**119.67**	97.50
Selling and marketing expenses	**XIII**	**409.14**	381.26
General and administrative expenses	**XIV**	**362.42**	295.53
		44,562.72	35,438.72
Profit before interest, depreciation / amortisation, exceptional items and taxes		**2,779.49**	1,937.82
Less: Interest and other finance charges	**XV**	**1,220.24**	1,180.93
Less: Depreciation and amortisation		**730.86**	728.31
Net profit before exceptional items and taxes		**828.39**	28.58
Less: Exceptional items (Refer note B (16) of schedule XVI)		**1,083.43**	961.40
Net loss before taxes		**(255.04)**	(932.82)
Taxes			
Income taxes (net of excess provision for earlier years ₹ 3.77 crore)		**(3.92)**	-
Income tax refund		**-**	(0.88)
Deferred tax		**0.57**	-
Net loss after taxes		**(251.69)**	(931.94)
Balance brought forward from previous year		**(2,627.65)**	(1,696.16)
Add: Amount transferred from foreign projects reserve (Refer note B (22)(a) of Schedule XVI)		**-**	0.45
Balance carried forward		**(2,879.34)**	(2,627.65)
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 revised balance sheet.		**(2,857.09)**	(2,605.40)
		(2,879.34)	(2,627.65)
Earnings per share			
(Face value ₹ 10 per share)			
(Refer note B (24) of schedule XVI)			
- Basic (in ₹)		**(1.87)**	(7.76)
- Diluted (in ₹)		**(1.91)**	(7.76)
Significant accounting policies and notes to revised financial statements	**XVI**		

In terms of our report 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
Mumbai, November 09, 2012

Suresh Jain
Chief Financial Officer

ESSAR OIL LIMITED

REVISED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Crore)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
A	**Cash flow from operating activities**		
	Net loss before tax and extraordinary items	**(255.04)**	(932.82)
	Adjustments for :		
	Depreciation / amortisation	**730.86**	728.31
	Fixed assets / capital work in progress written off / provided	**14.83**	(0.01)
	Interest on income tax refund	**(1.70)**	(1.21)
	Interest income from long term deposits	**(23.94)**	(1.42)
	Sale of participating interest in an E&P block	**(5.13)**	-
	Unrealised exchange differences	**(151.93)**	(195.86)
	Interest	**908.12**	898.87
	Bad debts written off / doubtful debts provided for	**5.47**	2.44
	Write back of old liabilities / Income arising out of settlement of loan	**(0.07)**	(52.54)
	Operating profit before working capital changes	**1,221.47**	445.76
	Working capital changes		
	Adjustments for :		
	Changes in inventories	**(1,750.65)**	(1,712.47)
	Changes in receivables, advances and deposits	**(1,101.09)**	(1,796.06)
	Changes in payables	**3,009.52**	3,824.98
	Cash generated from operating activities	**1,379.25**	762.21
	Income tax refund / (payment) (net) (including interest)	**(160.62)**	6.88
	Net cash generated from operating activities (A)	**1,218.63**	769.09
B	**Cash flow from investing activities**		
	Additions to fixed assets / capital work in progress	**(4,374.14)**	(2,065.49)
	Advances given towards equity	**-**	(38.79)
	Sale of fixed assets	**0.01**	14.99
	Sale of participating interest in an E&P block	**5.13**	-
	Disposal / Sale of Investment in a subsidiary	**-**	0.00*
	Placement of long term deposits	**(1,417.30)**	(2.93)
	Encashment of long term deposits	**6.31**	15.32
	Interest received on long term deposits (other than margin deposits)	**23.94**	1.42
	Net cash used in investing activities (B)	**(5,756.05)**	(2,075.48)
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings (including funding of interest (Refer note B (11) (a) of schedule XVI))	**6,151.08**	1,314.55
	Repayment of long term borrowings	**(1,355.94)**	(1,165.84)
	Changes in short term borrowings (net)	**(555.34)**	516.49
	Proceeds towards GDS issued / to be issued (net of amounts repatriated)	**1,210.37**	1,032.49
	Interest paid	**(846.46)**	(1,013.30)
	Bills of exchange honoured	**(1,335.39)**	(116.68)
	Bills of exchange accepted	**1,215.89**	762.96
	Net cash generated from financing activities (C)	**4,484.21**	1,330.67
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(53.21)**	24.28
	Cash and cash equivalents at the beginning of the year	**214.98**	187.81
	Amount taken over on amalgamation	**-**	2.89
	Cash and cash equivalents at the end of the year	**161.77**	214.98
	Net (decrease) / increase in cash and cash equivalents	**(53.21)**	24.28

Notes:

1 Non cash transactions:
During the previous year, Essar Oil Vadinar Limited was amalgamated with the Company after the Hon'ble High Court of Gujarat approved the scheme of amalgamation.

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

(₹ in Crore)

	As at March 31, 2011	As at March 31, 2010
Cash on hand and balances with banks		
Cash and bank balances as per balance sheet	**2,958.66**	1,350.75
Less: Margin and long term fixed deposits #	**2,796.92**	1,233.66
Add : Liquid Investments (Refer schedule VI)	**-**	100.00
Less : Effect of exchange rate changes	**(0.03)**	2.11
Cash and cash equivalents as restated	**161.77**	214.98

Comprises of long term deposits and margin deposits placed mainly towards letters of credit facilities availed and guarantees.
*amount less than ₹ 0.01 crore

In terms of our report 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 FINANCIAL STATEMENTS AS AT MARCH 31, 2011

SCHEDULE - I
SHARE CAPITAL

(₹ in Crore)

Particulars		As at March 31, 2011	As at March 31, 2010
Authorised			
5,000,000,000 (Previous year 5,000,000,000) equity shares of ₹ 10 each		**5,000.00**	5,000.00
Issued and subscribed			
1,427,593,086 (Previous year 1,263,455,604) equity shares of ₹10 each		**1,427.59**	1,263.45
Paid up			
1,365,667,086 (Previous year 1,201,529,604) equity shares of ₹ 10 each fully paid up		**1,365.67**	1,201.53
Add : Forfeited shares - 61,926,000 (Previous year 61,926,000) equity shares of ₹ 10 each		**16.60**	16.60
	TOTAL	**1,382.27**	1,218.13

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) 1,010,522,772 (Previous year 846,385,290) equity shares are represented by 6,604,724 (Previous year 5,531,930) global depository shares (GDS). GDS issued during the year 1,072,794 (Previous year Nil) are represented by 164,137,482 (Previous year Nil) equity shares.

c) 4,761,000 Global Depository Shares ("GDSs") represented by 728,433,000 (Previous year 4,761,000 GDSs represented by 728,433,000) underlying equity shares of ₹ 10 each are held by Vadinar Oil, Mauritius, the holding Company pursuant to section 4(6) of the Companies Act, 1956.

d) 177,654,041 equity shares and 1,843,724 GDSs represented by underlying 282,089,772 equity shares (Previous year 74,729,437 equity shares and 770,930 GDSs represented by underlying 117,952,290 equity shares) of ₹ 10 each are held by Essar Energy Holdings Ltd., Mauritius, subsidiary of the holding company.

e) 100 (Previous year 100) Equity Shares of ₹ 10 each are held by Hazira Steel 2, subsidiary of ultimate holding company, Essar Global Ltd, Cayman Islands.

f) Nil (Previous year 3,838,104) Equity Shares of ₹ 10 each are held by Essar Shipping Ports & Logistics Limited, subsidiary of ultimate holding company.

g) Nil (Previous year 211,000) Equity Shares of ₹ 10 each are held by Essar Steel Limited, subsidiary of ultimate holding company.

h) Teletech Investments India Limited was a subsidiary of ultimate holding company during the previous year and held 100,080,083 equity shares of Rs. 10 each as on 31st March, 2010. During the year it has ceased to be subsidiary of the ultimate holding company.

SCHEDULE - II
RESERVES AND SURPLUS

(₹ in Crore)

Particulars		As at March 31, 2011	As at March 31, 2010
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		**2,729.01**	2,729.01
Add : Premium on issuance of GDS		**2,199.44**	-
	(B)	**4,928.45**	2,729.01
Foreign projects reserve			
Balance as per last balance sheet		**-**	0.45
Less: Transferred to revised statement of profit and loss (Refer note B (22)(a) of schedule XVI)		**-**	0.45
	(C)	**-**	-
General reserve			
Balance as per last balance sheet		**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 (22)(b) of schedule XVI)	**(E)**	**37.21**	37.21
	TOTAL (A+B+C+D+E)	**5,006.55**	2,807.11

SCHEDULE - III
SECURED LOANS

(₹ in Crore)

Particulars			As at March 31, 2011		As at March 31, 2010
Debentures					
(Refer note B (11)(b) of schedule XVI)					
12.5% Non convertible debentures			**184.21**		184.21
	(A)		**184.21**		184.21
Term loans and funded interest facilities					
Term loans					
From banks			**6,080.22**		5,427.92
From financial institutions			**1,643.27**		1,718.87
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		**1,865.32**		1,865.32	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026 / 2031		**1,459.69**	**405.63**	1,497.84	367.48
From financial institutions		**813.19**		809.37	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026		**628.37**	**184.82**	642.72	166.65
	(B)		**8,313.94**		7,680.92
Short term loans from banks	**(C)**		**3,776.27**		1,605.44
Bank overdraft	**(D)**		**-**		0.02
	TOTAL (A+B+C+D)		**12,274.42**		9,470.59

Notes :

Term loans and funded interest facilities from banks and financial institutions and debentures

a) Term loans and funded interests facility of ₹ 9,029.77 crore (Previous year ₹ 9,358.92 crore) and debentures of ₹ 184.21 crore (Previous year ₹ 184.21 crore) are secured / to be secured by first ranking security interests (pari passu with loans for Refinery Expansion) 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, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies all in relation to the refinery including refinery expansion. In addition, secured by pledge of certain shares of the Company held by its promoters / associates of the promoters or of the Company and personal guarantees by the promoters of the Company together with collateral securities. A term loan of ₹ 134.45 crore (Previous year ₹ 134.44 crore) {(including funded interest facilities of ₹ 30.45 crore) (Previous year ₹ 30.44 crore)} is also secured by a corporate guarantee and certain assets of a group Company.

b) Term loans of ₹ 1,268.24 crore (Previous year ₹ 446.95 crore) for the Refinery expansion are secured / to be secured by first ranking security interests (pari passu with loans for Refinery) on all immovable assets, all movable assets other than current assets and second ranking security interests on current assets, present and future, charge over immovable property leased to entities implementing the terminal utility, power utility and township utility (subject to prior charge in favour of the lenders financing the aforesaid utilities), security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies all in relation to the Refinery, including Refinery expansion. In addition, secured by pledge and non disposal undertaking of certain shares/global depository shares of the Company held by its promoters / associates of the promoters or of the Company, personal guarantees by the promoters of the Company together with collateral securities and certain undertakings from holding and group companies and residual charge on the company's participating interest and cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.

c) Term loan of ₹ 93.19 crore (Previous year ₹ Nil) is secured / to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests under the project documents, insurance policies, clearances, rights under letter of credit, guarantee, performance bond, corporate guarantee and bank guarantees, all in relation to the Raniganj CBM Project (Phase – I).

d) Vehicle loans of ₹ Nil (Previous year ₹ 0.01 crore) are secured by hypothecation of the vehicles financed.

e) Term loan from a Bank of ₹ 10.80 crore (Previous year ₹ 15.60 crore) is secured by hypothecation of current assets of an oilfield, bank escrow accounts for certain receivables and a corporate guarantee by a group Company.

