Delivering on Promises

Essar Oil Limited

ABRIDGED ANNUAL REPORT 2011-12

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on November 9, 2012)

Shashi Ruia, Chairman
Prashant Ruia
Naresh K. Nayyar, Deputy Chairman
Lalit Kumar Gupta, Managing Director & CEO
Chakrapany Manoharan, Director (Refinery)
Philip S. Aiken
Dilip J. Thakkar
K. N. Venkatasubramanian
K. V. Krishnamurthy
Melwyn Rego, Nominee of IDBI Bank Ltd.
V. K. Sinha, Nominee of LIC of India
Suneet Shukla, Nominee of IFCI Ltd.

COMPANY SECRETARY

Sheikh S. Shaffi

TRANSFER AGENTS

M/s Datamatics Financial Services Ltd.
Unit: Essar Oil Limited
Plot No. B-5, Part B Cross Lane,
MIDC, Andheri (East), Mumbai – 400 093
Tel: +91-22-66712151 to 66712156
Fax: +91-22-66712209
Email: eolinvestors@dfssl.com
Website: www.dfssl.com

AUDITORS

M/s Deloitte Haskins & Sells, Ahmedabad

BANKERS

ICICI Bank Ltd.
State Bank of India
IDBI Bank Ltd.
Punjab National Bank
HDFC Bank Ltd.
Axis Bank Ltd.
Indian Overseas Bank
Oriental Bank of Commerce
Indian Bank
Central Bank of India
Bank of India
State Bank of Patiala
Allahabad Bank
Syndicate Bank
Bank of Baroda
State Bank of Mysore

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> CRUDE DISTILLATION UNIT (CDU) AT VADINAR DURING CONSTRUCTION

DELIVERING ON PROMISES – CREATING LONG-TERM SUSTAINABLE VALUE

The journey which started as a dream to build a world-class refinery at Vadinar has finally come true. The completion of the refinery expansion and optimisation project has been a huge turning point for Essar Oil Ltd. We are proud to have dedicated a world-class refinery to the nation – India's second-largest single location refinery – one of the world's most complex refineries. With the completion of our expansion projects, we have now moved out of the capex mode. Commercialisation of our assets represents a significant opportunity for us, given the rising domestic and global oil demand.

As we move ahead, we're poised for consolidating our market position. We endeavour to participate in fulfilling India's energy requirement. We continually strive to deploy innovative practises to create benchmarks in the refining industry and focus on strengthening our balance sheet to create long-term sustainable value for our shareholders.

> WEST VIEW OF TRAIN 1 EXPANSION AT VADINAR

AN INSIGHT INTO ESSAR OIL

Essar Oil (part of the US$ 27 billion by revenue Essar Group and majority owned by LSE-listed Essar Energy plc) is a fully-integrated oil and gas company of international scale with strong presence across the hydrocarbon value chain – from exploration and production to refining and oil retail. It has a portfolio of onshore oil and gas blocks, with about 1.7 billion barrels of oil equivalent in reserves and resources. It owns and operates a highly complex state of the art 20 MMTPA refinery at Vadinar and pan India retail presence through over 1,400 retail stations.

ESSAR OIL

EXPLORATION & PRODUCTION

5 CBM
(Coal Bed Methane) Gas blocks with 100% ownership in each

1.7 BBOE
(billion barrels of oil equivalent) of total oil reserves & resources

2,700 sq. km
of acreage in India

REFINING

20 MMPTA
refinery in Vadinar, Gujarat

2nd LARGEST
single location refinery in India

Among one of the most complex refineries in the world

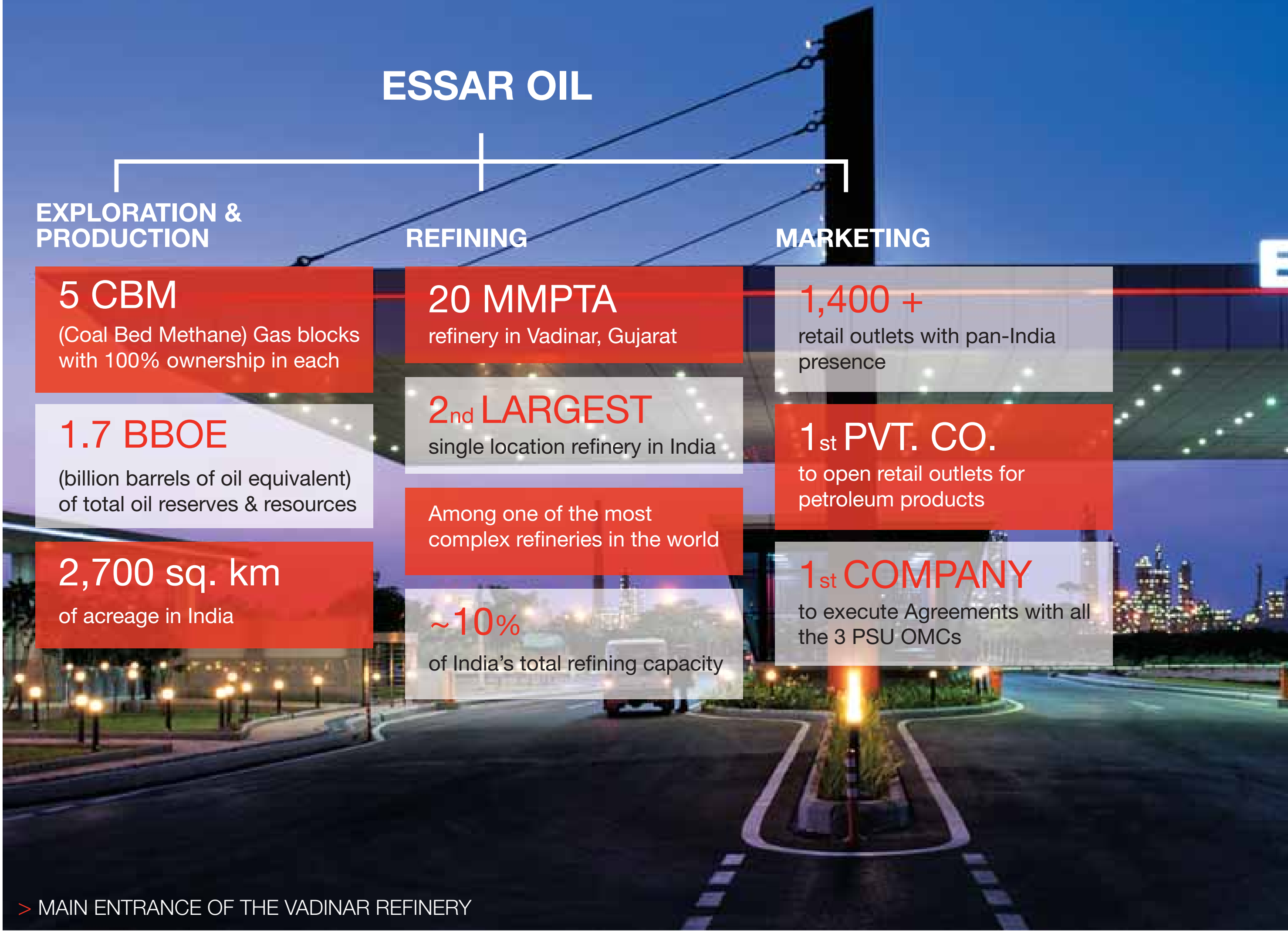
~10%
of India's total refining capacity

MARKETING

1,400 +
retail outlets with pan-India presence

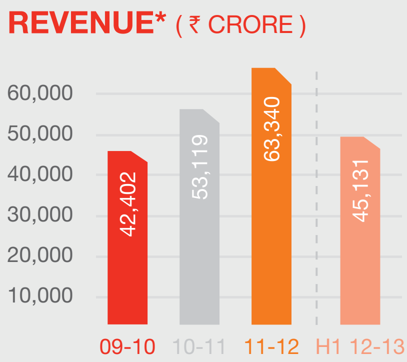
1st PVT. CO.
to open retail outlets for petroleum products

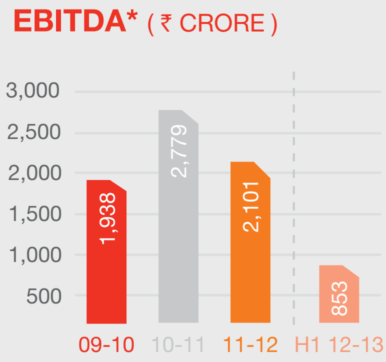
1st COMPANY
to execute Agreements with all the 3 PSU OMCs

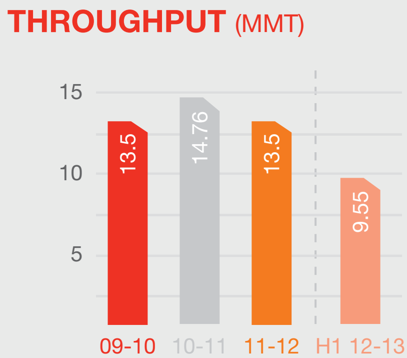


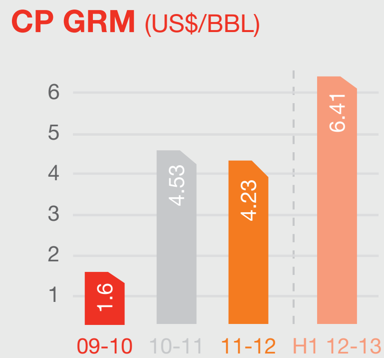
> MAIN ENTRANCE OF THE VADINAR REFINERY

HIGHLIGHTS









* Based on reopened accounts and before exceptional items

CHAIRMAN'S MESSAGE

SHASHI RUIA

Dear Shareholders,

It gives me immense pleasure to present our annual report for the financial year ended March, 2012. The year gone by will be known as stepping stone in the history of Essar Oil, which transforms our dream to build a highly complex world-class refinery into reality. We did encounter several challenges in our journey, but, our resilience has paid off and we have emerged successful despite the odds and have delivered on promises made to our shareholders. I wish to reassure you that we are committed to delivering long-term sustainable value for our shareholders. I am deeply indebted to each one of you for your patience and faith in your Company.

Business Outlook

We are optimistic and look forward to a positive business scenario. One of the reasons for our optimism is the outlook for the Indian economy. Notwithstanding the recent policy impasse and adverse macroeconomic factors, over the last five years, the Indian economy has grown around 35% pulling many people out of poverty and increasing the wealth of the middle-class. As more and more people in India see roads opening up to a better way of life, they want to improve their living conditions. Fundamental to these needs is the provision of energy; be that electricity or petroleum products for cars and other transportation. Demand for energy is rising rapidly and our world-class Vadinar refinery is fully-geared to cater to the requirement of petroleum products to the Indian as well as international markets.

In the long-term, India is very well placed since it has a young population, not only in comparison to advanced economies, but also in relation to the larger developing countries in Asia and Latin America. As a result, the working population is expected to increase by around 30% and the urban population is expected to increase from around 31% today to over 40%, over the next 20 years. If India is to meet its 12th Five Year Plan target of 9% GDP growth each year from 2012 to 2017, then according to India's Planning Commission, this will require energy supplies to grow at a rate of between 6.5% and 7% per year, which is above the rates of the last five years.

Strategy

Our strategy is to create a world-class, low-cost, integrated energy company focused on India and positioned to capitalise on India's growing energy demand. Our focus has now shifted from being a project-focused company to an operating company. As an operating company, we would like

WE HAVE OBSERVED A BIG PUSH FROM THE CENTRAL GOVERNMENT WHICH, WE BELIEVE, WILL BRING OUR **COUNTRY'S GDP BACK ON A 8%-9% GROWTH TRAJECTORY.**

to focus on operational excellence and implement innovative practices in our business to set new benchmarks for the industry. The completion of the Vadinar refinery expansion and optimisation projects brings the major capital expenditure cycle in our refining business to an end. The focus will now move to ensuring that all assets operate in line with the expectations, and we start to deliver the promised cash flows and profitability which will be utilised to de-leverage our balance sheet and maximise the shareholder's value.

People

An organisation breathes through the lungs of its people and flies on the strength of their dreams. No asset can be built, operated and managed without people. I am grateful to our employees and their family for their commitment to support the vision to convert the Vadinar refinery into a leading refinery in the country today.

There are regulatory issues like approvals of pricing for CBM, complete deregulation of petroleum retail marketing etc. which are affecting the growth potential. During last few months, we have observed a big push from the Central Government on various reform agenda which we believe, will bring our country's GDP back on 8%-9% growth trajectory. These hurdles, however, will not deter us from our ambitions to become a world-class integrated energy player. We are committed and determined to create enduring and long-lasting value for all our stakeholders.

Best wishes,

Shashi Ruia
Chairman

WE ARE COMMITTED AND DETERMINED TO **CREATE ENDURING AND LONG-LASTING VALUE** FOR ALL OUR STAKEHOLDERS.

MD & CEO'S MESSAGE

LALIT KUMAR GUPTA

YOUR REFINERY HAS BEEN **SET UP AT ABOUT HALF THE GLOBAL COST** AND OUR OPERATING COSTS ARE ALSO AMONG THE LOWEST WORLDWIDE

Dear Shareholders,

It gives me great satisfaction and happiness to share with you that your Company successfully completed its Train I expansion project in March 2012 taking the Refinery nameplate capacity from 10.5 MMTPA to 18 MMTPA and Refinery Complexity from 6.1 to 11.8 making it a world-class refinery despite several challenges.

I am also very happy to share with you that the optimisation Project to increase the Refinery capacity from 18 MMTPA to 20 MMTPA has been completed on 5th June 2012 almost four months ahead of schedule. The Vadinar refinery at 20 MMTPA, is today a prominent feature on the global refining map and also enjoys the distinction of being the second largest refinery at a single location in India, and accounts for almost 10% of India's total refining capacity.

It's a matter of great pride for all of us that we have delivered on our promise of creating long-term sustainable value. Today, your Company has a strong presence across the entire hydrocarbon value chain – from exploration and production to refining to oil retailing on a global scale and is well positioned to take advantage of the rising energy demands of our growing nation.

You will be happy to know that your refinery has been set up at about half the global cost and our operating costs are also among the lowest worldwide. With the completion of our expansion and optimisation projects, our capital expenditure cycle has come to an end and now our full focus is on delivering value on the investments made to all our stakeholders.

I would also like to share with you that lenders have approved our debt restructuring exit proposal. On the sales tax incentive front, as per the directions of the Hon'ble Supreme Court your Company has paid ₹ 1,000 crore to the Gujarat Government while the balance amount of ₹ 5,169 crore will be repaid in eight quarterly installments starting from January 2, 2013 together with a simple interest of 10% p.a. w.e.f. January 17, 2012. We have tied up a loan of ₹ 5,000 crore to take care of funds requirements if any, to pay the sales tax dues to the Gujarat state government.

Your Company reported gross sales revenue at ₹ 63,340 crore, which is an increase of 19% over the last fiscal, with an EBITDA of ₹ 2,101 crore. However, the net loss of ₹ 1,285 crore is mainly due to the reversal of ₹ 778 crore

113 BILLION
cubic feet of proven probable reserves in Raniganj

34%
of production exported globally

13.50 MT
of crude was processed this year at the refinery

towards sales tax deferral income, net of defeasement, accounted during the year. Optionally convertible FCCBs worth US$ 262 million issued to subsidiary of our parent company Essar Energy plc have been made compulsorily convertible to boost our net-worth.

Let me now take you through some of the Operational highlights

Refinery

With the quantum jump in our Refinery capacity and complexity as referred to above our crude diet has turned much heavier. Despite that we will be able to produce high quality products meeting stringent Euro IV/V norms, which in turn will boost our profit margins in the future.

During the year we processed 13.50 MMT of crude at the refinery. This was 8.5% lower than the last year due to the planned shut down of 35 days taken for the maintenance turnaround and tie in of base refinery with the expansion facilities. We have till date processed more than 75 grades of crude with Heavy and Ultra Heavy constituting 72% of the crude diet during the year.

We are happy to share that while setting up our refinery expansion and optimisation project we have not lost our focus on the safety aspects. We have achieved 1,460 LTI free days and over 11.30 million hours of safe operations for our employees. We are fully committed to a high level of capacity utilisation in the safest way. We are also happy to have achieved 1,000 major fire free days during the year.

We are very proud to share that we have received the prestigious “Refinery of the Year Award” from the Petroleum Federation (PetroFed). This award honours the Company for its leading performance in operational efficiencies in refining during 2010-11 while meeting safety, health and environmental protection standards.