Short term loans from banks

a) Short term loans from banks of ₹ 2,304.55 crore (Previous year ₹ 1,491.80 crore) are secured / to be secured by first charge on all current assets excluding that of exploration and production 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 and second charge by way of mortgage over a property of Group Company.

b) Short term loans from banks of ₹ 1,445.02 crore (Previous year ₹ 63.64 crore) are secured / to be secured by first ranking security interests (pari passu with Loans for refinery) on all immovable assets, all movable assets other than current assets and second ranking security interests on current assets, present and future, charge over immovable property leased to entities implementing the terminal utility, power utility and township utility(subject to prior charge in favour of the lenders financing the aforesaid utilities), security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies all in relation to the refinery and refinery expansion. In addition, secured by pledge and non disposal undertaking of certain shares/global depository shares of the Company held by its promoters / associates of the promoters or of the Company, personal guarantees by the promoters of the Company together with collateral securities and certain undertakings from holding and group companies and residual charge on the company's participating interest and cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.

c) Short term loan in the form of Buyer's credit of ₹ 6.53 crore (Previous year ₹ Nil) are secured/to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests, insurance policies, clearances, rights under letter of credit, guarantee, performance bond, corporate guarantee and bank guarantees all in relation to the Raniganj CBM project (Phase – I).

d) Short term loan from bank of ₹ Nil (Previous year ₹ 50.00 crore) is secured against corporate guarantee by group Company and pari passu first charge on three land rigs and other drilling equipments owned by the Company.

e) Short term loan from bank of ₹ 20.17 crore (Previous year ₹ Nil) is secured by fixed deposits maintained with a bank.

f) Bank overdraft of ₹ Nil (Previous year ₹ 0.02 crore) is secured by fixed deposits maintained with a bank.

SCHEDULE - IV
UNSECURED LOANS

(₹ in Crore)

Particulars	As at March 31, 2011	As at March 31, 2010
Conditional grant from a bank	**6.28**	6.30
(Refer note B (19) of schedule XVI)		
Term loans		
Short term loan from a bank	**-**	100.00
Other loans		
From others	**1,030.24**	706.44
{Including interest accrued and due ₹ 2.05 crore (Previous year ₹ Nil)} {Including payable within one year ₹ 21.80 crore (Previous year ₹ 18.19 crore)}		
Foreign currency convertible bonds (FCCBs) (Refer note B (13) of schedule XVI)	**1,170.51**	-
Finance lease obligation	**65.48**	70.40
(Refer note B (18) (a) of schedule XVI)		
TOTAL	**2,272.51**	883.14

SCHEDULE - VI
INVESTMENTS

(₹ in Crore)

Particulars	As at March 31, 2011	As at March 31, 2010
Investment in Associate (fully paid - up)(Long term, unquoted)		
Trade Investment		
102,999,994 (Previous year 102,999,994) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL) (Face value ₹ 10) (Refer note 1 below)	**103.00**	103.00
Other Investments		
(Long term, unquoted)		
Non trade investment		
13,000,000 (Previous year 13,000,000) equity shares of ₹ 10 each of Petronet VK Limited (Face value ₹ 10) (Refer note 2 below)	**13.00**	13.00
1,584,000 (Previous year 1,584,000) equity shares of ₹ 10 each of Petronet CI Limited (Face value ₹ 10) (company under liquidation)	**1.58**	1.58
10,000,000 (Previous year 10,000,000) equity shares of ₹ 10 each of Petronet India Limited (Face value ₹ 10)	**10.00**	10.00
(Current, unquoted)		
Non Trade Investments		
₹ Nil (Previous year 83,381,972.817 units of ₹ 10 each of SBI Premier Liquid Fund-Super Institutional Growth)	**-**	100.00
	127.58	227.58
Less : Provision for diminution in value of investments	**24.58**	24.58
TOTAL	**103.00**	203.00

Notes:-

1) In previous year, 51% of the total shares were pledged with the lenders of VPCL against the loans disbursed to VPCL.

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

3) Details of investments purchased and sold during the year :-

Particulars	**Cost of Acquisition (₹ in Crore)**
- 110,355,009 Units (and 936 fractions) of ₹ 10 each in LICMF Floating rate fund - Short Term Plan - Growth Plan	168.02
- 3,238,257,456 Units (and 494 fractions) of ₹ 10 each in LICMF Liquid Fund - Growth Plan	5,552.23
- 885,188,935 Units (and 595 fractions) of ₹ 10 each in LICMF Saving Plus Fund - Growth Plan	1,308.19
- 761,932,860 Units (and 231 fractions) of ₹ 10 each in SBI Premier Liquid Fund-Super Institutional Growth	1,165.98
- 237,062,374 Units (and 640 fractions) of ₹ 10 each in SBI Premier Liquid Fund-Institutional Growth	362.00
- 55,165,766 Units (and 441 fractions) of ₹ 10 each in SBI-SHF-Ultra Short Term Fund - Institutional Plan - Growth	67.01

SCHEDULE - V
FIXED ASSETS

(₹ in Crore)

Description of the assets	Gross block (at cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2010	Additions	Deductions/ write offs / adjustments	As at March 31,2011	As at April 01, 2010	During the year	Deductions/ write offs / adjustments	As at March 31,2011	As at March 31,2011	As at March 31, 2010
A) Tangible assets										
Land	140.58	3.02	-	**143.60**	-	-	-	**-**	**143.60**	140.58
Building	326.19	8.31	-	**334.50**	56.16	22.50	-	**78.66**	**255.84**	270.03
Plant and machinery	12,935.58	150.00	0.31	**13,085.27**	1,309.32	688.04	0.05	**1,997.31**	**11,087.96**	11,626.26
Producing properties	188.12	-	-	**188.12**	1.65	0.85	-	**2.50**	**185.62**	186.47
Furniture and fixtures	15.23	0.62	0.04	**15.81**	6.85	1.75	0.04	**8.56**	**7.25**	8.38
Office equipment	44.39	6.87	0.88	**50.38**	27.92	5.55	0.76	**32.71**	**17.67**	16.47
Vehicles	8.65	1.75	-	**10.40**	4.42	1.24	-	**5.66**	**4.74**	4.23
Aircraft	10.00	-	-	**10.00**	0.07	1.61	-	**1.68**	**8.32**	9.93
Total (A)	**13,668.74**	**170.57**	**1.23**	13,838.08	**1,406.39**	**721.54**	**0.85**	2,127.08	11,711.00	12,262.35
B) Intangible assets										
Softwares and licenses	35.66	2.75	-	**38.41**	17.15	7.13	-	**24.28**	**14.13**	18.51
Total (B)	**35.66**	**2.75**	**-**	38.41	**17.15**	**7.13**	**-**	24.28	14.13	18.51
C) Assets taken on lease										
Building	72.73	-	-	**72.73**	49.91	9.13	-	**59.04**	**13.69**	22.82
Plant and machinery	5.62	-	-	**5.62**	0.67	0.28	-	**0.95**	**4.67**	4.95
Furniture and fixtures	0.88	-	-	**0.88**	0.33	0.10	-	**0.43**	**0.45**	0.55
Office equipment	0.67	-	-	**0.67**	0.50	0.02	-	**0.52**	**0.15**	0.17
Total (C)	**79.90**	**-**	**-**	79.90	**51.41**	**9.53**	**-**	60.94	18.96	28.49
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)	**13,802.50**	**173.32**	**1.23**	13,974.59	**1,493.15**	**738.20**	**0.85**	2,230.50	11,744.09	12,309.35
Previous Year	**13,364.74**	**437.90**	**0.14**	13,802.50	**758.90**	**734.39**	**0.14**	1,493.15	12,309.35	
Capital work-in-progress {including advances on capital account ₹ 2,008.51 crore (Previous year ₹ 1,646.67 crore) and expenditure during construction pending allocation ₹ 1,077.80 crore (Previous year ₹ 777.13 crore)} {(Refer note B(10) and B(34) of schedule XVI)}									**8,423.04**	4,318.75

NOTES:

1 Total depreciation / amortisation / depletion for the year - ₹ 738.20 crore (Previous year ₹ 734.39 crore) is charged / allocated as under :
(i) ₹ 730.86 crore (Previous year ₹ 728.31 crore) to revised statement of profit and loss;
(ii) ₹ 4.70 crore (Previous year ₹ 4.62 crore) to expenditure during construction;
(iii) ₹ 2.64 crore (Previous year ₹ 1.46 crore) to capital work-in-progress (exploration activities);

2 Plant and machinery includes capital expenditure of ₹ 23.27 crore (Previous year ₹ 23.27 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 ₹ 34.44 crore (Previous year ₹ 21.36 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL), Vadinar Power Company Limited (VPCL),Vadinar Ports and Terminals Limited (VPTL) and Vadinar Properties Limited (VPL). A charge has been created against the land leased to VPCL and VOTL in favour of lenders of VPCL and VOTL respectively.

4 Buildings include Gymnastic building being depreciated at the rate of 31.67%

5 Additions to plant and machinery includes exchange gain of ₹ 2.19 crore (Previous year ₹ 111.02 crore) on long term monetary items.