Marketing

Now that we are equipped with high quality products, we are focusing on maximising sales within our own country, which is a challenging task. As you all are very well aware, your Company is battling hard for getting a level playing field with the state-run oil companies for marketing of transportation fuels (diesel/petrol) through its retail network.

We continue to focus on the non-fuel business to offer a sustainable model to our franchisees and also where feasible provide multi fuel option to our customers. As part of our multi-brand strategy, we have tied up with over 20 consumer brands to offer multiple services to its consumers and at the same time provide additional revenue streams for the outlets. Additionally, we have established strategic tie-ups with the leading Gas Marketing Companies like Indraprastha Gas, Mahanagar Gas, Sabarmati Gas, GSPC, Adani and Gujarat Gas. Our aim is to become a major CNG/ALPG retail player in the country over the next few years.

During the year we commenced supplies of BS-IV grade products to more than 10 cities across India. We have successfully started marketing of Petcoke and have been able to quickly find markets to fully absorb the same.

We are hopeful that the Government of India will see the rationale of providing a level playing field with market driven pricing for petrol and diesel to encourage competition and ultimately drive value at the consumer’s level. Our network and channel is poised to grab substantial market share once the level playing field is available.

YOUR COMPANY IS STRATEGICALLY POISED, POST EXPANSION AND OPTIMISATION AS WELL AS WITH THE RECENTLY COMMISSIONED CAPTIVE COAL BASED POWER PLANT, TO **BENEFIT FROM THE SUBSTANTIAL UPSWING IN DEMAND FOR PETRO PRODUCTS IN INDIA.**

Exploration & Production

Your Company is a leading CBM player in the country with 2,733 sq. km of acreage and more than 10 tcf of reserves and resources in place across five blocks.

Your Company's E&P assets have 1.7 billion barrels of oil equivalent of reserves and resources. Raniganj is our flagship block, where total proven and probable reserves (2P) are 113 billion cubic feet (bcf) gross (18.8 mmboe). In the Raniganj block we are producing 43,000 standard cubic metres per day of CBM gas.

Global Business

We have been successful in widening our crude basket, spreading our reach globally to optimise the crude mix and processing new grades. We have entered into term contract for target Heavy and Ultra heavy grades with global suppliers including National Oil Companies of Middle East and Latin America.

We exported 34% of our production across the globe viz. Far East, South Asian countries, USA, Europe, West Asia etc. We are constantly exploring avenues of maximising our realisation and are now capable of meeting stringent specification and market opportunities in markets like Australia, New Zealand, North West Europe, Mediterranean, etc.

The Road Ahead

Your Company is strategically poised, post expansion and optimisation as well as with the recently commissioned captive coal based power plant, to benefit from the substantial upswing in demand for petro products in India. We believe that transport fuels demand especially petrol and diesel are expected to register healthy growth rates. We are well positioned to capture a substantial portion of the incremental demand.

I believe we have ended the year stronger and safer and with a clear strategy and momentum well supported by all the Stakeholders. The EOL Team remains focused on enhancing shareholders value safely, reliably and efficiently.

I thank each one of you for your continued support.

Lalit Kumar Gupta
Managing Director & CEO

> FLUIDISED CATALYTIC CRACKING UNIT AT VADINAR

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL INDUSTRY OUTLOOK

> NAPHTHA HYDROTREATER UNIT AT VADINAR

GLOBAL GROWTH DRIVERS

- > RISING DEMAND FOR PETROLEUM PRODUCTS
- > GEOGRAPHICAL SHIFT IN DEMAND
- > SHIFTING TRENDS TOWARD PRODUCT USAGES & CLEANER FUEL
- > REFINING MARGINS TO IMPROVE

Energy is essential for economic growth and in the absence of viable alternatives in the foreseeable future; demand for petroleum products is expected to rise.

In the past few years, we have observed the progressive shift in oil demand away from OECD (Organisation for Economic Co-operation and Development) countries towards non-OECD countries led by Asian countries. As per IEA, OECD oil demand has remained more or less stagnant at 45.5 million barrels/day since 2009, whereas non-OECD demand has risen from 40 mbd in 2009 to 43 mbd in 2011 and could touch 45 mbd in 2012. During 2013, it is expected that non-OECD oil demand will overtake OECD demand led by strong demand growth of petroleum products from Chinese, Middle Eastern and Indian economies.

On the supply side, OECD has been registering steady growth with increase in Canadian and US production. To build up global stocks and guard against supply constraints arising from sanctions on Iran, Saudi Arabia has increased crude oil production substantially. Libyan crude oil production registered a smart recovery after exit of the Gaddafi regime. Iraq has also been witnessing impressive growth in oil production. The sustainable spare capacity is estimated at 2.3 mbd after excluding the countries like Iraq, Iran, Libya and Nigeria which are experiencing political instability. OPEC NGLs (Natural Gas Liquid) are also growing at an impressive rate. The increases have ensured adequate supply of oil in global markets in spite of loss of Sudanese production due to the creation of South Sudan and the declining supplies from Iran due to the tightening of sanctions.

The Refining sector in the world is going through tumultuous times and large scale closures are being witnessed. As per BOA-ML report dated June 13, 2012, during the last year, over 0.9 mbd of refining capacity had closed in Europe and the East Coast of USA. These closures have resulted in a tightening of the product supply balance resulting in improving refining margins. The light and heavy crude oil differentials have begun to show some widening from the narrow differentials witnessed in 2009/2010. Hence, going forward, complex refineries should be able to take advantage of cheaper crude oil to improve their margins. The refining sector is facing large fluctuations in the oil price, arising from geo-political uncertainties.

Markets have observed shifting trends in product usages wherein naphtha and fuel oil are being replaced by cheaper natural gas for petrochemical and fertilizer feedstock and for heating usage. Further, tightening sulphur limit in marine fuels reduced the demand for fuel oil. However, 2011-12 saw rather unusual high demand for high sulphur fuel oil from Japan for power generation due to forced closure of nuclear power reactors in Japan. Similarly, diesel engines being more efficient than petrol engines, the governments across globe including India have been using tax structure to encourage more use of diesel. This has resulted in increasing demand for middle distillates, compared to light distillates. The complex Indian refineries are better positioned to adapt to the changing trends in product usage.

The fragile economic recovery, sovereign debt crisis of Eurozone and recurring differences in ways to resolve the crisis continued to weigh on the global economic sentiment. The global energy markets witnessed some major events during last year – the annual average oil prices recorded historic highs; the political events in the Middle East and North African region led to production disruptions highlighting the instability in oil producing countries; the disastrous impact of the combined earth quake and tsunami leading to a nuclear incident in Fukushima and closure of all nuclear plants. Consequently, Japan has witnessed a reversal in its hitherto falling hydrocarbon demand trend. The shale gas developments in the US have proved to be a silver lining on the supply side of the energy markets.

Going forward, the refining margin is expected to remain strong with some degree of fluctuation due to volatility inherent to international oil prices. The rationale for the strong refining margins is global oil demand growth of 1 mmb/d which is close to normal, resilience of the Asian and Middle East economies in the face of decline in Europe, refinery closures in the west particularly of low complexity factor and global thrust for cleaner fuels. Also the backwardation in the market is not encouraging large scale storage of products which will help support the refining margins.

> A SECTION OF THE CDU AT VADINAR

INDIAN ECONOMIC REVIEW

INDIA OIL MARKET: STRENGTHS

> ACCESS TO HIGH GROWTH MARKET
> HIGHER COMPLEXITY TO AID BETTER MARGINS
> VERTICAL INTEGRATION

> EXPLORATION SITE AT RANIGANJ

INDIA: A SNAPSHOT

7.1 %
CAGR GDP (since CY2007)

1.85 TRILLION
GDP absolute (US $)

4.2 %
Growth in Consumption of petroleum products (since 2007-08)

0.4 MTOE
Per capita consumption of energy

217 MMTPA
Total refining capacity

240 MMTPA
Total refining capacity (by 2015)

8.6 %
Growth of Auto fuels: Gasoil (Diesel) since 2007-08

10.1 %
Growth of Auto fuels: Gasoline (Petrol) since 2007-08

46 MMT
Net export of petroleum products (2011-12)

INDIA, DESPITE RECENT SLOWDOWN IN GDP GROWTH RATES, REMAINS THE SECOND FASTEST GROWING MAJOR ECONOMY IN THE WORLD.

The slow-down is a result of sluggish growth in the industrial sector which registered only 2.8% growth while the mining sector disappointed with a negative growth of 1.9% due to constraints in getting environment clearances and land acquisition. The other factors affecting growth are stubborn inflation, the currency depreciation vis-à-vis US Dollar, etc. The currency depreciation during the last year was almost 14.58%. Notwithstanding these short term factors, the Economy is on the growth trajectory and India is well placed to deliver strong growth in the future. The Reserve Bank of India's quarterly survey of professional forecasters in March 2012 indicated 7.2% GDP growth for 2012-13.

During past few months, the Indian Government is pushing the reform agenda to implement various pending policy decisions. They have taken several steps including reduction in key interest rates, acceleration of approval process for key infrastructure and energy projects and passed the long pending bills like FDI in Retail, Insurance and enhancing the FDI limit in aviation sector in a bid to revive growth. On the exchange front, the RBI has taken various steps to maintain the Rupee/US$ exchange rate including curbing speculation in derivatives and forex transactions. We believe that government actions on key reforms will bring our GDP back on track and also stabilise our exchange rate and encourage new investment cycle which is essential to keep our economy growing at healthy rate.

GLOBAL OIL ON DEMAND

1

> Demand grew to 89.1 million barrels per day in 2011 & expected to grow by 0.8 mb/d in 2012 and 1.0 mb/d in 2013 (Source: IEA)

> Non-OECD demand to overtake OECD in 2013

INDIAN GROWTH OUTLOOK

2

> High economic growth rates of 7% to 8% and with over 15% of the world's population, India is a significant consumer of energy resources.

> Infrastructure spending is increasing by 23.3% to ₹ 2,14,000 crore in 2012-13

> Government focus on infrastructure spending supported by participation from private sector, strong GDP growth led by internal consumption and high disposable income with Indian middle-class.

CRACK MARGINS

3

> Gasoil and Gasoline crack margins at a premium of US$ 17.78/bbl and US$ 11.43/bbl, respectively for the 12 months ended March, 2012.

INDIAN BUSINESS OUTLOOK

4

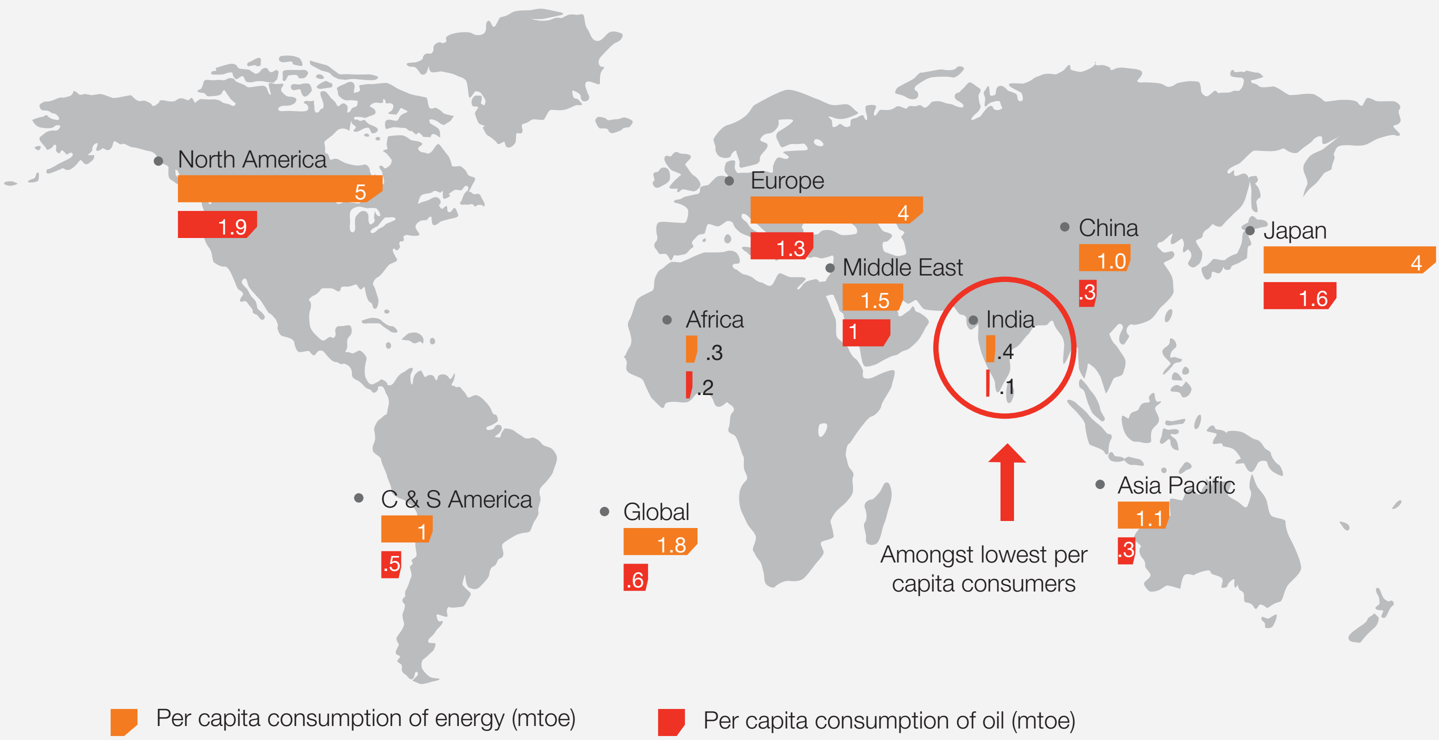
> Petroleum products demand in India is expected to demonstrate strong growth over the next 5 years (4.1% as per 12th Year Plan)

> Government's thrust for cleaner fuel (implementation of Euro IV for 20 cities & Euro III for balance cities) to provide boost to complex refineries

PETRO PRODUCTS DEMAND TO GROW RAPIDLY FOR NEXT 5-10 YEARS

> SKID SEPARATOR AT RANIGANJ

PER CAPITA CONSUMPTION OF ENERGY AND PETROLEUM PRODUCTS



Source: BP Statistical Review, PPAC, Tata Securities Research

INDIAN OIL & GAS CONSUMPTION

5

> India imports more than 75% of its Crude Oil requirement

> India has low per capita oil and gas consumption compared to other major emerging markets. Per capita oil and gas consumption of India is expected to catch up with its counterparts in developed countries led by the following factors.

> Gasoil and Gasoline – Auto fuel – demand grew at a CAGR of 8.6% and 10.1% over the last 5 years

> Surging demand from transport sector as vehicle ownership, particularly of four-wheel vehicles, is forecasted to increase rapidly in the years ahead

> Despite major new natural gas discoveries in recent years, India continues to depend on gas imports to meet its needs. Indian demand for Natural Gas has grown more than 20% during 2008-10 and that too is constrained due to supply bottlenecks, else the growth rate would have been much higher than actually achieved.

INDIAN BUSINESS OUTLOOK

> INSIDE VIEW OF THE POWER PLANT AT VADINAR

INDIAN GROWTH STORY TO CONTINUE
INDIA TRENDS 2030

91 MILLION
urban households will be middle-class, up from 22 million today

Energy security remains a key concern for India as the country depends upon imports to meet more than 75% of its hydrocarbon energy requirements. The growth in domestic oil and gas production is not commensurate with growing consumption of petroleum products in fast-developing economy like India.

The total energy requirement is projected to grow at 6.5% per year between 2010-11 and 2016-17. Hence the rationale for investment in the energy sector in India remains strong. However, it is clear that if the Government is to facilitate delivery of the targeted investment in infrastructure and energy, the regulatory issues described earlier will need to be tackled rapidly.

There remain distortions in the energy sector in India due to the continued heavy Government subsidy of energy and fuel prices for consumers. If the Indian economy is to grow in a world of high energy prices it is clear that in the medium to long-term, the Government will need to remove these distortions, replacing them with far more targeted subsidies for the poor.