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

7 Capital work-in-progress includes exchange gain of ₹ 2.67 crore (Previous year ₹ 3.64 crore).

8 Capital work-in-progress (including advances on capital account and expenditure during construction) includes ₹ 7,630.57 crore (Previous year ₹ 3,802.61 crore) for refinery expansion project, ₹ 582.21 crore (Previous year ₹ 329.26 crore) for exploration and production and ₹ 210.26 crore (Previous year ₹ 186.89 crore) for base refinery and other projects.

SCHEDULE - VII
CURRENT ASSETS, LOANS AND ADVANCES

(₹ in Crore)

Particulars		As at March 31, 2011	As at March 31, 2010
Current Assets			
Inventories			
Raw material {including material in transit ₹ 1,736.03 crore (Previous year ₹ 961.53 crore)}		**3,043.05**	2,520.48
Work-in-progress		**1,480.15**	844.99
Traded / Finished goods		**891.83**	369.35
Stores and spare parts {including material in transit ₹ 14.35 crore (Previous year ₹ 6.68 crore)}		**274.32**	216.87
Other consumables		**59.79**	17.75
	(i)	**5,749.14**	3,969.44
Sundry debtors (Unsecured)			
Over six months			
- Considered good		**-**	0.13
- Considered doubtful		**-**	0.03
Others - considered good		**2,367.30**	1,957.29
		2,367.30	1,957.45
Less : Provision for doubtful debts		**-**	0.03
	(ii)	**2,367.30**	1,957.42
Cash and bank balances			
Cash on hand		**0.24**	0.27
Balances with scheduled banks in:			
i) Current accounts		**94.65**	116.82
ii) Deposit and escrow accounts		**2,863.77**	1,233.66
(Deposit accounts comprises of margin deposits mainly placed for letters of credit facilities, guarantees and other term deposits)			
	(iii)	**2,958.66**	1,350.75
Other current assets			
Other receivables (Refer note B (17) of schedule XVI)		**1,618.43**	913.88
Interest accrued on deposits		**57.97**	21.29
	(iv)	**1,676.40**	935.17
	(A)=(i+ii+iii+iv)	**12,751.50**	8,212.78
Loans and advances			
(Unsecured and considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
- Considered good		**386.52**	286.98
- Considered doubtful		**0.73**	2.08
Deposits			
With government and semi-government bodies / departments		**19.87**	252.48
Others		**77.48**	56.53
- Considered doubtful		**0.42**	0.35
Advance income tax / Tax deducted at source			
- Considered good		**197.66**	58.06
- Considered doubtful		**0.02**	1.26
Advance fringe benefit tax		**-**	12.23
Bills Receivable		**56.34**	62.09
		739.04	732.06
Less : Provision for doubtful advances		**1.16**	3.69
	(B)	**737.88**	728.37
	TOTAL(A+B)	**13,489.38**	8,941.15

SCHEDULE - VIII
CURRENT LIABILITIES AND PROVISIONS

(₹ in Crore)

Particulars		As at March 31, 2011	As at March 31, 2010
Current liabilities			
Bills payable		**1,355.42**	1,443.75
Sundry creditors			
- Dues to micro and small enterprises (Refer note B (31) of schedule XVI)		**1.04**	1.21
- Others {Including ₹ 1,665.82 crore (Previous year ₹ 6,707.35 crore) covered under letters of credit}		**7,158.13**	8,283.99
Unclaimed debenture interest and principal (secured)* (For security details refer note under schedule III)		**38.64**	35.65
Other liabilities (Refer note B (21) of schedule XVI)		**6,941.96**	2,990.08
Temporary overdrawn bank balances as per books of account		**34.83**	1.64
Interest accrued but not due on loans		**120.25**	33.48
	(A)	**15,650.27**	12,789.80
Provisions			
Compensated absences		**28.97**	21.28
Gratuity		**0.61**	0.53
Provision for taxation		**-**	21.56
Provision for fringe benefit tax		**-**	11.87
Site restoration		**1.00**	1.00
	(B)	**30.58**	56.24
	Total (A+B)	**15,680.85**	12,846.04

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

SCHEDULE - IX
OTHER INCOME

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Interest {including tax deducted at source ₹ 11.27 crore (Previous year ₹ 10.15 crore)}			
a) On deposits		**99.17**	77.04
b) Others (Refer note B (28) of schedule XVI)		**41.51**	9.21
		140.68	86.25
Profit on sale of fixed assets		**-**	0.01
Profit on redemption of current investments		**4.14**	0.49
Lease rentals		**1.04**	0.34
Exchange differences (net) (Refer note B (14) of schedule XVI)		**93.87**	660.79
Miscellaneous income (Refer note B (36) of schedule XVI)		**114.27**	124.05
	TOTAL	**354.00**	871.93

SCHEDULE - X
(INCREASE) / DECREASE IN STOCK

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Opening stock:			
Finished goods		**369.35**	276.87
Work-in-progress		**844.99**	614.22
Traded goods		**-**	12.44
	(A)	**1,214.34**	903.53
Closing stock:			
Finished goods		**891.83**	369.35
Work-in-progress		**1,480.15**	844.99
	(B)	**2,371.98**	1,214.34
(Increase) / Decrease in stock	(A) - (B)	**(1,157.64)**	(310.81)

SCHEDULE - XI
OPERATING EXPENSES

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Consumption of stores and spare parts		**44.01**	52.45
Intermediate material handling charges		**20.55**	19.41
Consumption of natural gas		**261.69**	-
Power and fuel		**242.81**	202.37
{Net of consumed out of own production ₹ 509.37 crore (Previous year ₹ 646.71 crore)			
Excise duty (Duty difference between opening and closing stock)		**12.95**	3.07
Other operating expenses		**153.65**	136.22
	TOTAL	**735.66**	413.52

SCHEDULE - XII
EMPLOYEE COSTS

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Salaries, wages and bonus		**108.51**	87.32
Contribution to / provision for provident and other funds		**6.76**	5.54
Staff welfare expenses		**4.40**	4.64
	TOTAL	**119.67**	97.50

SCHEDULE - XIII
SELLING AND MARKETING EXPENSES

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Terminalisation charges		**8.73**	6.05
Rent for retail outlets		**14.89**	11.82
Commission		**17.78**	26.45
Product handling charges		**338.49**	296.77
Others		**29.25**	40.17
	TOTAL	**409.14**	381.26

SCHEDULE - XIV
GENERAL AND ADMINISTRATIVE EXPENSES

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Rates and taxes		**1.66**	1.65
Insurance		**27.22**	25.53
Professional fees		**126.16**	89.16
Rent		**10.77**	10.20
Repairs and maintenance			
a) Buildings		**8.29**	7.47
b) Plant and machinery		**21.25**	37.33
c) Others		**17.21**	13.10
Provision / write off of fixed assets / capital work-in-progress		**14.83**	-
Sundry expenses		**135.03**	111.09
	TOTAL	**362.42**	295.53

SCHEDULE - XV
INTEREST AND OTHER FINANCE CHARGES

(₹ in Crore)

Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Interest			
a) On debentures (Refer note B 11 (b) of schedule XVI)		**25.24**	59.22
b) On fixed loans		**700.65**	689.59
c) On others		**126.78**	100.01
Change in present obligation of certain loans (Refer note B 11 (a) of schedule XVI)		**55.45**	50.05
Other finance charges		**312.12**	282.06
	TOTAL	**1,220.24**	1,180.93

ESSAR OIL LIMITED

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 03, 2011. 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) (b) 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

5.1 Fixed Assets

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.

5.2 WIP and Expenditure During Construction Period

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. Depreciation

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 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.

7. 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.

8. 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 evaluation expenditure remain outside the cost pool until determination of commercial reserves or otherwise. These costs remain un-depleted, subject to there being no evidence of impairment. 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 any block is surrendered, the accumulated exploration expenditure pertaining to such block is transferred to the gross block of assets within the cost pool.

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.

9. 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.

10. 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 crude inventory is determined using the first in first out cost formula and the cost of finished goods inventory, work-in-progress and, stores and spares 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.

11. 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 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.

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 in the statement of profit and loss over the balance life of the long term monetary item or March 31, 2011 whichever is shorter.

Premia or discounts arising on forward exchange contracts entered into for the purpose of hedging currency risk, are recognized in the statement of profit and loss or expenditure during construction, as applicable, over the life of the contract.
The impact of exchange rate differences between the rates prevailing on the date of forward exchange contracts and the rate prevailing on the balance sheet date or on the dates of settlement of forward exchange contracts whichever is earlier, is recognised in the statement of profit and loss or expenditure during Construction, as applicable.

12. 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.

Others

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.

13. Lease

Operating lease

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.

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 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 generally recognised in the books of account at the inception of the lease term. The leases of assets under construction are recognized on commencement of the lease term in accordance with International Accounting Standard 17-Leases, as there is no specific guidance available under Indian Accounting Standard (AS-19) Leases.

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.

14. 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, 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.

15. **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.

16. **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.

17. **Taxation**

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.

18. **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.

ESSAR OIL LIMITED

SCHEDULE XVI

Significant accounting policies and notes to revised financial statements.