In the fuel retail sector, the Government acknowledges that it needs to remove the general subsidies on petroleum products and instead focus specific subsidies on those who have a real need. Only recently, two pilot projects have been initiated – one for kerosene and the other for LPG. These projects aim to test the feasibility of an end-use focused subsidy capture. However, there is strong political and popular pressure to resist fuel price increases. Although petrol prices are deregulated, state-owned refiners and fuel retailers nonetheless kept petrol prices on hold for around six months,

590 MILLION
people will live in cities, nearly twice the population of United States today

900 MILLION
square meters of commercial space and residential space needs to be built – or a new Chicago every year

2.5 BILLION
square meters of roads will have to be paved, 20 times the capacity added in the past decade

through May 2012, despite sharp increases in crude prices. This meant that private sector retailers such as Essar could not compete with public sector players for selling their products at retail level during this period.

Very heavy subsidies remain in diesel, where there has so far been no deregulation and indeed, there have been no increases in diesel prices since July 2011. Once the Government tackles this issue, it will benefit Essar Oil's strategy to further roll out its retail business. In the refining sector, demand for crude oil in India is forecast to rise from 164 MMTPA in 2010-11 to 205 MMPTA in 2016-17. According to the Planning Commission's Approach in the 12th Five Year Plan document the proportion of crude oil coming from imports will rise from 76% to 80% over that period. Vehicle ownership is forecast to rise from 15 per 1,000 of population currently, compared with China's 55 per 1,000, according to the International Energy Agency. The rate of growth in vehicle sales in India is increasing sharply each year.

Although India will remain the principal market for Essar Oil's expanded refinery capacity, there is expected to be an increase in exports from Vadinar in the short term to around 30% - 35% of sales due to new capacity being built by public sector refiners.

Essar Oil expects demand to outstrip this new capacity within the next three years, and potentially earlier for products such as gasoil. The move to increase the quality of fuels in major urban areas to BS IV standard should increase domestic demand for higher quality products from the Vadinar refinery.

In our upstream exploration and production business, we continue to see slow progress in receiving approvals for our oil and gas blocks, including our Raniganj CBM block in West Bengal, where we are still awaiting final environmental approval and gas sales price approval from the Indian Government. This is despite the high level of imports of oil and gas needed to meet demand in India which in turn is putting upward pressure on prices. This situation is expected to continue despite significant discoveries of both oil and gas in India in recent years. Essar Oil has 8 oil and gas blocks located in India and given the forecast increases in domestic demand; commercialisation of these assets continues to represent a significant opportunity for Essar Oil.

X 5
Indian GDP will multiply 5 times by 2030

7,400 KM
of metro and subways will need to be constructed, 20 times the capacity added in the past decade

COMPANY OVERVIEW

> DIESEL AND GASOIL HYDROTREATER UNITS AT VADINAR

20 MMPTA
world-class highly complex refinery

1,400 +
Essar-branded fuel retail outlets spread across the country.

Essar Oil Limited is a fully integrated oil and gas company with a strong presence across the hydrocarbon value chain – from exploration and production to refining and oil retail.

In the mid-stream segment, we have a world-class highly complex refinery of 20 MMTPA (million metric tonnes per annum) at Vadinar, Gujarat, which has a crude refining capacity of 405,000 barrels per stream-day (bpsd). In the upstream segment, we have a portfolio of eight oil and gas blocks in India with about 1.7 billion barrels of oil equivalent in reserves and resources. We are one of the leading CBM (coal bed methane) players in India with an acreage of over 2,700 square km and more than 10 tcf of reserves and resources under 5 blocks. In the downstream segment, we have over 1,400 Essar-branded fuel retail outlets spread across the country.

REFINERY OPERATIONS

During 2011-12, our refinery processed 13.5 million tonnes (98.41 mmbbl) of crude. Our Crude Distillation Unit (CDU) operated at almost 128% of its nameplate capacity during the year. The other units operated well beyond their nameplate capacities. Throughput for the year declined compared to previous year, due to a planned 35-day shutdown undertaken for tie-ins of expansion units with the existing refinery, revamp of CDU, VDU, SRU and FCC units and routine maintenance of existing refinery.

We have produced around 70% light and middle distillates despite processing of more than 72% of heavy and ultra-heavy crude. The Vadinar refinery processed more than 25 varieties of crude during the year, including ultra-heavy and tough crudes. The crude slate comprised Mangala crude from Rajasthan.

Essar Oil continues to focus on the domestic market for the sale of its products because of the better price realisation. However, export sales from the Vadinar refinery in 2011-12 were 34% of the total sales as compared to 32% for the year ended March, 2011.

The majority of exports in 2011-12 were fuel oil, but in 2012-13, post the upgrade in complexity, exports will consist primarily of higher value middle and light distillates, such as gasoil, gasoline and VGO.

During the 12 month period, our CP GRM declined to US$ 4.23/bbl (excluding sales tax incentive) compared with a CP GRM of US$ 4.53/bbl (excluding sales tax incentive) in 2010-11, due to decline in Gasoil cracks and reduction in light and heavy crude differentials.

We continue to focus on cost optimisation and innovative practices at our Vadinar refinery. As a part of this, we have introduced VG-30 bitumen, a product developed in-house which enables the refinery to improve margins.

Innovative measures adopted by the refinery team ensured that the on-stream factor was above 98.3%. This reflects the high availability of refinery plants and equipment.

On the cost reduction front, the refinery has been able to effectively put a check on fuel and loss at 6.3%. This has been achieved by maintaining a constant focus on energy saving schemes.

During the year, the refinery participated in a global benchmark study with a reputed international benchmark study consultant. The outcome of the study has been truly encouraging. The refinery ranked in the first quartile, among peers, in almost 40% of the key performance indicators. This demonstrates our capability to have emerged as one of the best performing refineries in the world.

DURING 2011-12, OUR REFINERY PROCESSED **13.5 MILLION TONNES** (98.41 MMBBL) OF CRUDE.

EXPANSION AND OPTIMISATION PROJECTS

The Vadinar refinery Phase 1 expansion project was completed towards the end of March 2012, increasing capacity to 18 MMTPA, or 375,000 bpd, and complexity to 11.8 from 6.1 previously. This significantly improves gross refinery margins by allowing the percentage of lower cost heavy and ultra-heavy crudes processed to rise to around 80% of the total throughput, while at the same time enabling production of a greater proportion of high value middle and light distillate products, with middle distillates, diesel and jet fuel, becoming the principal products.

The refinery had a planned shutdown for 35 days during September and October 2011. This was to enable integration and hook up jobs of the base refinery with the expansion facilities. This successful turnaround has become a benchmark as it was completed within schedule. The shutdown period was also utilised for maintenance and inspections jobs of existing facilities. The refinery also upgraded its existing Advance Process Control system and some of its electrical control systems.

Further, the optimisation project at Vadinar, to lift capacity to 20 MMTPA or 405,000 bpd, was completed in June 2012, four months ahead of schedule. Under the optimisation project, the VBU was converted into a CDU to process ultra-heavy and tough crude on a standalone basis. Secondary units along with supporting infrastructure

INCREASE IN CAPACITY OVER THE YEARS

	10.5 MMPTA	14 MMPTA	18 MMPTA	20 MMPTA
PRODUCTION	220,000 bpd	300,000 bpd	375,000 bpd	405,000 bpd
COMPLEXITY	6.1	6.1	11.8	11.8
YEAR	March 2009	March 2011	March 2012	June 2012

> DELAYED COKER UNIT AT VADINAR

such as pipelines, tankages and blending facilities, have also been completed to support the optimisation project. Completion of these projects brings to an end the current major capital expenditure programme in our Refining business. The refinery's expansion and optimisation plan was completed with a total investment of approximately ₹ 10,800 crore. With this, we now account for nearly 10% of India's total refining capacity.

With the completion of expansion and optimisation projects, the share of ultra-heavy crude will go up to 60%. With this, the overall share of heavy and ultra-heavy crude will rise to 80% of the refinery's total crude basket. In terms of product yield, the refinery now has the flexibility to produce higher value and high-quality products. These products also conform to Euro IV and V specifications, accepted in domestic and international markets. Close to 80% of the refinery's total production will now be of valuable light and middle distillates and more than 50% of gasoil (diesel) and gasoline (petrol) will meet Euro IV/V specifications.

We have entered into long-term crude sourcing contracts with global suppliers, including several national oil companies from

> DELAYED COKER UNIT AT VADINAR

Latin America. We are also targeting several new markets for our high quality products such as Australia, New Zealand and North-west Europe. Countries in the Indian subcontinent are also being targeted for the export to capitalise on their product requirements.

However, the Company will continue to market majority of its products in the domestic market.

We are very proud to share that we have received the prestigious “Refinery of the Year Award” from the Petroleum Federation (PetroFed). This award honours the Company for its leading performance in operational efficiencies in refining during 2010-11 while meeting safety, health and environmental protection standards.

WE HAVE RECEIVED THE PRESTIGIOUS **“REFINERY OF THE YEAR AWARD”** FROM THE PETROLEUM FEDERATION (PETROFED).

> POWER PLANT AND UTILITIES AT VADINAR

QUALITY ASSURANCE

The refinery has a state-of-the-art ISO certified laboratory well equipped to monitor the quality of finished products. The laboratory is a member of the Inter Lab Certification programme by ASTM (American Society for Testing and Materials). ASTM helps in maintaining the laboratory, as per global benchmarks.

The True Boiling Point (TBP) apparatus has been effectively used at the refinery. This enables testing of crudes, thus optimising the operations to obtain a quality product at least possible cost. The TBP apparatus also helps in evaluating new crudes to simulate actual conditions in the refinery and determine the properties of new products.

The laboratory has been upgraded in tandem with changing requirements post our expansion projects. The facilities ensure round-the-clock support to monitor, test and maintain quality assurance for various products. Our R&D team also endeavors to come up with new methods and technologies. Successful production of VG-30 grade bitumen stands testimony to our continued efforts in this direction.

THE LABORATORY IS A MEMBER OF THE INTER LAB CERTIFICATION PROGRAMME BY ASTM (AMERICAN SOCIETY FOR TESTING AND MATERIALS).

CASE STUDY 1

Vadinar Refinery Expansion: 35-day turnaround

Post expansion and optimisation, the Vadinar refinery has emerged as the second-largest single location refinery in India and one of the most complex globally in terms of complexity.

To enable the optimisation process, the entire plant was shut down for 35 days during September and October. This was to enable the original base refinery units to be tied into the new expansion facilities. The shutdown also enabled simultaneously carrying out extensive maintenance of routine nature in key existing tanks, vessels, pipelines and other equipment.

The aim was to complete 1,618 revamp tasks and 2,492 maintenance and inspection jobs. This involved about 190 pieces of heavy machinery, cranes and other equipment. A team of about 15,000 people worked 24 hours a day in shifts to ensure the timely completion of the turnaround.

Precision delivery of a hugely complex plan was the need of the hour during the expansion process. A turnaround of this magnitude normally takes around 45-60 days. However, a well-coordinated team work made sure the task was achieved in a record time of 35 days. This enabled the refinery to ramp up its production with immediate effect.

CASE STUDY 2

Vadinar Refinery Optimisation Project

A key focus area for the Refinery Team was to maximise the use of available resources. This was aimed at ensuring minimum cost and improving profitability. As a part of the expansion, a major original unit – Visbreaker – was superseded by the installation of a Delayed Coker unit.

The optimisation project was implemented to turn the Visbreaker into an additional Crude Distillation Unit (CDU). This unit was dedicated to exclusively process heavy and ultra-heavy crudes. The process enabled the refinery to add another 2 MMTPA to its processing capacity and improve profit margins.
This is the first time the conversion of a Visbreaker into a CDU has been carried out in India.

SALES & MARKETING

In its fuel retail business, Essar Oil operates a unique franchise-based retail network model, and retails gasoline (petrol) and gasoil (diesel) under the Essar brand. As on March 31, 2012, Essar Oil had approximately 1,400 operational retail outlets with another 200 under construction. The operational sites include 17 Auto LPG (ALPG) and CNG stations as on 31st March 2012. A strategy of controlled expansion and network rationalisation is being followed. This is due to the fact that diesel prices are not market-driven and even for petrol the prices are not revised in tandem with the International Market.

In 2011-12, the industry recorded lower than expected growth rates for many products, barring diesel. While petrol grew by a mere 5.6%, fuel oil declined by 19%. Additionally, the commissioning of new refineries and capacity augmentation of existing PSU refineries also affected product sales.

During 2011-12, we sold 7.8 MMT of products in the domestic market. This was lower than total sales clocked in 2010-11, primarily on account of the 35-day shutdown of the refinery undertaken for expansion and upgradation projects. More than 60% of our total refinery production was evacuated in the domestic market.

Total sale of diesel, petrol, kerosene and LPG to PSU Oil Marketing Companies stood at 6.8 MMT. This serviced a very significant portion of the country's overall demand for petroleum products.

> ESSAR OIL RETAIL OUTLET AT BHUJ

	PRODUCTS SOLD	CUSTOMER TYPE
PSUs	Gasoline, Gasoil, LPG, SKO, Fuel Oil and Bitumen	National Oil Companies: IOCL, BPCL, HPCL
Industrial Customers	Fuel Oil, Bitumen, ATF, Sulphur, Petcoke	Traders, commercial users, cement factories and power plants
Retail Outlets	Gasoline and Gasoil	Over 1,400 retail outlets of Essar
Export Sales	Fuel Oil, Gasoline, Naphtha and Gasoil	Oil majors: BP, Shell, Chevron, ConocoPhillips, Total etc. Traders: Fal Oil, Koch, Marubeni, Glencore, Trafigura, Vitol etc.

A fresh product purchase and sale agreement was signed with Indian Oil Corporation for a period of 3+1 years. A similar agreement was also signed with Shell India.

Only for a few months during the entire year did we have the opportunity of selling petrol at market prices. In December, we managed to record our highest ever monthly petrol sales at 23.7 TKL. Clearly, this highlights the potential of our retail network, given the right operating environment. Our overall retail sales for the year stood at 135 TMT.

The addition of ALPG and CNG facilities at our retail outlets was another key area of focus during the year. We commissioned 12 CNG facilities during the year. We now have 14 CNG stations and 3 ALPG stations which are a part of our network. We have entered into strategic tie-ups with the leading Gas Marketing companies like Indraprastha Gas, Mahanagar Gas, GSPC, Adani and Gujarat Gas. This has proved to be extremely lucrative for our franchisees and has provided them with an alternate revenue source.

We also continued to expand our non-fuel retail offerings across the network. Our services are now available across segments. Some of these are auto components, lubricants, food and beverages, agro-products, telecom, banking and finance and tourism.

We also entered into sale and purchase agreements with Cement Manufactures for Petroleum coke. We have recently begun its production.

Case Study 3

Essar Oil's Non-fuel Offering at Retail Outlets

To accrue the advantages of price deregulation, Essar Oil has built a huge network of over 1,400 retail fuel outlets across India. Since the Government policy does not provide a level playing field for private players to market their products through retail outlets, we started focusing on increasing our non-fuel retail activities and set up ALPG and CNG pumps at our outlets in collaboration with various Gas Marketing Companies. This serves multiple purposes. On one side, it provides an additional source of income to our franchisees and on the other, it helps attract more customers to the retail outlets and provide an opportunity for standalone gas players to set up their units directly within the existing outlets of the Company.

EXPLORATION & PRODUCTION

Essar Oil has the largest acreage of coal bed methane (CBM) blocks in India. Gas resources across 5 CBM blocks are to the tune of approximately 10 trillion cubic feet.

Our Exploration and Production business currently has 1.7 billion barrels (approximately) of oil equivalent of reserves and resources. This is spread across a portfolio of 8 oil and gas blocks.

During the 12-month period, there was a sharp upliftment in 2P (total proven and probable reserves) and 2C (best estimate contingent) reserves to 157 million barrels of oil equivalent (mmboe). The upliftment was owing to independent evaluation of the Raniganj CBM block in West Bengal by international consultants Netherlands, Sewell & Associates, Inc. (NSAI).

Within our overall portfolio, there are 837 mmboe of best estimate prospective resources and 734 mmboe of un-risked, in place resources.

At Raniganj, our first CBM project, 2P reserves are 113 billion cubic feet (bcf) gross, or 18.8 mmboe. This was as per NSAI's evaluation in September 2011. 2C resources also increased to 445 bcf gross, or 74.1 mmboe. This compares with the previous evaluation of 201 bcf gross, or 34 mmboe. The 2011 evaluation shows there remains 297 bcf gross, or 49 mmboe, of best estimate prospective resources of gas at Raniganj. In addition, NSAI also upgraded the calorific value of the gas from 8,500 kcal/scm to 9,660 kcal/scm.

Current production at Raniganj is around 43,000 standard cubic metres (scm) per day. As of now, the Company has drilled over 100 wells. Environmental clearance for an additional 200 wells has been received. West Bengal Government recently granted Petroleum Mining Lease for the entire block at Raniganj. Final environmental approval from MoEF and finalisation of price by GoI is expected shortly. Once all the clearances are received, our peak production will rise to around 3 million scm/day.

A provisional gas price for test sales of US$5.25/mmbtu plus US$1.00/mmbtu for transportation charges has been approved by the Government. This is towards incidental gas produced during Phase II. The Government is in the process of deciding the full commercial sales price for Raniganj and other CBM developers in India.

Till date, we have consents for about 300 wells which are being drilled. We are seeking environmental approval to a total of 500 wells to achieve full production. The full field development plan has been approved by the Director General of Hydrocarbons (DGH).

Case Study 4

Vertical & Directional Drilling

Typical Vertical CBM wells are spaced at about 500 m from each other. Since the coal formations from where the gas is extracted are almost running continuous across the area, it is possible to drill through the same intended coal seam even if the spud location (initiation point of drilling) is different. Essar is utilising this technique to aggregate the number of drilling locations at the same locations thereby drilling upto 5 wells from the same well pad though drilling "Directional Wells". This not only decreases the cost and hassle associated with Land Acquisition but also is useful in aggregating the various surface facilities at one location resulting in ease of operations.

SWOT ANALYSIS

Strengths

- Strategic location of Refinery
- Refinery ramped up to 20 MMTPA with complexity of 11.8
- Higher margins by enhanced heavy crude basket and wider product offerings
- Low Operating Cost
- Infrastructure and skilled manpower

Weaknesses

- Export of treated VGO
- High cost of capital affecting profitability and viability of future growth
- Exposure to geo-political risks for crude sourcing due to inadequate equity crude

Opportunities

- New markets for higher quality and premium products
- Rising demand for oil products
- Growth in automobile sector
- Greater thrust on infrastructure
- Identified quick-payback margin booster schemes

Threats

- Decline in Global Oil Demand
- Weak refining margins
- Geo-political unrests in Middle East & North Africa
- Rise in consumption/ availability of natural gas / alternative fuels
- Continued regulated gasoil retail pricing
- Addition of complex refining capacity in Asia to increase demand for tough and heavy crudes

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have adequate internal control systems and procedures commensurate with the size and nature of our business. Our systems of internal controls are designed to manage the risk of failure. This can only provide reasonable, and not absolute, assurance against material mis-statement or losses.

During the year, internal controls were significantly refined and improved. Implementation of an internal control policy has been achieved with lines of responsibility and delegated authority. This has been possible with a clearly defined operating structure.

Our operating procedure includes appropriate systems for reporting information to the management. These procedures are business dependent. However, all significant operational businesses use SAP general ledger systems with automated controls and reconciliation processes.

In addition, we also have a comprehensive Management Information System (MIS). This involves daily MIS reporting and monthly and quarterly performance reviews. There is also an annual business plan with operating and capital expenditure budget plans.

At Essar Oil, a number of processes have been constituted for monitoring the system of internal control. These are also aimed at reporting any significant control failings or weaknesses. These are combined with details of corrective actions. We also have a well-developed and adequately-staffed internal and management audit function. This works under the guidance of the Audit & Governance Committee.

Our parent company Essar Energy plc has appointed Ernst & Young Pvt. Limited as its internal auditor. This internal audit function reports directly to the parent company's Audit Committee. It has undertaken a number of planned audits on subsidiary companies' operations. The audit observations pertaining to the Company are shared with the Audit and Governance Committee.

A Management Audit Committee, chaired by the Managing Director, has also been formed which regularly reviews significant internal audit observations to ensure all the issues are properly addressed.

TECHNOLOGY

In an era where technology changes with rapid pace, businesses need to adopt latest systems and applications to strengthen their processes in tandem with dynamic markets. We have developed a culture to adapt new technology for our businesses to benchmark our operating procedures with global standards.

Our robust systems and seamless integration of business processes ensure faster updation of data in the systems without any duplication and errors in data entry. We mapped complete business processes from crude procurement to dispatch of finished products in our systems. We are using Bulldog to capture buy and sell trades, which is integrated into SAP ERP system to ensure data integrity. We are using SAP-FICO, MM, SD, HR, PM, QM, PS and Treasury modules to cover almost all the business processes. Our refinery warehouse is using SAP Warehouse Management System to increase the efficiency of the warehouse and keep track of material at storage bin level.

We have been using Manufacturing Execution System (MES) software from Aspentech for our process monitoring, control and optimisation purpose. We have successfully implemented a web-based, real time process information system to monitor all our process units, data reconciliation and mass balancing system for material balance, Advanced Process Control Technology for control of critical units like FCCU and other units. Our Tankfarm information and Blending Optimisation systems optimise the MS and HSD production.

WE HAVE SUCCESSFULLY IMPLEMENTED A **WEB-BASED, REAL TIME PROCESS INFORMATION SYSTEM** TO MONITOR ALL OUR PROCESS UNITS.

> CONTROL ROOM OF THE POWER PLANT AT VADINAR

We have also implemented Laboratory Information Management System (LIMS) for monitoring Crude and product qualities, which is integrated with MES system to enhance the visibility of data.

Product dispatch is equipped with automated loading system, which is integrated with SAP to ensure that order to billing is tracked in the system with direct data flow. We are ensuring that our customers are getting product quantities with real time temperature and density of the product which enhances the accuracy of the measurement.

We have business intelligence tools to provide reports from system as per manager's requirements to ensure the data integrity. Tools like SAP BI, BO and in-house dashboards are making sure that managers have right information to take the decisions. Our managers are able to visualise plant operating parameters on their BlackBerry and live data is available on a continuous basis to ensure better operations.

All our locations are secured with access control systems and our premises are monitored round the clock with CCTV cameras to safeguard the locations. Attendance system is integrated with access control system.

Safety is the culture, which we follow across all over locations. Our in house developed safety and audit system allows users to capture incidents and analyse patterns to ensure that the same is not repeated in future. We have Root Cause Analysis tool integrated with SAP system to ensure that analysis is generating maintenance notification as and when required.

We developed many portals like health, process safety, management of change, canteen, reliability and learning e-library with a view to update employees about any change in technology, process, and systems.

PEOPLE, POLICIES AND PRACTICES

Essar Oil has 1,697 employees (including advisors) as on March 31, 2012. We have designed and implemented HR practices and programmes to inspire and motivate every employee to deliver his/her best. These programmes are aimed to achieve performance recognition, development and career opportunities, compensation, benefits and work-life balance. These HR programmes have helped in achieving an overall Engagement Score of 81% in the Aon Hewitt Employee Engagement Survey 2012 which puts EOL in the range of 'High Performance' in line with the Best Employers in India (77% being the average score of Best Employers last year).

Innovation has been a key focus area for the Human Resources Department. Our HR team implemented an innovative culture through an 'Out of the Box' Programme. The Programme has been very unique as it translated into savings worth over ₹ 100 crore. The 'Innovation Room' implemented as a part of this programme has been one-of-its-kind in the country.

> EXPLORATION RIG AT RANIGANJ

Our HR processes leverage technology very effectively and have been designed to be 'talent ready' to face business challenges. We have also been pioneers in implementing a Balanced Scorecard methodology in our HR functions. This effort has played a pivotal role in cascading our business strategy to every employee.

Other initiatives have been facilitated under the GEM Programme. For instance, there was a system implemented to inculcate a culture of reinforcement of high performance. Some of these initiatives are Appreciation Hour and Appreciation Cards.

Key Programme & Practices adopted by Essar Oil

> Essar Oil initiated the Balanced Scorecard methodology which played a pivotal role in cascading business strategy to all employees.

> Another programme implemented during the year was 'Career Ladders Programme' which aims to provide more clarity to employees on career paths.

> The GEM programme initiatives such as Appreciation Hour, Appreciation cards have helped in inculcating a culture of recognising and reinforcing high performance.

> Reaching out to employees through unique learning initiatives such as 'Learning on the Move' and 'Library at your Desk' have been introduced to provide all employees access to the latest learning tools.

> Engaging employees' families through regular forums under the Family Connect and other sports & cultural initiatives.

> Some of the important achievements also include ISO 9001:2008 certification for all HR processes by United Kingdom Accreditation Service, Golden Peacock Award for Innovative HR practices, Greentech Award for Technology Excellence in HR and Golden Peacock Award for Excellence in Learning & Development.

**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.

SUSTAINABILITY AT ESSAR OIL

> GREEN BELT AT THE VADINAR REFINERY

ON ONE SIDE, WE HAVE A RESPONSIBILITY TO MEET THE REQUIREMENT OF OUR GROWING ECONOMY AND ON THE OTHER, WE NEED TO ENSURE A HEALTHY ENVIRONMENT FOR OUR EMPLOYEES AND MINIMISE THE IMPACT ON OUR ENVIRONMENT

Essar Oil today operates a 20 MMTPA refinery – second largest private sector refinery at western coast of India at Vadinar and has 100% ownership in five CBM blocks covering more than 2,700 square kilometre with reserves and resources of more than 10 tcf.

The sectors, in which we operate, are core of global economy. The petro products and CBM gas produced by our Company are used for driving the cars and buses and keep our industries running. Unarguably, these sectors' impact our economy, society and environment. On one side, we have a responsibility to meet the requirement of our growing economy and on the other, we need to ensure a healthy environment for our employees and minimise the impact on our environment. One of the biggest challenges for our business operation is to maximise its positive impact on the planet.

> HEALTH CENTRE AT TOWNSHIP

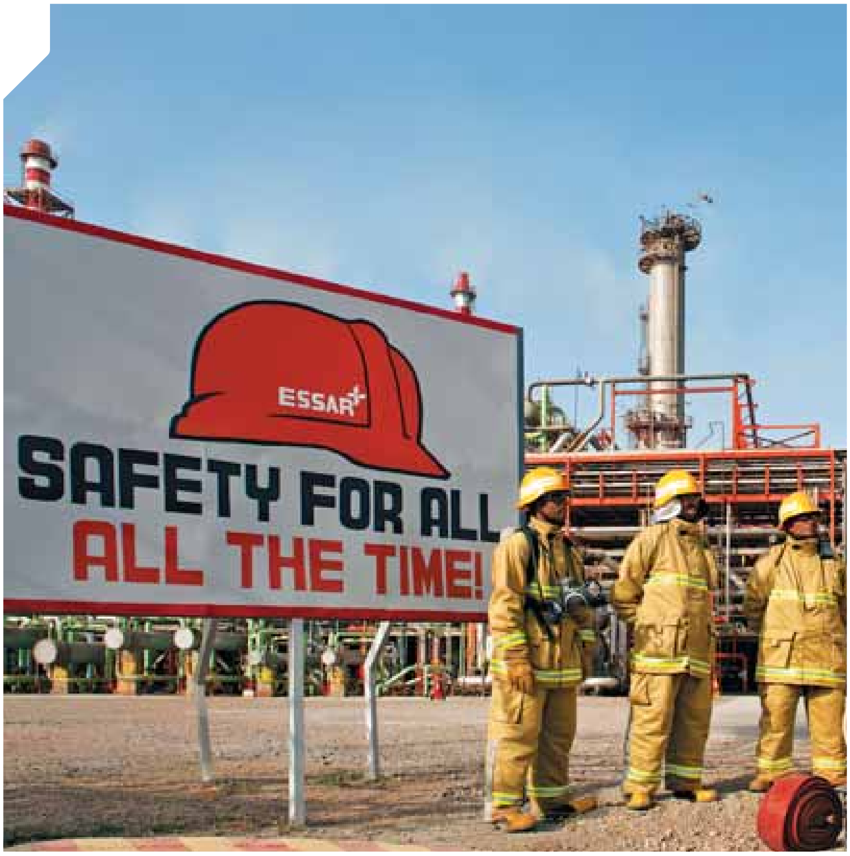
HEALTH, SAFETY & ENVIRONMENT

One of our core business values is our commitment towards excellence in Health, Safety and Environmental (HSEF) Performance. We take utmost care of health and safety of all our employees. Our well-equipped Occupational Health Center at the refinery enables medical surveillance of our employees and contract workers. Further, while conducting exposure monitoring for the employees, occupational health risks are managed very well.

In our continuous endeavor to become an industry benchmark for HSEF practices, we engaged DuPont Sustainable Solutions for Safety Management systems for occupational health monitoring and health risk assessment. We have also fully implemented Leak Detection and Repair (LDAR) Programme across the refinery. We take all precautionary measures to ensure the safety of our employees. This clearly reflects in our refinery safety performance. Our refinery has been able to achieve 1,460 days without lost time incidents (LTI) as of March 31, 2012.

While the environment is one of the top priorities of the organisation, we also strive to create awareness among our

OUR REFINERY HAS BEEN ABLE TO ACHIEVE **1,460 DAYS WITHOUT LOST TIME INCIDENTS (LTI) AS OF MARCH 31, 2012**



> FIRE CREW AT THE VADINAR REFINERY

neighbouring communities on various environmental issues such as pollution, green cover and leading anti-plastic campaigns at schools. These initiatives support government programmes on conservation and tree planting drives.

We have won various awards at national and international level which is testimonial of our commitment towards improvement of health, safety and environment in every sphere of our business operations.

> Petrofed (Petroleum Federation of India) Award in the category 'Refinery of the Year' for performance during 2010-11.

> Energy Conservation Awards from the Ministry of Petroleum and Natural Gas.

> 3rd prize for managing steam leaks during Oil and Gas conservation fortnight (OGCF-2011) survey.

> 2nd prize for performance in energy optimisation and hydrocarbon loss management (Jawaharlal Nehru Centenary Awards 2011)Awards from the Indian Chemical Council (ICC).

> International Safety Award with distinction from British Safety Council.

> Golden Peacock Award for Occupational Health & Safety.

> Best safety performance by Gujarat Safety Council, Government of Gujarat.

> Award for Occupational Health and Safety by Royal Society for the Prevention of Accidents (RoSPA), UK.

> Greentech Award for Environment Management.

> 5S award from Quality Circle Forum of India (QCFI).

> National Award for Excellence in Water Management from Confederation of Indian Industry (CII).

> SHE Award in manufacturing sector (large) industries by CII.

> Safety excellence award from Federation of Indian Chambers of Commerce & Industry (FICCI).

> Received the Water Cess Rebate from GPCB for three consecutive years (2008-09 to 2010-11).

> Emerged as India's top-ranked company in Carbon Management in recent Global 3rd party Carbon Disclosure Project (CDP) assessment under the energy sector. This helped us score the highest Carbon Disclosure Leadership Index (CDLI) points in the disclosure.

CLIMATE CHANGE

We recognise our responsibility towards climate change mitigation and adaptation. We view climate change as an opportunity that can

> MOBILE CLINIC AT RANIGANJ

strengthen the organisation and position us for future growth and success. The emerging climate change regulations can affect the competitiveness of industrial sectors and impact profit potential and trade flows. Therefore, it is imperative to have a structured approach to carbon management to manage the impact of climate regulations on our organisation's growth and profitability

We have a two-pronged approach towards climate change mitigation and adaptation. This includes providing clean solutions to our customers and reducing our own carbon footprint by adapting to the latest technology and energy conservation measures. In addition, managing regulations and stakeholders expectations as well as cost reductions will be the key factors in our approach.

A detailed structured Green House Gases (GHG) accounting and disclosure at CDP following the international protocols has been worked out. Based on this, Essar Oil is working towards a robust GHG management system to have results year-on-year. This is also aimed at showing its positioning with the industry standards. CDP ranked Essar Oil the best in carbon management in India in the energy sector during 2011. EOL gradually intends to build GHG reduction

CDP RANKED ESSAR OIL **THE BEST IN CARBON MANAGEMENT IN INDIA IN THE ENERGY SECTOR DURING 2011.**

targets to operational levels requiring each operation to assess their GHG performance and to look for best practices to monitor, inventories, report and own the greenhouse gas emissions stemming from their operations

We adopt the approach of looking at climate change as a focal activity towards sustainable growth for our organisation. This prepares us to respond to evolving scenarios on account of climate change more effectively than our peers. These can be risks associated with regulatory, stakeholder, financial risks and opportunities.

At Essar Oil, the GHG mitigation approach includes optimisation and energy conservation schemes. Various activities have been carried out across the refinery to reduce energy consumption and, in turn, the GHG emissions.

POLLUTION PREVENTION

The oil terminal at Vadinar for cargo loading and unloading of Essar Oil refinery is governed by International Maritime Organisation's guidelines and protocol. Onshore pollution prevention and control is managed by Vadinar Oil Terminal Ltd. (VOTL). Our on-shore pollution prevention and control measures (at HC storages) include primary, secondary and tertiary containment.