B. Notes to the revised financial statements

Sr. No		Particulars	Year ended March 31, 2011 ₹ in crore	Year ended March 31, 2010 ₹ in crore
1		Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 0.95 crore (Previous year ₹ 1.36 crore) pertaining to joint ventures (Refer note B (20) (c) of schedule XVI)}	**2,180.37**	3,862.38
		The above figures does not include ₹ 17,487.58 crore (Previous Year ₹ 17,530.34 crore) for contracts in relation to the implementation of the Phase II of Refinery Expansion Project, as the work under these contracts will commence only after definitive financial commitments being entered into, and following which, if the company has not notified the counter-parties that the work is to commence by September 2011, the contracts will terminate.		
2		Contingent liabilities		
a)		Income tax / sales tax / VAT and other demands of various years against which appeals have been filed by department / company	**33.93**	37.91
b)		Claims against the Company not acknowledged as debts :		
	(i)	In respect of custom duty / excise duty	**67.74**	34.48
	(ii)	In respect of encashment of performance guarantee	**7.98**	7.98
	(iii)	Others	**249.14**	128.17
		The above includes counter claims on the Company in certain arbitration matters ₹ 100.67 crore (Previous year ₹ 99.05 crore), stamp duty on import of crude ₹ 126.47 (Previous year ₹ Nil), bank charges ₹ Nil crore (Previous year ₹ 7.47 crore), demand of road tax on certain heavy equipment ₹ 10.56 crore (Previous year ₹ 10.51 crore), Gujarat entry tax ₹ 5.38 crore (Previous year ₹ 5.38 crore), litigation for additional compensation in land acquisition matter ₹ 1.96 crore (Previous year ₹ 1.96 crore), other miscellaneous claims of ₹ 4.10 crore (Previous year ₹ 3.80 crore)		
c)		Interest not payable, if certain funded interest facilities are prepaid {Refer note B (11) (a) of schedule XVI}	**574.91**	417.47
d)		In respect of custom duty / FEMA matter, where the department has gone in appeal	**79.21**	76.90
e)		Guarantees given by the Company on behalf of others	**277.49**	498.57
		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 including project imports (on accrual basis) (including goods in transit)		
a)		Raw materials - crude oil	**37,475.39**	33,750.47
b)		Components and spare parts (including other consumable spares)	**150.81**	79.00
c)		Capital goods	**1,950.92**	323.92
4 a)		Licensed capacity	**Not applicable since delicensed**	Not applicable since delicensed
b)		Installed capacity (Million MT per annum)	**10.50**	10.50
c)		Actual throughput (Million MT per annum)	**14.76**	13.50

Sr. No		Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
5 a)		Consumption of raw materials				
		Raw material consumed - crude oil				
	(i)	Quantity consumed (in ' 000 MT)	**14,755.53**		13,501.81	
	(ii)	Value - Gross	**₹ in crore**	**%**	₹ in crore	%
		(1) Imported	**38,432.35**	**91.22**	32,855.72	100.00
		(2) Indigenous	**3,696.92**	**8.78**	0.26	0.00*
		Total	**42,129.27**	**100.00**	32,855.98	100.00
		(* Percentage is less than 0.01 %)				
b)		Consumption of stores and spare parts				
	(i)	Value - Gross				
		(1) Imported	**7.71**	**17.52**	17.77	33.88
		(2) Indigenous	**36.30**	**82.48**	34.68	66.12
		(In absence of separate records allocated in the ratio of purchases)				
		Total	**44.01**	**100.00**	52.45	100.00

6 Quantitative and other information with regard to products manufactured by the Company:

Particulars	Opening stock		Production	Sales		Closing stock	
	Quantity in '000 MT	₹ in crore	Quantity in '000 MT	Quantity in '000 MT	₹ in crore	Quantity in '000 MT	₹ in crore
Refined petroleum products	**119.22**	**369.17**	**13,894.80**	**13,788.28**	**51,026.27**	**225.74**	**891.74**
	(128.61)	(276.72)	(12,718.15)	(12,727.54)	(40,479.60)	(119.22)	(369.17)

Previous year figures have been shown in brackets.

7 a) Quantitative and other information with regard to products traded / crude by the Company:

Particulars	Opening stock		Purchases		Sales		Closing stock*	
	Quantity in KL	₹ in crore	Quantity in KL	₹ in crore	Quantity in KL	₹ in crore	Quantity in KL	₹ in crore
Traded products / crude	**-**	**-**	**20,81,599.16**	**1,964.20**	**20,81,599.16**	**2,089.29**	**-**	**-**
	(4,711.09)	(12.44)	(5,42,903.52)	(1,705.74)	(5,47,486.50)	(1,920.91)	-	-

* Net of loss on traded products Nil (Previous year 128.11 KL). Previous year figures have been shown in brackets.

b) Quantitative and other information with regard to products extracted by the Company:

Particulars	Opening stock		Extraction	Sales		Closing stock	
	Quantity in BBL	₹ in crore	Quantity in BBL	Quantity in BBL	₹ in crore	Quantity in BBL	₹ in crore
Extracted products	**625.00**	**0.18**	**10,729.12**	**11,122.12**	**3.54**	**232.00**	**0.09**
	(815.00)	(0.15)	(4,061.47)	(4,251.47)	(1.17)	(625.00)	(0.18)

Previous year figures have been shown in brackets.

8 a) Expenditure in foreign currency (on accrual basis) - including expenditure during construction

		Year ended March 31, 2011 ₹ in crore	Year ended March 31, 2010 ₹ in crore
(i)	Interest	**62.74**	57.37
(ii)	Travelling expenses	**1.49**	1.70
(iii)	For professional / consultancy fees	**26.82**	4.31
(iv)	For services	**115.23**	81.85
(v)	On commodity hedging	**472.84**	412.89
(vi)	Demurrage	**8.77**	25.00
(vii)	Others	**53.84**	37.68

b) Earnings in foreign currency (on accrual basis) - including expenditure during construction

(i)	Interest	**0.04**	0.02
(ii)	FOB value of exports	**15,557.36**	8,769.51
(iii)	On commodity hedging	**182.94**	232.77
(iv)	Income from technical services	**11.78**	-
(v)	Income from Sale of Participating interest in an E&P block	**5.13**	-
(vi)	Others	**0.09**	0.02

9 Managerial remuneration

(i)	Salary	**1.03**	1.44
(ii)	Allowances and Perquisites	**1.15**	1.59
(iii)	Employer's contribution to provident fund and superannuation fund	**0.12**	0.17
(iv)	Others*	**1.00**	0.38
	Total	**3.30**	3.58

(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.)

* Others includes Performance bonus/incentive amount which is considered on payment basis.

10 The Company is in the process of increasing the existing capacity of the Refinery from 10.50 MMTPA to 20 MMTPA and the expenditure incurred for this purpose is accounted as a part of capital work-in-progress which includes advances on capital account and expenditure during construction.

11 a) The Master Restructuring Agreement ("MRA") dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option, subject to the consent of its lenders, to the Company to prepay certain funded interest loans of ₹ 2,471.63 crore (Previous year ₹ 2,467.81 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. Similarly, ₹ 206.88 crore (Previous year ₹ 206.88 crore) due to a lender is payable 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 option available to prepay the funded interest loans and 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 ₹ 2,088.06 crore (Previous year ₹ 2,140.56 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. Accordingly, the same is considered as a contingent liability (Refer note B(2)(c) of Schedule XVI).

b) (i) Secured redeemable non – convertible debentures ("NCDs") of ₹ 105/- each consists of :

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

(ii) 700,000 – 12.5% secured redeemable NCDs, of ₹ 100 each on private placement basis are partly paid up at ₹ 93.86 per debenture amounting to ₹ 6.57 crore (Previous year ₹ 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 ₹ 355.95 crore (Previous year ₹ 340.34 crore) as at March 31, 2011 have not been accounted for. Out of the above, funded interest liabilities of ₹ 219.93 crore (Previous year ₹ 219.93 crore) are payable in March, 2026 and April, 2027 and balance on various dates ranging between April, 2010 to April, 2026.

12 The Company had filed an insurance claim with respect to the losses caused due to the damages to the Refinery project by a cyclone in the year 1998. The claim was disputed by the insurer and it has since been agreed by the insurer and the Company to settle the claim by arbitration. Pending the outcome of arbitration, the claim amount of ₹ 3,020.22 crore is not recognised in the books of account.

13 The Company issued Foreign currency convertible bonds (FCCB) on June 15, 2010 and July 9, 2010 amounting to USD 115 million and USD 147 million due on June 15, 2028 and Sep 30, 2028 respectively to Essar Energy Holdings Ltd., a promoter company. The Bonds will not bear any interest from the issue date up to and including December 31, 2015 and subject to certain conditions, the bonds will bear interest of 5% per annum on the outstanding principal amount of the bonds from (and including) January 1, 2016 payable semi-annually in arrears on July 1 and January 1 in each year.

The bonds of USD 115 million issued on June 15, 2010 are convertible at any time on and after June 15, 2011 or from the date the shares of the company cease to be listed, whichever is earlier, into fully paid equity shares of ₹ 10 each at a conversion price of ₹ 138 per share or global depositary shares each representing 153 equity shares subject to adjustments in terms of the Trust Deed dated June 15, 2010, with a fixed rate of exchange on conversion of ₹ 46.60 to $ 1.00.

The bonds of USD 147 million issued on July 9, 2010 are convertible at any time on and after July 9, 2011 or from the date the shares of the company cease to be listed, whichever is earlier, into fully paid equity shares of ₹ 10 each at a conversion price of ₹ 153 per share or global depositary shares each representing 153 equity shares subject to adjustment in terms of the Trust Deed dated July 9, 2010, with a fixed rate of exchange on conversion of ₹ 46.85 to $ 1.00.

As the bonds are convertible into global depositary shares at the option of the bondholder, debenture redemption reserve under section 117 (C) of the Companies Act, 1956 is not created.

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 de-capitalized cost of fixed assets to the extent of gain on exchange differences amounting to ₹ 1.47 crore (Previous year gain de-capitalized ₹ 69.15 crore). On account of this, the profit for the year is lower by ₹ 1.47 crore (Previous year profit lower by ₹ 69.15 crore), with a corresponding impact on fixed assets which is lower by ₹ 1.47 crore (Previous year lower by ₹ 69.15 crore).

15 As at balance sheet date, out of the unutilized balance of proceeds from issue of global depository shares amounting to ₹ 19.29 crore (Previous year ₹ 60.29 crore from advance towards issue of global depository shares proceeds), ₹ 19.29 crore (Previous year ₹ 60.00 crore) is lying in bank/bank deposit accounts and ₹ Nil (Previous year ₹ 0.29 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 ₹ 1,811.41 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of ₹ 591.48 crores resulting in a net defeasement income of ₹ 1,219.93 crores which was recognised during the financial year 2010-2011. The Company also recognised liability of ₹ 54.34 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 Honorable 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 Scheme, making the Company liable to pay ₹ 6,168.97 crores (net of payment of ₹ 236.82 crores) being the sales tax collected under the Scheme ("the sales tax dues"). Consequently, the Company had reversed the income of ₹ 4,416.12 crores recognised during May 01, 2008 to December 31, 2011, reversed the cumulative liability of ₹ 189.27 crores towards contribution to a Government Welfare Scheme and recognised income of ₹ 264.57 crores (net of break up charges of ₹ 32.09 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.