Primary containment includes engineering controls through adequate tank design. Secondary containment includes 100% bundling with 110% capacity. Tertiary containment includes diversion of the spilled material to a slop tank specifically designed for the purpose.

Any spill (chemical/oil) over 100 litres is considered significant, as per our Company procedures. There were no significant oil spills at any of our sites during the reporting period.

100% double hulled tankers are used to transport the Company's oil products via sea route. The average age of these tankers is about 10 years.

PROTECTION FROM AIR POLLUTION

We have installed a state-of-the-art air pollution control equipment at all sites to control air pollution. Pollution abatement measures are implemented according to the nature of the operation and business. Stack emission and ambient air quality is being monitored by Company as well as State Pollution Control Board.

PROTECTION OF WATER RESOURCES

Resources, such as water, have become more critical and valuable to a company's operations than what was previously assumed. It is a key business risk that needs to be managed, like energy and carbon. As far as possible, we design and run our operations in ways that help reduce water use.

Utmost care is also taken not to contaminate ground water as a result of the operations. This is ensured by way of design as well as regular monitoring.

BIODIVERSITY

Several measures have been taken to ensure we have a minimal effect on the existing biodiversity. Some of the measures include translocation of coral from the intertidal and sub-tidal pipeline and jetty corridor to nearby locations. Over 2,300 specimens belonging to 23 species of hard coral and one species of soft coral were trans-located by the National Institute of Oceanography. This was done under the supervision of Essar Oil and the Marine National Park Authority. The health of corals, mangrove and associated ecosystem in the region is monitored on a monthly basis.

Additionally, 150 hectares of mangroves have been planted in the last three years. Further plantation is ongoing in close consultation with the National Marine Park Authority. A study on the ecological aspects of mangroves planted has been initiated.

To demonstrate our continued commitment towards biodiversity and related initiatives, Essar Oil has supported the Marine National Park authority to establish a marine research station in the National Park and Sanctuary.

COMMUNITY INITIATIVES

Essar Oil's CSR activities in Vadinar cover over 15 villages around the refinery site with a combined population of over 35,000. Health camps organised by Essar Oil also attract a large population from other villages in the region.

At Raniganj, the E&P team at the CBM site covers over 19 villages and reaches over 20,000 people.

The monthly fodder assistance programme covers 13 villages around the Vadinar refinery. The fodder assistance programme

> LABOUR CAMP SCHOOL

takes care of the fodder requirements of over 2,600 cows in 13 villages by providing assistance of ₹ 265 per cow. A cow is a very important resource in the rural communities as the milk and milk products form an important part of the community's diet.

Some of our activities and initiatives run throughout the year, such as a community health clinic, or are held periodically, such as vaccination programmes or education campaigns, while some are activities with a single, one time objective, such as construction of a water tank or providing computers and sewing machine to a local jail.

Essar's work in providing access to drinking water in the Vadinar region directly benefited over 28,000 community members in 11 villages.

EDUCATION

Education is one the 3Es of Essar Oil's social responsibility philosophy. We have been deeply involved in supporting rural education at our sites through a variety of ways. Our focus on education seeks to achieve the following objectives:

> Resolving fundamental issues of access and quality of education

> Using education to enable young minds to achieve their true potential

AT VADINAR, ESSAR ORGANISED THE LIBRARY INCLUSION PROGRAMME, A WORKSHOP INVOLVING 50 TEACHERS OF 25 SCHOOLS FROM THE KHAMBALIA AND LALPUR BLOCKS OF JAMNAGAR DISTRICT.

> Promoting creative tools to make education an enriching experience

> Improving infrastructure and environment for better knowledge acquisition

Our activities during the year include:

> Financial support for local teachers and students

> Construction & refurbishment of school buildings, classrooms & upgrade of school infrastructure

> Donation of computers, notebooks and stationary

> Support for implementation of educational schemes and projects of local governments

> Organisation of classes for computer education, language, and adult literacy

At Vadinar, Essar organised the Library Inclusion Programme, a workshop involving 50 teachers of 25 schools from the Khambalia and Lalpur blocks of Jamnagar district. The workshop had two priorities – refurbishing the existing libraries in schools and cultivating a habit of reading among children using the libraries as a medium.

The Company has recently organised a week long cleanliness campaign – “Let’s keep our city clean” with school children’s at Jamnagar. The drive of this campaign was to create awareness among people in various parts of the city and sensitise them about civic hygiene, sanitation and waste management.

HEALTHCARE

Most of our operational sites are located in rural areas with poor healthcare facilities and a wide prevalence of curable diseases. Making healthcare more accessible to rural communities around our operational area has been, and will continue to be, a strong focus area. Essar Oil’s efforts in healthcare around the refinery benefited over 39,000 community members during the year.

ESSAR OIL’S EFFORTS IN HEALTHCARE AROUND THE REFINERY BENEFITED OVER **39,000 COMMUNITY MEMBERS DURING THE YEAR**

> MOTHER-CHILD CENTRE AT VADINAR

> STITCHING CENTRE AT VADINAR

Some of our significant contributions and responsibilities towards healthcare have been:

> Operating a 24 hour Community Health Centre at Jankhar village, near the Vadinar refinery, and running community centres at other sites

> Running mobile clinics reaching out to villages at our operational sites in Vadinar and Raniganj

> Operating Mother & Child welfare clinics at various locations

> Organising and sponsoring health camps, including those for eye-care, cancer, vaccination, and general health check-ups for school children

At Essar Oil's CBM project site at Raniganj in West Bengal, the World Health Day was celebrated on April 7, 2011. This was done by organising special health camps for two schools in the vicinity of the project site. Camps were organised in association with the Vivekananda Hospital.

More than 170 students from Khatgoria and Borgoria villages received a preliminary ear, nose and throat and dental health check-up at the special camp. The health camps raised awareness levels about dental hygiene. These also helped the staff gather primary health data about the locals – information that will help medical practitioners, teachers and CSR teams target and address potential health issues.

Additionally, a drawing competition was also organised for students of the two schools. The theme of the competition was 'source of water for domestic purposes'. Students were provided with drawing books and colour pencils for the event.

In India, close to 44 million children do not attend schools. In addition, nearly 2.7 million children drop out of schools every year. Access to quality education at our operational areas, thus, remains a commitment of considerable importance.

Going forward, we aim to focus on introducing alternative and practical educational techniques and methods. This is in addition to supporting rural schools with basic infrastructure, books and learning aids. Besides supporting existing schools, we also aim to construct additional schools in isolated areas close to operational sites.

During the year, we aim to expand the size and scale of our educational activities at most of our operational sites. This includes expansion of pre-school education interventions and partnering with local communities. This is aimed towards setting up educational committees to monitor the educational progress of school children. The committees will also monitor curriculum intervention and pedagogical support and library programmes.

We propose to set up additional centres at the Vadinar and Raniganj sites. This will be based on the demand and success of our existing training and employment centres. These new centres will seek to provide technical training to local youth who seek alternative livelihood opportunities. We will build further on expanding the scope and reach of our health care centres and clinics.

ENTREPRENEURSHIP AND WOMEN EMPOWERMENT

As entrepreneurship forms a key pillar of our social responsibility philosophy, we strive to create enabling environments for community members. At the villages in Vadinar, Essar Oil conducts three-month long programmes in adult education, computer education, stitching and general English speaking courses.

> COMPUTER CENTRE

ESSAR OIL SUMMARY

OUR EXPANDED REFINERY IS CAPABLE OF PRODUCING AROUND 80% OF LIGHT AND MIDDLE DISTILLATES AS COMPARED TO 67% IN PRE-EXPANSION ERA. THE COMPANY WILL REQUIRE AROUND 85-90 MILLION BARRELS OF ULTRA-HEAVY CRUDE FOR THE EXPANDED REFINERY.

We have successfully completed refinery expansion virtually to build world-class highly complex refinery of 20 MMTPA. Our Refinery has the capability to process any crude available in global market and produce world-class product to cater domestic as well as global demand. Presently, we are capable of processing around 60% of ultra-heavy crude as compared to 20% earlier. Further, the capability to process avg. API has also improved to 25/26 as compared to avg. API of 32/33 for pre-expanded refinery.

Our expanded refinery is capable of producing around 80% of light and middle distillates as compared to 67% in pre-expansion era. The Company will require around 85-90 million barrels of ultra-heavy crude for the expanded refinery. The Company would be sourcing 15-20% of its crude requirement from the domestic market; 35-40% from the Latin American sources and 30-40% from West Asia.

The Company sells one third of its products in the exports market, mainly Gasoline and Fuel Oil. Post expansion, main export products would be Gasoline, Gasoil, and VGO. EOL is planning to leverage the presence of its parent company, Essar Energy, in product deficit markets and sharing of streams, like moving VGO to Stanlow, amongst refineries. The Company is targeting Australia, New Zealand and north-west Europe for exporting high quality fuels.

The Optimisation Project, a classic case of in-house innovation under which VBU converted CDU is used to process ultra-heavy crudes on standalone basis. It will bring additional saving in the form of reduction in overall crude cost.

> UTILITIES AREA AT VADINAR

> A SECTION OF THE CDU AT VADINAR

From the third quarter of 2012, we would replace our liquid fuel/ Natural Gas fired power plant with Coal fired power plant. This will provide a boost of minimum US$1/ bbl to our gross refinery margin. Expanded Refinery along with other process innovations/ improvement would provide quantum jump in our profitability and cash flow.

Historically, Vadinar refinery made around US$ 3.0/bbl margin over IEA Singapore margin but, now, with completion of expansion projects and implementation of coal based power plant, the refinery is set to deliver US$ 7/ US$ 8 margin over IEA margin. In other words, your Company is well equipped to face any cyclical changes happening in refinery Industry.

Vadinar Refinery has been built with very competitive capital cost of US$ 12,750/ per barrel as against global average of US$ 23,000/bbl and Indian avg. of US$ 18,000/ bbl. Its operating cost at ~USD 2.50/bbl, is also very competitive as compared to other refineries in India and very low as compared to operating cost of other global refineries at the west.

The West Bengal State Government granted Petroleum Mining Lease for the entire block area at Raniganj on June 29, 2012, paving the way for fast track development of the block. As of now, the Company has drilled over 100 wells, producing ~43,000 scmd of CBM gas. Nearly 10 rigs are already operating at site and 20 more rigs will be deployed to achieve fast-track development of CBM block. Environment clearance for phase I (15 test wells) and phase II (58 wells) received. Final environmental approval from MoEF for phase III and pricing approval from the government for commercial sales is expected shortly.

The CDR core group approved the CDR exit proposal of the Company. Under the scheme, the existing CDR debt facility of ₹ 9,400 crore will be replaced by new facilities on revised terms with similar group of lenders. CDR exit will not only provide operational flexibility to the Company but also offer an opportunity to reduce overall cost of debt by replacing existing rupee debt with foreign currency debt.

The RBI in its recent guidelines has permitted the corporate to raise External Commercial Borrowing to refinance the existing rupee debts of the Company. The ECB eligibility of the Company under the guideline has been fixed at 50% of the past 3 years exports. Accordingly, your Company had sought and obtained the RBI's approval to raise US$ 1.5 billion of ECBs, which will reduce the overall cost of debt of the Company.

Further, the Supreme Court has passed the judgement in the Gujarat sales tax case directing the Company to pay the balance sales tax dues of ₹ 5,169 crore in eight quarterly instalments starting from January 2013. The amount has to be paid with an interest of 10% per annum for the period beyond January 17, 2012 as against the 18% per annum demanded by the state government. The demand of Gujarat State for around ₹ 1,800 crore as interest for the period up to January 17, 2012, is not payable in view of this decision. With this judgement, the whole matter of Gujarat Sales Tax repayment has come to conclusion.

With completion of our expansion projects, the capex cycle for the Company has come to an end. The free cash flow generated from refinery business will be mainly used to deleverage the balance sheet thereby correcting the leverage to maximise the shareholders value.

BOARD OF DIRECTORS' PROFILES

SHASHI RUIA
Chairman & Promoter Director

Mr. Shashi Ruia, Chairman, is a first generation entrepreneur industrialist. He has made invaluable contributions towards strengthening the core and infrastructure sectors in India and has steered the Essar Group to a premiere position in global industry. He began his career in the family business in 1965 under the guidance of his father late Mr. Nand Kishore Ruia. Along with brother Ravi, Shashi Ruia founded the Essar Group, which today is a multinational conglomerate with operations in more than 25 countries, employing 75,000 people, and revenues of US$17 billion. Essar Group is a leading player in the sectors of Steel, Oil & Gas, Power, Communications, Shipping Ports & Logistics, Construction and Minerals. Mr. Shashi Ruia's vision saw the Essar Group gain a first mover advantage in many of these businesses. Mr. Shashi Ruia has masterminded the Group's business strategy and consolidated a range of activities through backward and forward integration. This has enabled the Group unleash unique synergies across its businesses. Mr. Shashi Ruia was on the managing committee of the Federation of Indian Chambers of Commerce and Industry (FICCI) and has been the chairman of the Indo-US Joint Business Council and is a former president of National Shipowners Association. In 2007, Mr. Shashi Ruia joined the elite list of achievers, who will fund 'The Elders', a group of world renowned personalities who have joined hands to tackle the world's most difficult problems. Mr. Shashi Ruia is a recipient of the Business India Businessman of the Year award 2010.

PRASHANT RUIA
Promoter Director

Mr. Prashant Ruia has been actively involved with Essar Group's operations and management since 1985 and spearheads the Group's growth and diversification both within India and internationally. He is known for his project execution skills, financial expertise and people management capabilities. He was instrumental in commissioning of the Vadinar refinery in record time and the acquisition of Algoma Steel in Canada.

He holds several key positions on various regulatory and professional boards. He was recently appointed on the Audit Committee of World Steel Association. He is a member of the Energy Board Room at the World Economic Forum. He has also served as Chairman of the Hydrocarbons Committee of the Confederation of Indian Industries in 2008 and as member of the Prime Minister of India's Advisory Council on Trade & Industry in 2007. He is Chairman on the board of Essar Energy plc, which listed on the London Stock Exchange in May 2010.

> A SECTION OF THE CDU AT VADINAR

NARESH NAYYAR
Dy. Chairman

Mr. Naresh Nayyar joined the Board on October 15, 2007 as Managing Director. He resigned from the position on December 2, 2011 to focus on wider responsibilities of the Energy business portfolio of Essar Group. He continues on the Board as Non Executive Director and has been assigned the newly created role of Deputy Chairman. He has more than 35 years' experience in the oil & gas industry. Prior to joining Essar Oil, Mr. Nayyar was in ONGC Mittal Energy Ltd. where he was instrumental in steering its growth through mergers and acquisitions. Prior to that he served with Indian Oil Corporation since 1975 where he rose to become its Director (Planning & Business Development) on the Board, after having handled several key assignments in planning and business strategy, finance, treasury and international trade. Mr. Naresh Nayyar has been a nominee of IOC on the Board of reputed companies like ONGC, IBP and Petronet LNG and also Chairman of Lanka IOC Ltd., Sri Lanka and Indian Oil Panipat Power Consortium Ltd.

He is a Chartered Accountant and an alumnus of the Indian Institute of Management, Ahmedabad.

L. K. GUPTA
Managing Director & CEO

Mr. L. K. Gupta is the Managing Director and Chief Executive Officer of Essar Oil Ltd. since December 2, 2011. In his current position he is responsible for managing downstream oil business of Essar Oil Limited.

Mr. Gupta has 31 years of leadership experience in core sectors of Energy (Oil & Gas), Utilities (Power) and Steel. Before joining Essar Oil, he was CEO and Joint Managing Director of JSW Energy Ltd. from June 2010, where he was heading the integrated business of Power Generation, Transmission and Trading of more than 3500 MW Power Plants. Prior to this from May 2006 he was Director (Finance) with Mangalore Refinery & Petrochemicals Ltd., an ONGC subsidiary. At MRPL he was responsible for Finance, Taxation, Insurance, Legal and Commercial function as well as International Trade including Crude Procurement Strategy and Strategic Management of major Expansion projects. He was recognised by CNBC TV18 as the Best Performing CFO in the Indian Oil & Gas sector in 2008-2009.

Mr. Gupta is a Rank Holder Chartered Accountant, a Company Secretary and holds a Bachelors Degree in Commerce (Gold Medallist), from Jiwaji University, Gwalior.