The effect of the revision to the original financial statements for the years 2008-09 and 2009-10 on opening balances of financial year 2010-11 have been summarised below:

(₹ in crore)

Particulars	**Original financial statements**	**Revised financial statements**	**Remarks**
Reserves and Surplus	2,836.57	2,807.11	Reversal of Debenture Redemption Reserve of ₹ 29.46 crore due to inadequate profit.
Other Current Assets	406.54	935.17	i) Amount recoverable from related party ₹ 738.16 crore paid under defeasement agreement. ii) Accrual of interest income on receivables from the assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of provision of breakup charges of ₹ 15.46 crore), iii) Offsetting sales tax considered as recoverable ₹ 236.82 crore against sales tax liability.
Current Liabilities	10,160.57	12,789.80	i) Reversal of liability in respect of defeasement amount payable to related party ₹ 34.76 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 89.71 crore. iii) Recognition of sales tax liability ₹ 2,753.70 crore after setting off sales tax recoverable of ₹ 236.82 crore.
Debit balance in statement of profit and loss	534.26	2,605.40	i) Cumulative effect of exceptional items of 2008-2009 and 2009-2010 Rs. 2,100.60 crore. ii) Reversal of Debenture Redemption Reserves of ₹ 29.46 crore due to inadequate profit.

The details of the revisions to the original financial statements for the financial year 2010-2011 including impacts for the prior years (wherever applicable) are given in the following table:

a) Statement of profit and loss account: (₹ in crore)

Particulars	**Original financial statements**	**Revised financial statements**	**Remarks**
Exceptional Item	-	1,083.43	i) Reversal of income on defeasance of sales tax liability ₹ 1,219.93 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 54.34 crore. iii) Accrual of interest income on receivables from the assignee of the sales tax liability under the defeasance agreement of ₹ 82.16 crore (net of provision of breakup charges of ₹ 11.83 crore).
Income Taxes	162.49	(3.92)	Reversal of current tax due to change in profit as per Income Tax laws.
Deferred Tax	12.02	0.57	Reversal of deferred tax liability due to change in profit.
Net profit / (Loss) after taxes	653.88	(251.69)	Cumulative effect of above adjustments.

b) Balance Sheet : (₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Reserves and surplus	5,155.63	5,006.55	i) Debit balance as per Statement of Profit and Loss set off against balance of General Reserve of ₹ 22.25 crore. ii) Reversal of Debenture redemption reserve ₹ 89.79 crore due to inadequate profit. iii) Credit balance of Statement of Profit and Loss of ₹ 37.04 crore earlier was forming part of Reserves and Surplus now shown separately under Debit Balance of Profit and Loss due to loss.
Deffered Tax Liability (net)	11.45	Nil	Reversal of deferred tax liability due to change in profit.
Other current asset:			
Other receivable	439.87	1,618.43	i) Amount recoverable from related party ₹ 1,305.94 crore paid under defeasement agreement. ii) Accrual of interest income on receivable from the assignee of the sales tax liability under the defeasance agreement of ₹ 109.44 crore (net of provision of breakup charges of ₹ 27.29 crore), iii) Offsetting sales tax considered as recoverable ₹ 236.82 crore against sales tax liability.
Current Liabilities :			
Sundry creditors (others)	7,360.65	7,158.13	i) Reversal of liability in respect of defeasement amount payable to related party ₹ 58.46 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 144.06 crore.
Other liabilities	2,376.86	6,941.96	Recognition of sales tax liability ₹ 4,565.10 crore after setting off sales tax recoverable of ₹ 236.82 crore.
Provision for Taxation	166.40	Nil	Reversal of Provision for current tax ₹ 166.40 crore.
Debit balance in statement of profit and loss	Nil	2,857.09	Effect of revisions in Statement of Profit and Loss for financial year 2010-2011 and prior years.

c) Cash Flow statement: (₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Net loss before tax and extraordinary items	828.39	(255.04)	i) Reversal of income on defeasance of sales tax liability ₹ 1,219.93 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 54.34 crore iii) Accrual of interest income on receivables from the assignee of the sales tax liability under the defeasance agreement of ₹ 82.16 crore (net of provision of breakup charges of ₹ 11.83 crore).
Changes in receivables, advances and deposits	(451.15)	(1,101.09)	i) Amount recoverable from related party ₹ 567.78 crore paid under defeasement agreement. ii) Accrual of interest income on receivable from the assignee of the sales tax liability under the defeasance agreement of ₹ 82.16 crore (net of provision of breakup charges of ₹ 11.83 crore).
Changes in payables	1,276.15	3,009.52	i) Recognition of Sales tax liability ₹ 1,811.41 crore, ii) Reversal of liability in respect of defeasement amount payable to related party ₹ 23.70 crore. iii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 54.34 crore.

d) Notes 2, 16, 22(b), 24, 26, 30, 33 of Schedule XVI (B) have been modified in accordance with the revisions described above.

17 Other receivables include ₹ 146.49 crore (Previous year ₹ 93.38 crore) 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 outcome of the litigations, the debts are considered as recoverable based on the arbitration awards and assessment of the management.

18 Leases:-

Finance lease:-

a) Future lease rental payable and reconciliation of minimum lease payments and its present value in respect of the assets:- (₹ in crore)

Particulars	Minimum Lease payments/ Future lease rent payable		Interest		Present value of minimum lease payments	
	As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
Future lease rental obligation payable:						
Not later than one year	**14.61**	14.61	**1.10**	1.10	**13.51**	13.51
Later than one year but not later than five years	**58.43**	58.43	**20.00**	20.00	**38.43**	38.43
Later than five years	**49.93**	64.46	**36.39**	46.00	**13.54**	18.46
Total	**122.97**	137.50	**57.49**	67.10	**65.48**	70.40

b) 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.

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

19 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 ₹ 2.31 crore (Previous year ₹ 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. Commercial exploitation of the project is dependent upon getting necessary approvals from the Government of India.

20 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 2 Cost Pools:

(i) India CBM (Coal Bed Methane) Pool :

a) Mehsana Pilot Project held outside Pool.
b) RG (East) 2001/1 Block – Commercial Production not yet started and held outside Pool.
C) RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand,India)- in exploration phase, held outside pool
d) TL-CBM-2008/IV (Talcher, Orissa, India)- in exploration phase, held outside pool
e) IB-CBM-2008/IV (IB Valley, Orissa, India)- in exploration phase, held outside pool
f) SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)- in exploration phase, held outside pool

(ii) India Oil & Gas Pool :

(1) Block CB-ON/3 - existence of commercial reserves established in ESU field, held inside Pool.
(2) Ratna & R-Series - discovered oilfield but contract not executed and hence held outside Pool.
(3) AA-ONN-2004/3 - In exploration phase, held outside pool
(4) AA-ONN-2004/5 - In exploration phase, 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.

b) Summary of Cost Pools:

(₹ in crore)

Cost Pool	Cost in Pool		Cost outside Pool		Total	
	As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
India CBM	**Nil**	Nil	**381.78**	210.09	**381.78**	210.09
India Oil & Gas	**188.12**	188.12	**104.62**	96.36	**292.74**	284.48
Total	**188.12**	188.12	**486.40**	306.45	**674.52**	494.57

c) Company's interest in oil & gas and CBM Joint Ventures as at March 31, 2011:

Sr. No.	Name of the Block	As at March 31, 2011	As at March 31, 2010
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	Ratna & R-Series (Maharashtra, India)	**##50%**	##50%
3	AA-ONN-2004/3 (Assam, India)	**###10%**	###10%
4	AA-ONN-2004/5 (Assam, India)	**###10%**	###10%
5	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
6	RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand,India)	**100%**	0%
7	TL-CBM-2008/IV (Talcher, Orissa, India)	**100%**	0%
8	IB-CBM-2008/IV (IB Valley, Orissa, India)	**100%**	0%
9	SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)	**100%**	0%

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.

Balance 40% interest held by ONGC and 10% by Premier Oil.

Balance 90% interest in block AA-ONN-2004/3 and AA-ONN-2004/5 are held by Essar Energy Holdings Limited(EEHL)

d) Company's interest in Proved and Probable (2P) reserves of crude oil as on March 31, 2011 is as under:

Area of operation	Crude oil			
	Position as at April 1, 2010	**Additions/ revisions**	**Production quantity**	**Position as at March 31, 2011**
	MT	**MT**	**MT**	**MT**
Essar South Unawa (ESU) Block CB-ON/3 - onshore Cambay Basin	**3,58,323**	**(-)**	**1,509**	**3,56,814**
	(3,58,865)	(-)	(542)	(3,58,323)

Previous year figures have been shown in brackets

21 The Company had earlier decided to assign 90% of Participating Interest in block RG (East)-2001/1 to Essar Exploration & Production Ltd. (EEPL). For this purpose, EEPL had paid ₹ 89.80 crore (USD 20 million) to the Company up to March 31, 2010. Meanwhile, the company decided not to pursue the assignment further and accordingly wrote to the Government of India on February 24, 2010 withdrawing the application for approval of assignment. Accordingly, the entire amount was refunded to EEPL on April 22, 2010.

22 a) During the year, the Company transferred ₹ Nil (Previous year ₹ 0.45 crore) from foreign project reserve created up to 2003-04 (Previous year 2003-04) 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.

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

(₹ in crore)

Obligation under	As at March 31, 2011	As at March 31, 2010
Exports Promotion Capital Goods Scheme (EPCG)	**1,487.54**	1,045.33
Advance License Scheme	**67.63**	670.06
Total	**1,555.17**	1,715.39

Based on past performance, market conditions and business plans, the Company expects to fully meet the EPCG export obligation and Advance License Scheme export obligation in the near future, and accordingly has not recognised the customs duty obligation amounting to ₹ 189.20 crore (Previous year ₹ 162.15 crore) on the related imports of crude and capital equipment as at balance sheet date. Export obligation of ₹ 1,555.17 crore (Previous year ₹ 1,715.39 crore) includes export obligation of ₹ 1,487.54 crore (Previous year ₹ 1,045.33 crore) against imports made by Vadinar Power Company Limited, an associate of the Company.

24 Earnings per share:

Particulars		Year ended March 31, 2011	Year ended March 31, 2010
Loss after tax (₹ In crore)		**(251.69)**	(931.94)
Loss attributable to ordinary shareholders (₹ In crore)	(A)	**(251.69)**	(931.94)
Impact on Loss (Net of Tax) due to FCCB for Diluted EPS (₹ In crore)		**18.76**	-
Loss attributable to ordinary shareholders for Diluted EPS (₹ In crore)	(B)	**(270.45)**	(931.94)
		Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS		**1,20,15,29,604**	1,20,15,29,604
Add: Weighted average number of ordinary shares issued - April 27, 2010 and May 28, 2010 (Previous year Nil)		**14,63,90,479**	-
Weighted average number of ordinary shares for basic EPS	(C)	**1,34,79,20,083**	1,20,15,29,604
Add: Shares deemed to be issued		**7,16,58,611**	67,37,635
Weighted average number of ordinary shares for diluted EPS	(D)	**1,41,95,78,695**	1,20,82,67,239
Nominal value of ordinary shares (₹)		**10/-**	10/-
Basic earnings per share (₹)	(A)/(C)	**(1.87)**	(7.76)
Diluted earnings per share (₹)		**(1.91)**	(7.76)
		(B)/(D)	(A)/(C)

25 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, options and interest rate swaps to hedge its exposure in foreign currency and interest rate. The information on outstanding contracts is given below:

Currency	Amount		Buy/Sell	
	As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
Forward contract :				
US Dollar in million	**949.00**	1,374.60	**Buy**	Buy
Euro in million	**0.49**	14.83	**Buy**	Buy
Options :				
US Dollar in million	**312.00**	259.00	**Buy**	Buy
Interest rate swap :				
US Dollar in million	**99.54**	99.54	**Buy**	Buy

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

Currency	Payable		Receivable		Loan Liabilities (Including Interest accrued)		LC Outstanding #	
	₹ In Crore	**FC in Million**	**₹ In Crore**	**FC in Million**	**₹ In Crore**	**FC in Million**	**₹ In Crore**	**FC in Million**
JPY	**0.04**	**0.74**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	(0.07)	(1.45)	-	-	(0.27)	(5.56)
USD	**4,311.43**	**965.61**	**485.90**	**108.83**	**4,179.35**	**936.02**	**505.67**	**113.25**
	(1,994.57)	(444.23)	(921.99)	(205.34)	(1,088.64)	(242.46)	(194.84)	(43.40)
EURO	**43.78**	**6.92**	**7.77**	**1.23**	**225.99**	**35.74**	**102.34**	**16.18**
	(3.96)	(0.65)	(8.21)	(1.36)	-	-	(188.44)	(31.17)
GBP	**1.08**	**0.15**	**2.40**	**0.33**	**9.69**	**1.35**	**8.50**	**1.18**
	(0.37)	(0.05)	(0.51)	(0.07)	-	-	(10.19)	(1.50)
CHF	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	(0.01)	(0.00)*	-	-	-	-
AUD	**0.11**	**0.02**	**-**	**-**	**-**	**-**	**-**	**-**
	(0.17)	(0.04)	(0.01)	(0.00)*	-	-	-	-
TOTAL	**4,356.44**		**496.07**		**4,415.03**		**616.51**	
	(1,999.07)		(930.80)		(1,088.64)		(393.74)	

Other than in respect of recognised liability
* Amount less than 0.01 million
Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2011 ₹ 4.14 crore (USD 0.93 million) {Previous year ₹ 2.54 crore (USD 0.56 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 Qty. in Barrels ('000)		Petroleum product Qty. in Barrels ('000)	
		As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
1	Net options	**-**	-	**1,130.00**	-
2	Net forward swaps	**-**	-	**-**	-
3	Spreads	**-**	1,750.00	**-**	-
4	Margin hedging	**-**	-	**5,965.00**	7,755.00
5	Futures	**-**	15.00	**-**	-

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

(₹ in crore)

Particulars	**As at March 31, 2011**	As at March 31, 2010
Deferred tax liability Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)	**(994.50)**	(761.75)
(A)	**(994.50)**	(761.75)
Deferred tax assets (restricted to the extent of deferred tax liability considering virtual / reasonable certainty, as applicable)		
Disallowance u/s 43B of The Income Tax Act, 1961	**629.02**	127.06
Merger expenses	**0.06**	0.08
Unabsorbed depreciation carried forward as per provisions of the Income Tax Act, 1961	**365.10**	634.64
Provision for doubtful debts	**0.32**	0.54
(B)	**994.50**	762.32
Net deferred tax (liability) / asset **(A) + (B)**	**-**	0.57

27 Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax / Value added tax (VAT) from customers, hedging loss/gain on product / cracks and excise duty.

28 Interest - others includes interest on arbitration award ₹ 25.73 crore (Previous year ₹ 3.10 crore), on currency swap ₹ 11.20 crore (Previous year ₹ Nil), from customers ₹ 2.88 crore (Previous year ₹ 4.90 crore) and on income tax refund ₹ 1.70 crore (Previous year ₹ 1.21 crore).

29 Professional fees include fees to auditors for audit ₹ 1.00 crore (Previous year ₹ 1.00 crore), and IFRS audit ₹ 0.75 crore including ₹ 0.05 crore for earlier years (Previous year ₹ 2.02 crore including ₹ 1.23 crore for earlier years), certification and other work ₹ 0.45 crore (Previous year ₹ 0.54 crore) and out of pocket expenses ₹ 0.12 crore (Previous year ₹ 0.10 crore).

30 **Segment Reporting:**

(₹ In crore)

Sr. No.	Particulars	**Year ended March 31, 2011**	Year ended March 31, 2010
1	**Information about primary segment - business:-**		
	Segment revenue		
	Refining including expansion and marketing	**47,160.22**	37,218.25
	Exploration and production activities	**9.51**	13.65
	Others	**-**	0.06
	Unallocated	**27.59**	5.30
	Total segment revenue	**47,197.32**	37,237.26
	Add : Interest income (including interest arising from arbitration award and Interest on Income tax refund)	**140.68**	86.25
	Add : Profit on sale of investment	**4.14**	0.49
	Add : Write back of old liabilities / income arising out of settlement of loan	**0.07**	52.54
	Total revenue	**47,342.21**	37,376.54
2	**Segment result before interest, extra ordinary items and tax**		
	Refining including expansion and marketing	**659.82**	(69.48)
	Exploration and production activities	**0.97**	5.97
	Others	**-**	0.04
	Unallocated	**(152.60)**	(109.76)
	Total	**508.19**	(173.23)
	Less : Interest expense	**908.12**	898.87
	Add : Interest income	**140.68**	86.25
	Add : Profit on sale of Investment	**4.14**	0.49
	Add : Write back of old liabilities / income arising out of settlement of loan	**0.07**	52.54
	Profit / (Loss) before tax	**(255.04)**	(932.82)
	Less : Taxes	**(3.35)**	(0.88)
	Profit / (Loss) after tax	**(251.69)**	(931.94)

(₹ In crore)

Sr. No.	Particulars	Period ended March 31, 2011	Period ended March 31, 2010
3	**Segment assets**		
	Refining including expansion and marketing	**30,731.64**	24,724.40
	Exploration and production activities	**923.71**	626.67
	Others	**119.89**	113.23
	Unallocated	**1,984.28**	308.28
	Total assets	**33,759.52**	25,772.58
4	**Segment liabilities**		
	Refining including expansion and marketing	**18,572.58**	13,505.47
	Exploration and production activities	**83.92**	235.93
	Others	**1.79**	2.78
	Unallocated	**187.28**	131.41
	Total	**18,845.57**	13,875.59
	Add : Loan funds	**13,470.27**	11,464.49
	Less : Reduction in the amount of funded interest i.e. amount not payable as at balance sheet date {Refer note B(11)(a) of schedule XVI}	**2,088.06**	2,140.56
	Total liabilities	**30,227.78**	23,199.52
5	**Additions to Fixed Assets**		
	Refining including expansion and marketing	**157.17**	407.18
	Exploration and production activities	**11.02**	20.69
	Unallocated	**5.13**	10.03
	Total	**173.32**	437.90
6	**Depreciation / Amortisation (excluding depreciation accounted in expenditure during construction)**		
	Refining including expansion and marketing	**726.81**	727.24
	Exploration and production activities	**1.38**	0.77
	Unallocated	**2.67**	0.30
	Total	**730.86**	728.31
7	**Significant non-cash expenses other than depreciation**		
	Refining including expansion and marketing	**20.91**	2.44
	Exploration and production activities	**-**	-
	Unallocated	**(0.61)**	-
	Total	**20.30**	2.44

Notes:

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

2) Additions to fixed assets shown above are including exchange difference and excluding capital work in progress and expenditure during construction.

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

4) The Company operates in two geographical segments namely "within India" and "outside India".

As at March 2011

Particulars	Within India March 31, 2011	Outside India	
		Indonesia	Other Countries
Segment revenue	**31,933.31**	**5,239.50**	**10,024.51**
Carrying amount of segment assets	**33,463.01**	**-**	**296.51**
Additions to fixed assets and intangible assets	**173.32**	**-**	**-**

As at March 2010

Particulars	Within India March 31, 2010	Outside India	
		UAE	Other Countries
Segment revenue	**28,485.78**	**4,130.12**	**4,621.36**
Carrying amount of segment assets	**25,517.19**	**28.35**	**227.04**
Additions to fixed assets and intangible assets	**437.90**	**-**	**-**

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

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2010
1	Principal amount due and remaining unpaid	**-**	-
2	Interest due on (1) above and the unpaid interest	**-**	-
3	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	**0.01**	0.02
4	Payments made beyond the appointed day during the year	**2.28**	3.92
5	Interest due and payable for the period of delay	**-**	-
6	Interest accrued and remaining unpaid	**-**	-
7	Amount of further interest remaining due and payable in succeeding year	**-**	-