C. MANOHARAN

Director (Refinery)

Mr. C. Manoharan was appointed as Director (Refinery) on March 29, 2012. He joined Essar Oil Limited as Head of Refinery in May 2008. He started his career as Engineer Trainee in 1977 at Indian Oil Corporation Limited (IOCL), Gujarat Refinery, Baroda. He handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member and also served as Chairman of Indian Oil Technologies Limited. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A. He is a Chemical Engineer from Calicut University, Kerala.

PHILIP AIKEN

Director

Mr. Philip Aiken was appointed to the board of directors on August 14, 2012. He has over 35 years of experience in industry and commerce. Mr. Aiken is currently Sr. Independent Director of Essar Energy Plc and Kazakhmys Plc, a Non-Executive Director of National Grid Plc and Miclyn Express Offshore and was recently appointed Chairman of the AVEVA Group. He has held senior positions with BTR and the BOC Group in the UK and Australia. Previous appointments include Group President Energy, BHP Billiton and President BHP Petroleum, Chairman of the 2004 Sydney World Energy Congress and a board member of Governor of Guangdong International Consultative Council, World Energy Council and Monash Mt Eliza Business School. He has done his Bachelor of Engineering (Chemical) from Sydney University.

DILIP J. THAKKAR

Independent Director

Mr. Dilip J. Thakkar was appointed to the board of directors on November 3, 1994. He is a practicing chartered accountant, with over 51 years' experience in taxation and foreign exchange regulations. He is associated with several public and private companies as a director.

He is a Fellow of the Institute of Chartered Accountants of India.

K. N. VENKATASUBRAMANIAN

Independent Director

Mr. K. N. Venkatasubramanian was appointed to the board of directors on November 29, 2000. He has over 50 years of experience in the oil & gas and petrochemicals sectors having worked for IPCL, IOCL and Gulf Oil Limited. He has previously served as Director, Marketing and Director, Operations of IPCL, Chairman and Managing Director of Engineers India Ltd., Chairman and Managing Director of IOC and as Chairman of Gulf Oil Ltd. He is currently Chairman of Times Technoplast Ltd.

He is a chemical engineer from A.C. College of Technology, Chennai and an M.Tech from IIT, Kharagpur.

K. V. KRISHNAMURTHY

Independent Director

Mr. K. V. Krishnamurthy was appointed to the board on January 22, 2010. He has more than 33 years' experience in public sector banking. His expertise includes domestic and international banking, treasury management, risk management, foreign exchange management and human resource management. He is credited with the remarkable turnaround of both Bank of India and Syndicate Bank, two leading nationalised banks. He has been the chairman/ director of nationalised banks including Bank of India, Bank of Baroda, Syndicate Bank and other financial institutions including Indo Hong Kong International Finance Company Ltd., Export Credit Guarantee Corporation of India and Agricultural Finance Corporation of India Ltd. Mr. Krishnamurthy is also a director on the board of various Indian public limited companies.

He is a Chartered Accountant and a fellow of the Indian Institute of Bankers, having previously served as a member of its Governing Board.

MELWYN REGO

Nominee of IDBI Bank Ltd.

Mr. Melwyn Rego was appointed to the board of directors on October 18, 2010. He joined IDBI in February 1984. His assignments were in the areas of Rehabilitation Finance, Project Finance, Treasury and International Banking. In September 2003, Mr. Melwyn Rego was appointed as Managing Director & CEO of IDBI Homefinance Ltd., a position he held upto December 2007 whereafter he returned to IDBI Bank. He is currently Executive Director at IDBI Bank Ltd. He is a Bachelor of Commerce and an MBA.

SUNEET SHUKLA

Nominee of IFCI Ltd.

Mr. Suneet Shukla was appointed to the board of directors on November 9, 2012. He has worked in manmade fiber industry for 9 years before joining IFCI Limited in April 2000. At IFCI he gained vast experience in all the dimensions of project financing, structured financing and equity/equity related structures. He headed the Hyderabad Regional Office of IFCI Ltd. for more than two and half years and is currently heading the Mumbai Regional Office since April 2011.

He is a graduate in Chemical Technology from HBTI, Kanpur, a CAIIB from Indian Institute of Banking and Finance and has done MBA (Banking and Finance) from IGNOU.

VINAY K. SINHA

Nominee of LIC of India

Mr. Vinay K. Sinha was appointed to the board of directors on October 30, 2006. Prior to his retirement, Mr. V. K. Sinha was the zonal manager of the northern zone, Life Insurance Corporation of India ("LIC") at New Delhi where he headed the offices of LIC situated in 6 states: Delhi, Punjab, Haryana, Rajasthan, Himachal Pradesh and Jammu & Kashmir. He started his career as a Direct Recruit Officer in 1977 and in a career spanning more than 3 decades, he has held prominent positions as Sr. Divisional Manager (in-charge) of Jamshedpur and Muzaffarpur for the LIC.

He holds a Bachelor of Arts (Honours) degree.

DIRECTORS' REPORT

To the Members of Essar Oil Limited

Your Directors have pleasure in presenting the 22nd annual report & audited accounts of the Company for the financial year ended March 31, 2012.

(₹ in Crore)

	2011-2012	2010-2011
Gross Revenue from Operations	63,427.77	53,191.81
Net Revenue including other income	58,761.39	47,342.21
Earnings before Finance cost, depreciation and amortization, exceptional items and Tax	2,100.76	2,779.49
Profit / (Loss) before Taxes and Exceptional Items	(48.02)	828.39
Less: Exceptional items	1,237.46	1,083.43
Less: Provision for Income Tax / Deferred Tax Liability	-	(3.35)
Net Profit / (Loss) after tax	(1,285.48)	(251.69)
Add: Balance brought forward from previous year	(2,879.34)	(2,627.65)
Balance to be carried to Balance Sheet	(4,164.82)	(2,879.34)

Financial results

This financial year has been a year of significant importance since the refinery was able to increase its capacity from 10.5 MMTPA to 18 MMTPA with improved complexity from 6.1 to 11.8. Subsequent to financial year ending March 31, 2012, your Company has added another 2 MMTPA capacity by undertaking certain optimization activities taking the total refining capacity to 20 MMTPA. During the year, the Company recorded a strong revenue growth of 19% at ₹63,428 crore, up from ₹53,192 crore in the previous financial year before reversal of sales tax benefit. This growth is primarily driven by increased product prices, partly offset by reduction in the sales quantity on account of the planned refinery shut down undertaken during September-October 2011 for tie-in of new units to expand the refining capacity to 18 MMTPA and to carry out routine maintenance activities. The Current Price Gross Refinery Margin (CP GRM) (excluding sales tax benefit) for the refinery business is US$4.23 per barrel compared to US$4.53 per barrel for the previous financial year. The EBIDTA for the current financial year has decreased to ₹ 2,101 crore from ₹ 2,779 crore for last financial year. This is mainly on account of decrease in refinery throughput due to the planned shutdown, decline in gross refinery margin, MTM provision for forex losses, shutdown expenditures and reduction in income on account of non defeasement of sales tax incentive post passing of order of Hon'ble Supreme Court. For the financial year ended March 31, 2012, the loss before and after tax is due to lower EBIDTA as explained above, exceptional items on account of reversal of assignment income arising out of defeasement of sales tax incentive benefits of ₹778 crore for the period from April 2011 to December 2011 subsequent to the Hon'ble Supreme Court order dated January 17, 2012 denying the Gujarat Sales tax incentive benefit to the Company, creation of provision of sales tax interest of ₹ 83 crore for the period from January 17, 2012 to March 31, 2012 and creation of a provision of ₹ 376 crore in accordance with Corporate Debt Restructuring (CDR) Exit proposal approved by CDR Core Group. The Company reported negative PAT (after exceptional items) for current financial year at ₹ (1,285) crore as against previous year figure of ₹(252) crore.

During the financial year, the Company has modified the terms of the outstanding Foreign Currency Convertible Bonds aggregating to US$262 million making them compulsorily convertible into equity shares or Global Depository Shares. The Bonds were originally convertible at the option of the Bond holders.

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

A statement containing salient features of the audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss and Cash flow Statement for the year ending on that date and Auditors Report on the Abridged Financial Statements along with Auditors Report on the full financial statements forms part of the Annual Report.

With reopening of accounts of proceeding three financial years, as explained in subsequent paras, the financial statements for financial year 2011-12 approved by the Board of Directors on May 12, 2012 have consequently been revised and approved by the Board of Directors on November 9, 2012.

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 the judgment of the Gujarat High Court dated April 22, 2008, thus denying the Company benefits under a sales tax incentive scheme of the Government of Gujarat to the Company. Hence, the sales tax amount collected and retained by the Company since May 1, 2008 to January 17, 2012 became payable.

Subsequent to above order, the Company received demand notices from the Gujarat Government for repayment of the full amount of sales tax deferment liability of ₹ 6,169 crore collected by the Company along with applicable interest (i.e. 18% p.a.).

While the Company started paying the Sales Tax / VAT collected from the date of Supreme Court judgement i.e. January 17, 2012, it also submitted a proposal on April 5, 2012 to the Gujarat Government for remission of the whole amount of interest on the tax amount payable and also to allow the Company to pay the tax amount without interest in convenient instalments. This was not accepted by the Government. The Company therefore filed a writ petition on May 7, 2012 before the Hon'ble Gujarat High Court which was dismissed by the Hon'ble High Court on June 25, 2012.

DIRECTORS' REPORT

The Company filed a Special Leave Petition ('SLP') before the Hon'ble Supreme Court on July 10, 2012 against this order of Gujarat High Court. In compliance with the directives of the Supreme Court, the Company paid an amount of ₹1,000 crore on July 26, 2012 against the sales tax dues. The Supreme Court vide its order dated September 13, 2012 directed the Company to pay interest @ 10% p.a. on the sales tax dues with effect from January 17, 2012 and also to repay the sales tax amount in eight equal quarterly installments along with interest starting from January 2, 2013.

Re-opening of books of accounts for financial years 2008-09, 2009-10 and 2010-11

As a consequence of the above-referred Supreme Court order, to reflect a true and fair view in the books of account for the three financial years ended on March 31, 2009, March 31, 2010 and March 31, 2011 based on the permission received from the Ministry of Corporate Affairs, the Company proposes to re-open the books of accounts and financial statements for the said three financial years. Necessary resolution seeking approval of shareholders for re-opening of the said financial statements has been incorporated in the Notice convening the ensuing Annual General Meeting. Except for reflecting true and fair view of the sales tax incentives/liabilities etc. concerning the Government of Gujarat there is no material change in the reopened and revised accounts of the Company.

Consequent to reopening of the books of account for the above three financial years, the financial statements for these years have been revised. The statement containing the salient features of the reopened and revised audited Balance Sheets, Statements of Profit and Loss, Cash Flow statements and auditors reports on the abridged revised financial statements for the financial years 2008-09 to 2010-11 along with Auditors' report on full revised financial statements and amendments to Directors' Reports for respective financial years form part of the Annual Report. With amendment in the aforementioned financial statements, there are corresponding changes in the consolidated financial statements of the Company and its subsidiaries prepared in accordance with Accounting Standard AS 21 for the financial years ended on March 31, 2009 and March 31, 2010. Accordingly, statements containing the salient features of the reopened and revised audited Consolidated Balance Sheets, Statements of Profit and Loss, Cash flow statements and auditors' reports on the abridged revised consolidated financial statements for the financial years 2008-09 and 2009-10 form part of the Annual Report.

Corporate Debt Restructuring

A debt restructuring package for the Company, under the Corporate Debt Restructuring Scheme, of Reserve Bank of India was approved by the lenders to the Refinery Project in 2003. Subsequent to this, the Company successfully completed the Refinery Project in 2008.

During the year, the Company sought approval of its lenders to exit from the CDR scheme. The CDR Core Group has approved the CDR exit proposal at its meeting held on June 29, 2012. The major commercial terms and conditions of CDR exit have been approved and detailed terms and conditions of CDR exit are to be discussed and decided in subsequent lenders' meetings.

CDR exit will give the Company greater financial and operational flexibility. Various stringent covenants like raising further borrowing, dividend payments, undertaking new projects, making new investments, etc. will be relaxed. Offshore lenders will be able to participate in project refinancing and working capital facilities.

Directors

During the year Mr. Naresh Nayyar relinquished the role of Managing Director & CEO and was assigned the newly created role of Deputy Chairman. Further, during the year, Mr. L K Gupta has been appointed as Managing Director & CEO with effect from December 2, 2011. Also, Mr. C Manoharan has joined the Board as Director (Refinery) with effect from March 29, 2012, Mr. Philip Aiken an Independent Director on the Board of parent company; Essar Energy Plc has joined the Board as Promoter company representative with effect from August 14, 2012. Mr. Prashant S Ruia had resigned from the Board with effect from April 23, 2012. Subsequently, he has been appointed as Director

This financial year has been a year of significant importance since the refinery was able to increase its capacity to 18 MMTPA and also improve its complexity from 6.1 to 11.8. Subsequent to the financial year ending, your Company has added another 2 MMTPA capacity by undertaking certain optimization activities taking the total refining capacity to 20 MMTPA. During the year, the Company recorded a strong revenue growth of 19% at ₹ 63,428 crore, up from ₹ 53,192 crore in the previous financial year before reversal of sales tax benefit.

DIRECTORS' REPORT

with effect from August 14, 2012. Mr. P Sampath resigned as Director from the Board during the year. Mr. Anshuman S. Ruia resigned as Director with effect from Agust 7, 2012. Mr. Suneet Shukla joined as nominee of IFCI Ltd. on the Board in place of Mrs. Manju Jain with effect from November 9, 2012. The Board wishes to place on record its appreciation for the guidance and valuable services rendered by Mr. Anshuman S Ruia, Mr. P Sampath and Mrs. Manju Jain during their tenures as members of the Board.

Mr. Naresh Nayyar and Mr. Dilip J Thakkar retire by rotation at the ensuing Annual General Meeting (AGM) and offer themselves for re-appointment. Mr. L K Gupta and Mr. C Manoharan are proposed to be appointed as Managing Director & CEO and Director (Refinery) respectively at the AGM. Further, it is proposed to appoint Mr. Prashant S Ruia and Mr. Philip Aiken as Non Executive Directors, liable to retire by rotation, at the AGM. Particulars of the directors being re-appointed/appointed, as required under clause 49 of the listing agreement with the Stock Exchanges, are given in the Notice / Explanatory Statement convening the ensuing 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 March 31, 2012, 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 judgments 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 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 safe guarding 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 March 31, 2012 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.

Employees Stock Option Scheme

The Company has introduced Essar Oil Employees Stock Option Scheme – 2011 (Scheme). The disclosures required to be made under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Guidelines) is enclosed as Annexure B forming part of this report. A certificate obtained from the auditors confirming compliance with the Guidelines and shareholders resolution approving the Scheme will be placed before the shareholders at the Annual General Meeting.

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 Company Secretary, for the same, at the Registered Office of the Company.

Energy, Technology Absorption and Foreign Exchange

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

Fixed Deposits

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

Holding Company

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

Subsidiary Company

During the financial year, Essar Oil Mauritius Limited, Mauritius (EOML), has become subsidiary of the Company. The paid-up capital of EOML is US$1.00. There were no operations in EOML during the financial year. As required under section 212 of the Companies Act, 1956, the audited financial statements along with the Directors' Report and Auditors' Report thereon of the subsidiary company for the financial year ended as on March 31, 2012 are included in the Annual Report. The control on EOML is intended to be temporary. Hence, consolidated financial

DIRECTORS' REPORT

statements are not prepared as per AS 21 on Consolidated Financial Statements.

Auditors and Auditors' Report

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

M/s. Deloitte Haskins & Sells, Chartered Accountants, 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. Our comments on the Audit observations are as below:

(i) Auditors have drawn attention that the accumulated losses of the Company as on March 31, 2012 are more than 50% of its net worth.

To improve the net worth, during the year the terms of Foreign Currency Convertible bonds (FCCBs) have been amended whereby the above bonds have now become compulsorily convertible into equity shares / Global Depository Shares (GDSs) on the same terms and conditions. Terms and conditions of FCCBs are mentioned in note 2 to Abridged Revised Financial Statements (note 6 to the full financial statements).

The Company has incurred cash losses during the year mainly due to reversal of income recognized during Financial Years 2008-09 to 2011-12 by defeasance of sales tax liability as detailed in Note 10 to Abridged Financial Statements (note 38 of the full financial statements). There were no cash losses in the preceding financial year. With the refining capacity increased to 20 MMTPA coupled with improved complexity, the revenues and profitability of the Company are expected to significantly improve.