32 a) Defined benefit plans / long term compensated absences – as per actuarial valuations as at March 31, 2011:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated absences (Unfunded)		Employer established provident fund	
		As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
A	**Net assets / liability recognised in the revised balance sheet (Refer note viii below)**						
1	Present value of defined benefit obligation	**9.74**	5.39	**28.97**	21.28	**61.99**	50.83
2	Fair value of plan assets	**9.13**	4.86	**-**	-	**61.99**	50.83
3	Funded status - surplus / (deficit)	**(0.61)**	(0.53)	**(28.97)**	(21.28)	**-**	-
4	Net assets / (liability) recognised in the revised balance sheet	**(0.61)**	(0.53)	**(28.97)**	(21.28)	**-**	-
B	**Expenses recognised in revised statement of profit and loss or expenditure during construction, as applicable for the year ended March 31, 2011**						
1	Current services cost	**1.46**	1.05	**7.55**	11.64	**5.20**	4.56
2	Interest cost	**0.41**	0.29	**1.60**	1.91	**5.09**	3.58
3	Expected return on plan assets	**(0.52)**	(0.36)	-	-	**(5.09)**	(3.58)
4	Past services cost	**1.36**	-	**-**	-	**-**	-
5	Actuarial losses/(gains)	**(0.08)**	0.26	**(2.54)**	(17.16)	**-**	-
6	Total expenses	**2.63**	1.24	**6.61**	(3.61)	**5.20**	4.56
C	**Change in obligation and assets**						
C1	Change in defined benefit obligation						
1	Defined benefit obligation at beginning of the year	**5.39**	3.96	**21.28**	25.27	**50.83**	43.18
2	Service cost	**1.46**	1.05	**7.55**	11.64	**5.20**	4.56
3	Interest cost	**0.41**	0.29	**1.60**	1.91	**5.09**	3.58
4	Plan Amendments	**1.49**	-	**-**	-	**-**	-
5	Acquisition adjustment/Transfer In/(Transfer Out)@	**1.19**	-	**2.03**	-	**1.86**	3.61
6	Actuarial losses / (gain)	**(0.00)**	0.26	**(2.54)**	(17.16)	**(0.13)**	0.23
7	Benefit payments	**(0.20)**	(0.17)	**(0.95)**	(0.38)	**(7.85)**	(10.17)
8	Employees contribution	-	-	**-**	-	**6.99**	5.84
9	Defined benefit obligation at the end of the year	**9.74**	5.39	**28.97**	21.28	**61.99**	50.83
C2	Change in fair value of assets						
1	Fair value of plan assets at the beginning of the year	**4.86**	3.89	**-**	-	**50.83**	43.18
2	Acquisition adjustment/Transfer In/(Transfer Out)@	**1.25**	-	**-**	-	**-**	-
3	Expected return on plan assets	**0.52**	0.36	**-**	-	**5.09**	3.58
4	Actual employees / Company contributions	**2.62**	0.78	**0.95**	0.38	**14.05**	14.01
5	Actuarial gain / (loss)	**0.08**	-	**-**	-	**(0.13)**	0.23
6	Benefits payments	**(0.20)**	(0.17)	**(0.95)**	(0.38)	**(7.85)**	(10.17)
7	Fair value of plan assets at the end of the year	**9.13**	4.86	**-**	-	**61.99**	50.83
D	**Actuarial assumptions**						
1	Discount rate (per annum)	**8.00%**	7.70%	**8.00%**	7.70%	**8.00%**	7.70%
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	**LIC (1994-96) ultimate**	LIC (1994-96) ultimate	**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%	**NA**	NA	**NA**	NA
	Government of India security	**-**	**-**	**-**	**-**	**40.00%**	40.00%
	Corporate bonds	**-**	**-**	**-**	**-**	**60.00%**	60.00%
F	**Experience adjustment: (Refer note viii below)**						
	Plan liabilities loss/(gain)	**0.19**	(0.28)	**(1.96)**	(6.43)	**NA**	NA
	Plan asset loss/(gain)	**(0.08)**	-	**-**	-	**NA**	NA
	Actuarial loss / (gain) due to change in assumption	**(0.19)**	0.54	**(0.59)**	(10.73)	**NA**	NA

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated absences (Unfunded)		Employer established provident fund	
		As at March 31, 2011	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010	**As at March 31, 2011**	As at March 31, 2010
G	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**2.89**	1.16	**-**	-	**5.72**	5.02

* Amount less than ₹ 0.01 crore

@ Employees were transferred from/to 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 present value of the defined benefit obligation, the fair value of the plan assets, the surplus or deficit in the plan and the experience adjustments arising on the plan liabilities and the plan assets for the current annual year and previous four annual years, however this information is available only for past three years since the date of implementing the Standard:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)				Employer Established Provident Fund			
		As at March 31 2011	**As at March 31 2010**	**As at March 31 2009**	**As at March 31 2008**	**As at March 31 2011**	**As at March 31 2010**	**As at March 31 2009**	**As at March 31 2008**
a)	**Net assets / liability recognized in the revised balance sheet**								
1	Present value of defined benefit obligation	**9.74**	5.39	3.96	3.40	**61.99**	50.83	43.18	30.85
2	Fair value of plan assets	**9.13**	4.86	3.89	2.66	**61.99**	50.83	43.18	30.85
3	Funded status - surplus / (deficit)	**(0.61)**	(0.53)	(0.07)	(0.74)	**-**	-	-	-
4	Net assets / (liability) recognised in the revised balance sheet	**(0.61)**	(0.53)	(0.07)	(0.74)	**-**	-	-	-
b)	**Experience adjustment**								
	Plan liabilities loss/(gain)	**0.19**	(0.28)	(0.16)	0.20	**NA**	NA	NA	NA
	Plan assets loss/(gain)	**(0.08)**	-	0.31	(0.40)	**NA**	NA	NA	NA

b) Defined contribution plans:

Company's contribution to superannuation fund aggregating to ₹ 0.68 crore (Previous year ₹ 0.68 crore) are recognised in the revised statement of profit and loss / expenditure during construction, as applicable. There is no obligation other than the contribution payable to the respective trusts.

33 Related party disclosures :

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Global Depository Shares (GDS) issued	-	-	2,363.58	-	-
(EEHL - ₹ 2,363.58 crore) (Previous year - ₹ Nil)	-	-	-	-	-
Foreign Currency Convertible Bonds(FCCB) issued	-	-	1,224.89	-	-
(EEHL - ₹ 1,224.89 crore)(Previous year - ₹ Nil)	-	-	-	-	-
Advances received (towards Global Depository Shares / against export advances)	-	-	2,223.11	-	-
(EEOL - ₹ 2,223.11 crore (Advance received from Customers))(Previous year advance received - EEHL - ₹ 1,200.47 crore (against GDS))	(1,200.47)	-	-	-	-
Loans / advances taken	-	-	0.53	-	700.81
(EIL - ₹ 700.81 crore) (Previous year - EIL - ₹ 1,013.81 crore)	-	-	(0.62)	-	(1,013.81)
Purchase of fixed assets/intangible assets (including CWIP)	-	-	1,491.67	-	4.67
(EPIL - ₹ 1,238.91 crore) (Previous year - EPIL - ₹ 444.89 crore, EESL - ₹ 53.78 crore)	-	-	(550.13)	-	(13.29)
Loans / advances given	-	-	5.28	-	0.01
(EPIL - ₹ 5.28 crore)(Previous year - EPIL - ₹ 3.06 crore, EEXPIL - ₹ 5.27 crore)	(0.14)	-	(8.33)	-	-
Advances given on capital account	-	-	899.65	-	-
(EPIL - ₹ 863.38 crore)(Previous year - EPIL - ₹ 573.63 crore)	-	-	(589.93)	-	-
Deposits given by the Company	-	-	9.00	-	20.00
(VPL - ₹ 20.00 crore, ESL - ₹ 9.00 crore)(Previous year - VOTL - ₹ 28.00 crore, VPTL - ₹ 50.00 crore)	-	-	(78.00)	-	(5.77)
Present value of sales tax / VAT liability assigned	-	-	-	-	591.48
(EHL - ₹ 591.48 crore)(Previous year - EHL - ₹ 441.21 crore)	-	-	-	-	(441.21)
Sale of goods and scrap (including sales tax/ VAT)	-	-	1,692.74	-	3.14
(EEOL - ₹ 1,596.34 crore)(Previous year - EPIL - ₹ 57.23 crore, ELL - ₹ 19.60 crore, ESHL-SEZ - ₹ 11.34 crore)	-	-	(106.71)	-	(2.36)
Sale of equity shares	-	-	-	-	-
(Previous Year - EPOL - ₹ 60)	-	-	(0.00)*	-	-
Interest income	-	-	-	-	82.15
(EHL - ₹ 82.15)(Previous year - EHL - ₹ 27.29 crore)	-	-	(1.17)	-	(27.29)
Lease income (including lease tax)	-	-	1.09	0.02	-
(VPTL - ₹ 0.75 crore, VOTL - ₹ 0.27 crore)(Previous year - VOTL - ₹ 0.25 crore, ESTL - ₹ 0.07 crore)	-	-	(0.32)	(0.02)	(0.01)
Rendering of services	-	-	26.25	0.60	0.12
(VOTL - ₹ 25.02 crore) (Previous year - VOTL - ₹ 20.04 crore)	-	-	(21.54)	(0.09)	(0.01)
Purchase of goods/supply of material	-	-	3.31	-	-
(ESTL - ₹ 3.31 crore) (Previous year - ESTL - ₹ 0.32 crore)	-	-	(0.32)	-	-
Receiving of services	-	-	668.10	186.36	138.47
(VOTL - ₹ 504.37 crore, VPCL - ₹ 186.36 crore)(Previous year - VOTL - ₹ 468.19 crore, VPCL - ₹ 143.29 crore)	(26.23)	(60.37)	(580.75)	(82.93)	(122.13)
Interest / financial charges paid / funded	-	-	9.85	-	62.43
(EIL - ₹ 62.43 crore, VOTL - ₹ 9.85 crore)(Previous year - EHL- ₹ 5.78 crore, EIL - ₹ 25.51 crore, VOTL - ₹ 11.03 crore)	-	-	(11.03)	-	(31.29)
Lease rent charged to Company	-	-	-	-	15.27
(VPL - ₹ 15.27 crore) (Previous year - VPL - ₹ 15.27 crore)	-	-	-	-	(15.27)
Cenvat / VAT charged	-	-	-	0.18	-
(VPCL - ₹ 0.18 crore)(Previous year -VOTL - ₹ 2.04 crore)	-	-	(2.04)	(0.02)	-
Assignment of Provision/Liability for Employee Benefit upon transfer of employee from EEPIL to Company	-	-	6.49	-	-
(EEXPL - ₹ 6.49 crore)(Previous year - ₹ Nil)	-	-	-	-	-
Guarantees given on behalf of the Company	6,570.00	-	463.79	-	1,000.00
(EGL - ₹ 6,570.00 crore, EIL - ₹ 1,000.00 crore)(Previous year - EIL - ₹ 1,406.88 crore, EGL - ₹ 1,050.00 crore)	(1,050.00)	-	(10.46)	-	(1,406.88)
Guarantees given by the Company	-	-	2.69	-	-
(VOTL - ₹ 2.69 crore) (Previous year - VOTL - ₹ 2.41 crore)	-	-	(2.41)	-	-