(ii) On use of funds raised on short term basis amounting to ₹ 3,180.62 crore for long term investment / purposes, the Company had received a sanction letter for a loan of ₹ 1,133 crore on December 29, 2010 from a Bank to part fund the Optimization Project. Under this arrangement, the Company availed ₹ 500 crore Interim facilities in the form of letter of credit / letter of undertaking (LC/LUT) Facilities. The Company had finalized long term Rupee Term Loan (RTL) facility agreement in July 2012 and under this RTL agreement, LC/LUT can be converted into long term loan. Pending disbursement of the loan as on March 31, 2012, the Company has utilized short term funds in form of project creditors / ICDs for the project temporarily. This will be progressively replaced by long term funds, once the term loan is disbursed.

Hon'ble Supreme Court of India, vide its order dated September 13, 2012 directed the Company to pay the outstanding sales tax amount in 8 equal quarterly installments along with interest from January 2, 2013. The Company in the meanwhile has tied up with a Bank for availing facilities of up to ₹ 5,000 crore for meeting the sales tax and other obligations.

Other observations of the Auditors in the Audit report, if any, are explained, wherever necessary, in the appropriate notes to accounts and are self-explanatory.

Cost Auditors and Cost Audit Report

M/s. Chandra Wadhwa & Co. were appointed as the Cost Auditor for the financial year ended March 31, 2012. The cost audit report for financial year ended March 31, 2012 will be filed with the Registrar of Companies, Gujarat within the prescribed time period.

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

LALIT KUMAR GUPTA	NARESH NAYYAR
Managing Director & CEO	Deputy Chairman

Mumbai, November 09, 2012

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. A separate Energy Cell has been formed to look after all energy conservation activities as listed below:

i) Mapping of Refinery energy consumptions along with regular monitoring and optimization of energy critical parameters;

ii) Minimization of heat loss from steam piping through insulation repair / replacement / up gradation;

iii) Regular steam traps and steam leakage audits to minimize preventable steam losses;

iv) Minimizing power consumption through optimum selection/loading of drives; and

v) Third party energy audit and benchmarking of Energy Consumption by Solomon for Fuel and loss optimization.

On energy conservation front, the Refinery has received following awards:

- 2nd Prize for performance in Energy Optimization and Hydrocarbon Loss Management by Center for high technology under Ministry of Petroleum & Natural Gas (CHT) for Jawaharlal Nehru Centenary Awards – 2011; and
- 3rd Prize for managing Steam Leaks by CHT during Oil and Gas Conservation Fortnight (OGCF-2011) survey.

In the Coal Bed Methane (CBM) fields at Raniganj, West Bengal all well head pumps are powered by VFD (Variable Frequency Drive) driven motors for power optimization. Since all the power requirement is catered by in house power generation from CBM gas, there is no consumption of any power from domestic grid.

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

In the Refinery:

i) Up-gradation of HP Steam header insulation to minimize insulation loss and save energy to the tune of 1200 MT of fuel equivalent per annum;

ii) Commissioning of recontacting modification in SGU to minimize the energy consumption and saving to the tune of ₹485 lakh per annum;

iii) Maximization of hot feed to FCCU; and

iv) Increasing extraction of steam from 104 to 140 TPH in power plant (77MW) Steam Turbine generators equivalents to 2 MW power recoveries.

In the CBM fields

1. Gas gensets are being installed for all upcoming wells.
2. Gas engine driven compressors will be used in place of motor driven compressors at all future Gas Gathering Stations for low pressure compression.
3. Gas Turbines will be used for high pressure compression for supplying gas to customers in place of High Tension power from grid.
4. Power supply to entire water treatment plant will be catered by gas engine generators.

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:

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

The energy conservation measures undertaken at the CBM fields have resulted in reduction in power requirement from the grid thus reducing cost of energy consumption. In-house power generation will lead to increased reliability of continuous operations. Gas gensets in place of diesel gensets will reduce both the energy costs and also carbon footprint.

ANNEXURE A TO THE DIRECTORS' REPORT

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

FORM A

		2011 - 12	2010-11
A	POWER AND FUEL CONSUMPTION:		
1	**Electricity**		
(a)	**Purchased**		
	Unit ('000 KWH)	41,842.64	89,628.54
	Rate / Unit	11.92	6.27
	(including minimum demand charge)		
	Total Amount (₹ in lakh)	4,989.24	5,621.32
(b)	**Own Generation**		
	(i) Through Diesel Generator	NA	NA
	Unit ('000 KWH)		
	KWH per litre of diesel oil		
	Cost / Unit (₹ /KWH)		
	(ii) Through Steam Turbine/Generator Unit ('000 KWH)	573,364.50	478,227.60
	KWH per litre of Fuel Oil/Gas	3.29	3.32
	Cost / Unit (₹ /KWH)	11.87	10.26
(c)	**Electricity Consumed (a+b) ('000 KWH)**	615,207.14	567,856.14
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/ Internal Generation**		
(i)	Fuel Gas& Natural Gas		
	Unit (MTs)	319,282.89	288,058.93
	Total amount (₹ in lakh)	109,093.20	61,353.20
	Average Rate (₹/MT)	34,168.20	21,298.84
(ii)	Liquid Fuel–Fuel Oil		
	a) FO		
	Unit (MTs)	273,632.63	323,997.75
	Total amount (₹ in lakh)	70,010.54	50,936.69
	Average Rate (₹ /MT)	25,585.60	15,721.31
	b) HSD, Sour Naphtha		
	Unit (MTs)	28,883.03	Nil
	Total amount (₹ in lakh)	12,999.98	Nil
	Average Rate (₹ /MT)	45,009.04	Nil
(iii)	Solid Fuel –Fluidised Catalytic Cracker Coke		
	Unit (MTs)	181,200.32	199,823.91
	Total amount (₹ in lakh)	39,824.92	26,985.88
	Average Rate (₹ /MT)	21,978.39	13,504.83
5	**Total Liquid Fuel – (Purchased + Own Generation) (MT)**	273,632.63	323,998.00
	Total Fuel Gas, Liquid, Solid – (Purchased + Own Generation)	802,998.88	811,880.60
B	CONSUMPTION PER UNIT OF PRODUCTION:		
(i)	Actual Production (MTs) –	12,673,556	13,894,796
(ii)	Consumption per MT of Production		
	- Electricity (Purchased + Generated) KWH/MT	48.54	40.87
	- Liquid Fuel (FO/LSHS/NAPHTHA) (Purchased + Internal Generation) – MTs	0.024	0.023
	- Fuel Gas and natural gas – MTs	0.026	0.021
	- FCCU coke – MTs	0.014	0.014

ANNEXURE A TO THE DIRECTORS' REPORT

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption at the Refinery are set out in Form 'B' hereto:

FORM B

Research and Development (R & D)

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

a) Trials with various additives to enhance properties of bitumen, in particular viscosity, to meet VG30 specs.

b) Trials to add value to sulfur.

c) Developed adsorbent to improve and stabilize colour of Kerosene.

d) Trials to use bitumen as binder for coal briquetting.

e) Analytical tool for crude oil characterization being designed and developed.

f) Following Crude Assays were carried out using TBP apparatus:

Sr No	Crude Name	Sr No	Crude Name
1	Iran Heavy	17	Espo
2	Basrah Lt	18	Morical-16
3	Mangala	19	Iran Light
4	Nowrooz	20	DFC
5	Qatar low sulfur condensate	21	Murban
6	Forozen	22	Castilla
7	MarunKhami Condensate	23	Azeri
8	Arab Ext.Lt	24	Belayim
9	Isthmus	25	Loreto
10	Bijupura	26	Arab medium
11	Albian Heavy	27	Escalente
12	Marlim	28	Nare Blend
13	PatozMarinza	29	Basrah Light
14	Jubarte	30	Upper Zakum
15	Qarun	31	Maya
16	Cold Lake	32	Kuito

2) Benefits derived as a result of the above R&D

a) Field trials with one of the additives for enhancing viscosity of bitumen were successfully implemented.

b) Valuation to sulfur, study is in progress.

c) Improved adsorbent shall enhance colour of kerosene and also life of adsorbent.

d) Bitumen as binder shall utilize the coal fine powder and safe handling.

e) The analytical tool is currently under fabrication. It shall improve the utilization of tougher crudes through appropriate blending and thereby enhance the GRM.

f) Enhanced use of heavy / high sulfur crudes.

3) Future plan of action –

Continuation of current R&D activities.

4) Expenditure on R & D: ₹ 233.52 lakh

a) Capital – ₹ 177.13 lakh

b) Recurring – ₹ 56.39 lakh

c) Total – ₹ 233.52 lakh

d) Total R & D expenditure as a percentage of total turnover– negligible.

Technology, absorption, adaptation and innovation

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

The Company has commissioned the Refinery Expansion Project in March, 2012 making it one of the most complex and modern refineries of the world and India's second largest single-location refinery, with an annual capacity of 18 million metric tones per year (MMTPA), or 375,000 barrels per day (bpd). Refinery Expansion project Unit capacities are tabulated below:

Sr. No.	Description	Capacity	Process Licensor
1	ISOM (Isomerisation Unit)	0.7 MMTPA	UOP
2	VGOHDT (Vacuum Gasoil Hydrotreater)	6.2 MMTPA	UOP (VGO and Coker Naphtha Processing)
3	DHDT (Diesel Hydrotreater)	3.8 MMTPA	UOP
4	DCU (Delayed Coker Unit)	6.6 MMTPA	CB&I Lummus (earlier ABB)
5	HMU – I (Hydrogen Manufacturing Unit)	130,000 Nm3/hr	HALDOR TOPSOE
6	SRU – I (Sulphur Recovery Unit)	675 TPD	JACOBS
7	SWS – I (Sour Water Stripper)	1.95 MMTPA	UOP
8	ARU – I (Amine Regeneration Unit)	7.80 MMTPA	UOP

- The DCU, which is among the world's largest units of its type, is a key addition to Vadinar Refinery because of its ability to convert bottom-of-the-barrel vacuum residue into valuable products such as gasoil, gasoline and vacuum gas oil.

ANNEXURE A TO THE DIRECTORS' REPORT

- With a capacity of 6.5 million tons, the VGOHDT is among the largest units of its kind. It will help the refinery produce low Sulphur, high octane gasoline (petrol). The unit is also capable of producing naphtha, kerosene and gas oil (diesel).
- Sulphur recovery unit will help the refinery to recover 99.9 per cent of sulphur in acid gases. The SRU plays a key role in helping the refinery meet the latest emission norms. Addition of a new SRU to the refinery configuration will also enable EOL to process sour and opportunity crudes.
- The Company has also commissioned a state-of-the-art effluent treatment plant (ETP) with a capacity of 540 cubic metres per hour. The treated water will be reused for cooling tower or for the generation of demineralised water through the RO plant.

Apart from the Expansion Project, an Optimization Project has been commissioned in June 2012 at the Vadinar Refinery to further increase the capacity to 20 MMTPA (405,000 bpd).

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

With commissioning of new facilities and use of latest technologies the Refinery has become one of the most complex and modern refineries of the world. The refinery now has a complexity of 11.8 up from 6.1 previously. The capacity expansion and complexity enhancement gives the Refinery, the capability to process over 80 per cent heavy and ultra-heavy of lower cost crude oils. Today the Refinery is capable of producing Euro V grade fuels which are able to meet the most stringent quality requirements. With enhanced capabilities, the Refinery is helping to cope up with the growing fossil fuel demands of our country.

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. UOP Technology for major units VHOHT, DHDT, ISOM was imported and implemented for the production of HSD and MS. Technology is proved to be performing well meeting all design specifications.

ii. Delayed Coker Unit Technology from Chicago Bridge & Iron Company (CB&I) to convert Vacuum Residue into valuable distillates and petroleum coke through severe thermal cracking and to eliminate production of Fuel oil.

iii. HALDOR TOPSOE, Denmark Technology to manufacture 99.9% pure Hydrogen required for secondary processing units. Guarantee performance test was completed and technology is proved to meet all design specifications and requirements.

iv. JACOBS Technology, USA for Sulfur Recovery Unit.

b) **Year of import.**

All above Technologies imported in 2011-12

c) **Has technology been fully absorbed?**

i) UOP - Yes

ii) CB&I – Yes

iii) HALDOR TOPSOE – Yes

iv) JACOBS- 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

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

The Indian economy has been able to sustain a high rate of growth despite global economic concerns in USA & in the Euro zone. India continues to be heavily dependent on imports for meeting its crude oil requirements. The Company has been able to source some requirements from the domestic market resulting in some reduction in forex outgo. 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 were exported. This year, the Company has exported large quantities of surplus Gasoline and Fuel Oil. Some quantities of Naphtha and Gasoil have also been exported. Further, the commissioning of the Isomerisation Unit had improved the quality of gasoline exports thereby contributing to improved forex earnings.

f) Total foreign exchange used and earned:

Particulars relating to Foreign Exchange outgo and earnings appear in note no.30 and 33 to the full revised financial statements.

ANNEXURE B TO THE DIRECTORS' REPORT

Information required to be disclosed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The members at the 21st Annual General Meeting held on August 12, 2011, approved introduction of Essar Oil Employee Stock Option Scheme 2011. Each option is convertible into equivalent number of equity shares of ₹10/- each of the Company. Options granted shall vest in a graded manner in three equal installments, at the end of 3rd / 4th / 5th years from the grant date. The options can be exercised within 7 years from the date of vesting.

Particulars of options granted during the financial year 2011-12 are as follows:

Options granted	3,211,391
Exercise price	₹69.05
Pricing formula	Closing price of the equity shares of the Company on the date immediately preceding the date of grant i.e. December 1, 2011 at the National Stock Exchange of India Ltd. being the exchange having the higher quantity of trading on the Company's shares
Options cancelled / forfeited	300,642
Options lapsed	Nil
Total number of options in force	2,910,749*
Options vested	Nil
Options exercised	Nil
Number of shares allotted pursuant to exercise of options	Nil
Variation of terms of options	Nil
Amount realized by exercise of options (in ₹)	Nil

* The Company has granted options to three employees in excess of 1,50,000 equity shares per employee subject to shareholders' approval at the ensuing AGM.

Employee wise details of options granted:

1) Options granted to Senior managerial personnel:
   Nil at the time of grant of options. However, Mr. C. Manoharan, who was granted 191,509 stock options as an executive of the Company, was subsequently appointed as Director (Refinery).

2) Employees who were granted options amounting to 5% or more of options granted during the year are as follows:

Name of the employee	No. of options granted*
Narendra Vachharajani	220,971
Chakrapany Manoharan	191,509

   *The above does not include options granted which have been subsequently cancelled.

3) No employee was granted options during the year equal to or exceeding 1% of the issued equity shares of the Company at the time of the grant.

The diluted earnings per share (EPS) on potential issue of shares upon exercise of options is ₹(9.41). The Company has recognized a compensation cost of ₹ Nil in FY 2011–2012 based on the intrinsic value of options. However, had the Company used the fair value of options to determine the compensation cost for the year ended March 31, 2012, the loss for the year would have been higher by ₹1.32 crore and loss after tax would have been ₹(1,286.60) crore. Accordingly, EPS basic and diluted earnings per share would have been ₹(9.42).

The exercise price of ₹69.05 is equal to the market price at the time of grant of option. The weighted-average exercise price and weighted-average fair values of options is ₹69.05 and ₹47.94, respectively.

The fair value of the options granted is ₹47.94. The key assumptions used to estimate the fair value of options granted during the year ended March 31, 2012 are as follows:

Risk – free interest rate	8.36%
Expected life (years)	15
Expected volatility	69.04%
Expected dividend	0.00%
The price of underlying share in market at the time of option grant	₹69.05

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, 2012 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)

R.D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

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 director-ships held #	Committee Membership Δ	
					Member	Chairman
Shashikant N Ruia (Chairman)	Promoter Non-Executive	Nil	No	2	Nil	Nil
Prashant S Ruia[1]	Promoter Non-Executive	Nil	No	1	1	Nil
Naresh K Nayyar[2]	Dy. Chairman	6	Yes	1	Nil	Nil
Lalit K Gupta[3]	Managing Director & CEO	2	NA	1	2	Nil
Chakrapany Manoharan[4]	Director (Refinery)	NA	NA	Nil	Nil	Nil
D J Thakkar	Independent Non-Executive	5	Yes	13	10	5
K N Venkatasubra-manian	Independent Non-Executive	6	Yes	5	3	2
K V Krishnamurthy	Independent Non- Executive	6	No	8	10	5
Melwyn Rego	Nominee of IDBI Bank Ltd.	6	No	1	Nil	Nil
V K Sinha	Nominee of LIC	5	Yes	Nil	1	Nil
Manju Jain[7]	Nominee of IFCI Ltd.	4	No	2	Nil	Nil
Anshuman S Ruia[5]	Promoter Non-Executive	4	No	2	2	Nil
P Sampath[6]	Director	4	No	1	Nil	Nil

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

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

1 Ceased to be Director with effect from April 23, 2012. Appointed as Director with effect from August 14, 2012.

2 Designation changed from Managing Director to Deputy Chairman (Non-Executive Director) with effect from December 2, 2011.