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Transactions with other classes of related parties					
a) Key management personnel (remuneration)			-	-	**3.30**
(Shri Naresh Nayyar - ₹ 1.68 crore, Shri P Sampath - ₹ 1.62 crore)(Previous year - Shri Naresh Nayyar - ₹ 1.66 crore, Shri P Sampath - ₹ 1.92 crore)			-	-	(3.58)
b) Individuals having significant influence/control on the Company (Directors' sitting fees)			-	-	**0.01**
(Shri P.S.Ruia - ₹ 80,000, Shri A.S.Ruia - ₹ 27,500)(Previous year - Shri P. S. Ruia - ₹ 47,500)			-	-	(0.00)*
II. Balances with related parties :					
Debit balances					
Deposits	**-**	**-**	**9.00**	**-**	**67.04**
(VPL - ₹ 28.00 crore, EHL - ₹ 15.81 crore, EITL - ₹ 11.29 crore, FUTURA - ₹ 10.41 crore, ESL - ₹ 9.00 crore)(Previous year - EHL - ₹ 20.27 crore, FUTURA - ₹ 10.41 crore, EITL - ₹ 12.04 crore, VPL - ₹ 8.00 crore)	-	-	-	-	(53.42)
Investments	**-**	**-**	**-**	**103.00**	**-**
(VPCL - Equity shares of VPCL - ₹ 103.00 crore)(Previous year - Equity shares of VPCL - ₹ 103.00 crore)	-	-	-	(103.00)	-
Debtors	**-**	**-**	**6.35**	**0.00***	**0.29**
(EPIL - ₹ 4.20 crore, ESL - ₹ 2.07 crore)(Previous year - EPIL - ₹ 7.82 crore, ESHL-SEZ ₹ 1.64 crore, ESHL - ₹ 1.26 crore)	-	-	(12.60)	(0.02)	(0.31)
Advances	**0.11**	**-**	**283.45**	**-**	**1.59**
(EPIL - ₹ 204.16 crore, AEGIS - ₹ 31.69 crore) (Previous year - EPIL - ₹ 156.75 crore, EEXPL - ₹ 24.45 crore)	(20.07)	-	(205.65)	-	(4.25)
Other Receivables	**0.29**	**-**	**0.89**	**-**	**1,415.38**
(EHL - ₹ 1,415.38 crore)(Previous year EHL - ₹ 765.44 crore)	-	-	-	-	(765.44)
Credit balances					
Deposits (Including retention money)	**-**	**-**	**4.47**	**-**	**-**
(AEGIS - ₹ 4.29 crore)(Previous year - EESL - ₹ 4.98 crore)	-	-	(5.16)	-	-
Loans and advances	**-**	**-**	**1,261.81**	**-**	**1,032.30**
(EEHL - ₹ 1,170.51 crore, EIL - ₹ 968.80 crore)(Previous year - EIL - ₹ 602.23 crore, VOTL - ₹ 106.68 crore)	-	-	(106.68)	-	(670.48)
Creditors and other liabilities	**0.00***	**-**	**281.92**	**58.17**	**84.20**
(EPIL - ₹ 204.88 crore, EIL - ₹ 82.10 crore, VPCL - ₹ 58.17 crore)(Previous year - EPIL - ₹ 178.84 crore, EESL - ₹ 55.10 crore, EEXPL - ₹ 93.62 crore, VOTL - ₹ 52.31 crore)	(9.74)	-	(461.11)	(17.05)	(22.96)
Advances received (Including global depository shares advances from Essar Energy Holdings Ltd.)	**-**	**-**	**2,176.69**	**-**	**-**
(EEOL - ₹ 2,176.69 crore)(Previous year - EEHL - ₹ 1,153.21 crore)	(1,153.21)	-	-	-	-
Other balances					
Outstanding guarantees given on behalf of the Company	**6,470.00**	**-**	**985.69**	**-**	**12,385.42**
(EIL - ₹ 12,385.42 crore, EGL - ₹ 6,470.00 crore)(Previous year - EIL - ₹ 11,961.68 crore, EGL - ₹ 3,050.00 crore)	(3,074.00)	-	(497.90)	-	(11,961.68)
Outstanding guarantees given by the Company	**-**	**-**	**277.49**	**-**	**-**
(VOTL - ₹ 277.49 crore)(Previous year - VPCL - ₹ 223.77 crore, VOTL - ₹ 274.80 crore)	-	-	(274.80)	(223.77)	-

* Amount less than ₹ 1 lac.

Notes :

1) Names of related parties and description of relationship:

Holding Companies	Essar Global Limited - Caymen (Ultimate Holding Company) Essar Energy Plc - U.K (Holding Company of Vadinar Oil - Mauritius) Vadinar Oil - Mauritius (Holding Company)
Associate	Vadinar Power Company Limited (VPCL)
Key management personnel	Shri Naresh Nayyar, Managing Director Shri P Sampath (Director Finance Upto October 18, 2010)
Individuals having significant influence on the Company (Promoters)	Shri S. N. Ruia, Chairman Shri P. S. Ruia, Director Shri A. S. Ruia, Director
Fellow Subsidiaries	Aegis Limited (Merger of Essar Engineering Services Limited, Aegis BPO Services (GURGAON) Limited with Aegis Limited)(AEGIS), Aegis Aspire Consultancy Services Limited(AACSL), Bhandar Power Limited(BPOL), Essar Bulk Terminal Limited(EBTL), Essar Bulk Terminal (Salaya) Limited(EBTSL), Essar Electrical Power Development Corporation Limited(EEPDCL), Essar Energy Overseas Limited(EEOL), Essar Exploration & Production India Limited(EEXPIL), Essar Exploration & Production Limited(EEXPL), Essar Exploration & Production Southeast Asia Limited(EEXPSEAL), Essar Energy Holding Limited - Mauritius(EEHL), Essar Gujarat Petrochemicals Limited(EGPL), Essar Logistics Limited(ELL), Essar Offshore Subsea Limited(EOSL), Essar Oilfield Services India Limited(EOFSIL), Essar Oilfield Services Limited(EOFSL), Essar Oil UK Limited(EOLUK), Essar Power Gujarat Limited(EPGL), Essar Projects (India) Limited(EPIL), Essar Project Management Consultants Limited(EPMCL), Essar Power Limited(EPOL), Essar Steel Limited(Merger of Essar Steel Orissa Limited, Essar Steel Hazira Limited, Hazira Pipe Mills Limited and Hazira Plates Limited w.e.f 1st Apr 2009)(ESTL), Essar SEZ Hazira Limited(ESHL-SEZ), Essar Shipping & Logistics Limited(ESLL), Essar Shipping Ports & Logistics Limited(ESL), Vadinar Oil Terminal Limited(VOTL), Vadinar Ports and Terminal Limited(VPTL)
Companies in which promoters have significant influence/control:	Arkay Holdings Limited(ARKAYHPL), Asia Motor Works Limited(AMW)(Related Party upto March 31, 2010), Essar Agrotech Limited(EATL), Essar Energy Services Limited(EESL), Essar Heavy Engineering Services Limited(EHESL), Essar House Limited(EHL), Essar Investments Limited(EIL), Essar Information Technology Limited(EITL), Essar Infrastructure Services Limited(EISL), Essar Properties Limited(EPL), Essar Steel (Jharkhand) Limited(ESTLR), Futura Travels Limited(FUTURA), Ibrox Estates Private Limited(HILLPL), India Securities Limited(ISL), Kanak Communications Limited(KANAKCL), Kartik Estates Private Limited(KEPL), Neelkamal Traders Private Limited(NEELKAMAL), New Ambi Trading & Investments Private Limited(NEWAMBITPL), Paprika Media Limited, Sinter-Keramos & Composites Private Limited(SKCPL), The Mobile Stores Limited(TMSL), Teletech Investments (India) Ltd(TIL)(Related party upto March 31, 2010), Vadinar Properties Limited(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.

34 Expenditure during construction (EDC) includes:

(₹ in crore)

Particulars	**As at March 31, 2010***	**Incurred during the year**	**As at March 31, 2011**
Interest and other finance charges	603.66	231.36	**835.02**
Less: Interest income	8.78	19.44	**28.22**
Net interest and other finance charges	**594.88**	**211.92**	**806.80**
Power and fuel	0.04	0.05	**0.09**
Salaries, wages and bonus	97.92	39.85	**137.77**
Contribution to / provision for provident and other funds	5.13	2.29	**7.42**
Staff welfare expenses	1.84	4.71	**6.55**
Insurance	4.40	5.91	**10.31**
Professional fees	35.42	12.49	**47.91**
Rent	17.36	1.13	**18.49**
Repairs and maintenance	2.49	2.99	**5.48**
Sundry expenses	37.67	20.82	**58.49**
Depreciation	8.42	4.70	**13.12**
(Gain) / Loss on foreign exchange fluctuation (Net)	(9.68)	2.69	**(6.99)**
Capitalised	(18.76)	(8.88)	**(27.64)**
Expenditure during construction pending allocation	**777.13**	**300.67**	**1,077.80**

* Includes EDC taken over on amalgamation

35 During the year, the Company incurred a loss (net) of ₹ 289.90 crore (Previous year loss (net) ₹ 180.12 crore) on commodity hedging transactions. The loss (net) of ₹ 70.27 crore (Previous year loss (net) ₹ 242.14 crore) on the instruments for hedge of risk of movement in prices of crude oil has been added to consumption of raw material in the revised statement of profit and loss. The loss (net) of ₹ 219.63 crore (Previous year gain (net) ₹ 62.02 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.

36 Miscellaneous income during the year includes an amount of ₹ 27.39 crore receivable against an arbitration award declared in favor of the company (Previous year ₹ 41.48 crore arising out of settlement of a foreign currency loan).

37 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

Lalik 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

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

I. REGISTRATION DETAILS

REGISTRATION NO.	32116	STATE CODE	4
BALANCE SHEET DATE	March 31, 2011		

II. CAPITAL RAISED DURING THE PERIOD - (₹ in crore)

PUBLIC ISSUE	RIGHT ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	164.14

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS - (₹ in crore)

TOTAL LIABILITIES	TOTAL ASSETS
20,935.75	20,935.75

SOURCES OF FUNDS

PAID UP CAPITAL	RESERVE & SURPLUS
1,382.27	5,006.55
SECURED LOANS	UNSECURED LOANS
12,274.42	2,272.51
DEFERRED TAX LIABILITY	
-	

APPLICATION OF FUNDS

NET FIXED ASSETS (including CWIP)	INVESTMENTS
20,167.13	103.00
NET CURRENT ASSETS	
(2,191.47)	
DEFERRED TAX ASSET	ACCUMULATED LOSSES
-	2,857.09

IV. PERFORMANCE OF COMPANY - (₹ in crore)

TURNOVER (including other income)	TOTAL EXPENDITURE
47,342.21	47,597.25
PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX
(255.04)	(251.69)
BASIC EARNING PER SHARE IN ₹	DIVIDEND RATE %
(1.87)	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