3 Appointed as Managing Director & CEO with effect from December 2, 2011.

4 Appointed as Director (Refinery) with effect from March 29, 2012.

5 Ceased to be Director with effect from August 7, 2012.

6 Ceased to be Director with effect from March 29, 2012.

7 Ceased to be Director with effect from November 9, 2012.

CORPORATE GOVERNANCE REPORT

Mr. Philip Aiken, Promoter Company representative has been appointed as Non Executive Director of the Company with effect from August 14, 2012. Further, Mr. Suneet Shukla has been appointed as Nominee of IFCI Ltd. in place of Mrs. Manju Jain with effect from November 9, 2012.

Six Board Meetings were held during the financial year 2011-2012 on April 11, 2011; May 3, 2011; July 11, 2011; November 1, 2011; December 2, 2011 and February 17, 2012.

The management of the Company is conducted by the Managing Director & CEO, who is assisted by the Heads of Divisions/ Departments, subject to the supervision and control of the Board of Directors. Mr. Iftikhar Nasir, CEO - Exploration and Production, Mr. S. Thangapandian, CEO - Marketing and Mr. Suresh Jain, Chief Financial Officer are permanent invitees for attending Board Meetings of the Company.

Mr. Naresh K Nayyar and Mr. D J Thakkar retire by rotation and being eligible, seek re-appointment at the ensuing 22nd Annual General Meeting (AGM). Further, it is proposed to appoint Mr. Prashant S Ruia and Mr. Philip Aiken as Directors liable to retire by rotation, Mr. L K Gupta as Managing Director & CEO and Mr. C Manoharan as Director (Refinery) at the ensuing 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/Explanatory Statement annexed to the Notice for the ensuing AGM. None of the Directors is related to any other director except for Mr. Prashant S Ruia and Mr. Anshuman S Ruia, who are sons of Mr. Shashikant N Ruia, Chairman. As on March 31, 2012, Mr. D J Thakkar, Mr. K N Venkatasubramanian and Mr. V K Sinha held 300 shares, 6,500 shares and 120 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 & CEO is given below:

DECLARATION BY MANAGING DIRECTOR & CEO

I, Lalit Kumar Gupta, Managing Director & CEO, 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 March 31, 2012, compliance with the Code of Conduct of the Company laid down for them.

Lalit Kumar Gupta
Managing Director & CEO

November 9, 2012

4. Audit & Governance Committee:

The Audit & Governance Committee comprises of 4 members viz: Mr. D J Thakkar, Mr. K N Venkatasubramanian, Mr. K V Krishnamurthy and the nominee of Life Insurance Corporation of India, Mr. V K Sinha. All the members of the Committee are financially literate. Mr. 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 2011-2012, the Committee met six times. Mr. K N Venkatasubramanian and Mr. K V Krishnamurthy attended all meetings. Mr. D J Thakkar and Mr. V K Sinha attended five meetings. The Statutory Auditors, Internal Auditors, the Managing Director, 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 4 Non-Executive, Independent Directors as members viz: Mr. K N Venkatasubramanian, Mr. D J Thakkar, Mr. K V Krishnamurthy and the Nominee Director of IDBI Bank Ltd., Mr. Melwyn Rego. Mr. K V Krishnamurthy was inducted in the Committee on December 2, 2011.

One meeting was held during the year 2011-2012. All of the Committee members attended the meeting. Mr. 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. 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. The sitting fees paid to the Directors for the year ended March 31, 2012 are as follows: Mr.Anshuman S Ruia: ₹ 80,000/-; Mr. Naresh Nayyar ₹ 20,000/-; Mr. P Sampath: ₹ 1,00,000/-; Mr. D J Thakkar: ₹ 3,60,000/-; Mr. K N Venkatasubramanian: ₹ 2,10,000/-; Mr. K V Krishnamurthy: ₹ 3,70,000/-; Mr. Melwyn Rego: ₹ 1,30,000/- (paid to IDBI Bank Ltd.); Mr. V K Sinha: ₹ 1,50,000/- (out of which ₹ 90,000 paid to LIC of India) and Mrs. Manju Jain: ₹ 80,000/. During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors.

The Company has not granted any stock options to its Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

Executive Directors

During the financial year 2011-2012, remuneration paid to the Executive Directors was as under:

(Amount in ₹)

	Mr. Naresh Nayyar Managing Director	Mr. Lalit Kumar Gupta Managing Director & CEO	Mr. Chakra-pany Manoharan Director (Refinery)
Basic Salary	3,235,887	4,761,290	44,871
Allowances & Perquisites	6,290,903	10,143,810	44,946
Retirement benefits	394,778	571,355	5,385
Performance Bonus	6,343,767*	-	-
TOTAL	**16,265,335**	**15,476,455**	**95,201**
Service contract	Upto December 2, 2011	5 years from December 2, 2011	3 years from March 29, 2012
Notice period	6 months	3 months	3 months

* Includes bonus paid for previous year.

In terms of the Essar Oil Employee Stock Options Scheme – 2011, the executive directors are entitled to be granted stock options. Prior to being appointed as Director (Refinery), Mr. C. Manoharan, in his capacity as Head of Refinery, was granted 191,509 stock options. 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 Mr. Naresh K Nayyar was appointed approval has been obtained from the Central Government for appointment and payment of remuneration and the remuneration paid is within the approval so obtained.

6. Investors' Relations:

i) Investors' Relations Committee

As of March 31, 2012, the Investors' Relations Committee comprised of 4 members viz: Mr. P S Ruia, Mr. D J Thakkar; Mr. L K Gupta and Mr. K V Krishnamurthy. Mr. D J Thakkar generally chairs the meetings. The Committee was reconstituted in December 2011 by induction of Mr. L K Gupta in place of Mr. Naresh Nayyar. Mr. Prashant S Ruia was member of the Committee upto April 23, 2012. Subsequently, Mr. Naresh Nayyar has been again inducted as a committee member from May 12, 2012.

During the financial year 2011-2012, the Committee had 17 meetings. Mr. D J Thakkar attended 17 meetings, Mr. Naresh Nayyar attended 8 meetings, Mr. L K Gupta attended 5 meetings and Mr. K V Krishnamurthy attended 16 meetings.

ii) Company Secretary

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

iii) Requests/complaints

There were no complaints from share/debenture holders pending at the beginning of the financial year. During the financial year, 769 complaints were received and 769 complaints were replied to/resolved. As of March 31, 2012, there were no pending complaints.

1,117 requests involving transfer of 1,42,550 shares were received during the financial year. There were 9 requests involving 900 shares pending to be processed. These pending requests are less than 2 days old.

iv) Equity share certificates lying unclaimed:

The details regarding the unclaimed certificates of equity shares lying with the Company are as follows:

Sr. No.	Particulars	No. of shares	No. of shareholders
1.	Aggregate no. of shareholders and the outstanding shares whose share certificates are lying unclaimed at the beginning of the year	42,650	263
2.	Number of shareholders who approached the Company for claiming share certificates during the year	700	5
3.	Number of shareholders to whom share certificateswere forwarded during the year	700	5
4.	Aggregate number of shareholders and the outstanding shares whose share certificates were lying unclaimed at the end of the year.	41,950	258

The Company has subsequently transferred outstanding shares in respect of which share certificates are lying unclaimed to a demat account titled "Essar Oil Limited – Unclaimed Suspense Account".

CORPORATE GOVERNANCE REPORT

7. General Body Meetings

a) Annual General Meetings

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

Financial Year	Date	Time	Venue	Special resolu-tions passed
2010-2011	August 12, 2011	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	2
2009-2010	September 24, 2010	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	3
2008-2009	June 27, 2009	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	2

In addition to the above, one Extraordinary General Meeting has been held in the last three years on April 22, 2010 at 2:00 p.m. at the Registered Office at Khambhalia Post, Dist.Jamnagar. One special resolution was passed at the said meeting.

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

b) Postal ballot

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

8. Disclosures:

i) The Company does not have any material related parties' transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note no. 14 to the accompanying notes of the abridged revised financial statements of the Company forming part of the Annual Report (they appear in corresponding note no. 47 to full Financial Statements).

ii) The financial statements have been prepared in accordance with the accounting policies generally accepted in India. In compliance with clarificatory orders dated August 4, 2006 and August 11, 2006 issued by Hon'ble Gujarat High Court, interest on certain categories of debentures has been accounted on cash basis as detailed in note 3(a) to Abridged revised Financial Statements forming part of the Annual Report (refer note No. 7(ii)(a) to the full Financial Statements).

Regarding certain funded interest facilities as referred in note 3(c) to Abridged revise Financial Statements (refer note no. 7(ii) (c) to the full Financial Statements), to give accounting effect to reflect the substance of the transactions 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 and consideration of CDR exit proposal submitted by the Company which has been recommended for approval to the CDR Core Group by CDR Empowered Group. CDR exit proposal has been subsequently approved by CDR Core group.

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

iv) In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee details whereof are given under the heading: Remuneration Committee. The quarterly, 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 auditor's observations have been adequately explained in Director's Report and also in the notes to the accounts wherever necessary and are self-explanatory.

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

vi) The Managing Director & CEO 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 March 31, 2012.

9. Means of Communication:

(i) Quarterly/annual financial results are regularly submitted to Stock Exchanges in accordance with the Listing Agreement and published in all editions of English daily, 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. The quarterly/annual financial results are also sent by email to those shareholders, whose email IDs are registered with the Company/Depository Participants. 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 is made available on the website of the Company www.essar.com.

(iv) The quarterly/annual financial statements along with Corporate Governance reports, Shareholding Pattern, Annual Report and other documents in compliance with the requirements of Listing Agreement entered into with Stock Exchanges are 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.

CORPORATE GOVERNANCE REPORT

(vi) Reminders were sent to those investors whose interest / redemption amount on debentures were unencashed as per records of the Company and due for transfer to IEPF advising them to seek demand drafts in lieu of their lapsed warrants.

10. General Shareholder Information:

i.	**AGM date, time and venue**		December 20, 2012 at 2:30 p.m. at the Registered Office of the Company at Khambhalia Post, Dist. Jamnagar - 361305
ii.	**Tentative financial calendar**	Approval of the results for the quarter ending June 30, 2012; September 30, 2012; December 31, 2012; and March 31, 2013.	Within 45 days of the quarter ending
		Audited annual results for the year ending March 31, 2013.	Before May 31, 2013
iii.	**Date of Book closure**		December 18, 2012 to December 20, 2012 (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 Company has paid the annual listing fees for the financial years 2011-2012 and 2012-2013 to BSE and NSE.

The addresses of the stock exchanges are setout below:

Bombay Stock Exchange Ltd. 1st Floor, Rotunda Bldg 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

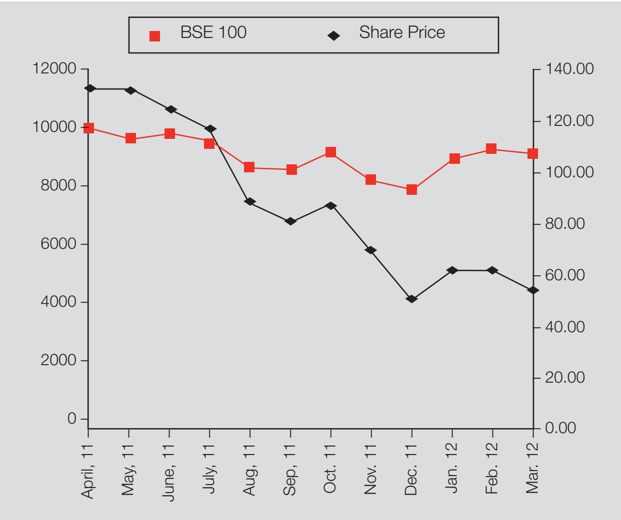
CORPORATE GOVERNANCE REPORT

vii. Stock Market price data for the financial year 2011-2012:

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, 2012 are as under:

Month	Year	NSE (in ₹ per share)			NSE (in lakh)	BSE (in ₹ per share)			BSE (in lakh)
		High	Low	Close	Volume	High	Low	Close	Volume
April	2011	139.95	127.05	132.05	18.59	139.80	126.90	132.35	6.91
May	2011	133.05	121.45	131.30	8.02	132.95	121.35	130.90	2.81
June	2011	131.45	114.50	124.60	5.86	131.35	114.85	124.45	2.12
July	2011	128.80	116.70	116.70	10.15	128.95	116.55	116.55	2.99
August	2011	115.95	79.65	88.40	9.53	116.25	79.70	88.15	3.55
September	2011	97.50	80.45	80.45	10.48	97.55	80.55	80.55	3.21
October	2011	87.00	73.85	87.00	7.92	86.85	74.00	86.85	2.99
November	2011	85.75	67.95	69.25	10.00	85.80	67.85	69.15	3.59
December	2011	70.65	46.65	50.30	20.72	70.65	46.85	50.10	7.03
January	2012	62.85	50.05	61.45	46.42	63.05	50.00	61.40	17.52
February	2012	69.35	61.05	61.05	51.86	69.35	61.10	61.30	17.94
March	2012	61.95	52.50	53.65	24.41	62.00	52.55	53.55	8.30

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 March 31, 2012:

No. of Shares	No. of Shareholders	%	No. of Shares	%
Upto 500	376,727	95.45	46,835,641	3.43
501- 1000	11,069	2.80	8,608,291	0.63
1001 – 2000	3,988	1.01	6,027,816	0.45
2001- 3000	1,086	0.28	2,782,568	0.20
3001- 4000	490	0.13	1,768,845	0.13
4001 – 5000	332	0.08	1,567,119	0.11
5001 – 10000	555	0.14	4,043,110	0.30
10001 and above	448	0.11	1,294,033,696	94.75
TOTAL	394,695	100.00	1,365,667,086	100.00

Shareholding pattern as on March 31, 2012:

Sl. No.	Category	No. of shares	%
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	11,328,132	0.83
b.	Mutual Funds and UTI	10,154,800	0.74
c.	Foreign Institutional Investors	26,851,332	1.97
d.	Private Corporate Bodies	15,061,852	1.10
e.	Indian Public	71,253,264	5.22
f.	NRIs and OCBs	2,473,993	0.18
	Sub-total	137,123,373	10.04
TOTAL		1,365,667,086	100.00

CORPORATE GOVERNANCE REPORT

xii. Dematerialisation of shares:

As on March 31, 2012, 98.61% of the Company's total shares, i.e. 1,346,627,869 shares were held in dematerialized form and 1.39% i.e. 19,039,217 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 March 31, 2012. Each GDS represents one hundred and fifty three (153) equity shares.

The US$ 115 million Foreign Currency Convertible Bonds (FCCBs) 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 (GDSs) 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 FCCBs 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 GDS each representing 153 equity shares subject to adjustment, with a fixed rate of exchange on conversion of ₹ 46.85 to US$1.00.

The above FCCBs were originally convertible into equity shares / GDSs at the option of the Bond holders. The terms of the above FCCBs have been modified during the year to make them compulsorily convertible securities.

xiv. Transfer of unclaimed amount to Investor Education & Protection Fund:

For the financial year ended on March 31, 2012, the Company has transferred to Investor Education Protection Fund (IEPF) in compliance with Section 205C of the Companies Act, 1956, ₹ 5.49 Lakh remaining unpaid or unclaimed for a period of 7 years from the date the amount became due for payament.

xv. 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.

xvi. 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

AUDITORS' REPORT ON ABRIDGED REVISED FINANCIAL STATEMENTS

To,

The Members of Essar Oil Limited

The accompanying abridged revised financial statements, which comprise the abridged revised balance sheet as at March 31, 2012, the abridged revised statement of profit and loss, and the abridged revised cash flow statement for the year then ended, and related notes, are derived from the audited revised financial statements of Essar Oil Limited ("the Company") for the year ended March 2012. We expressed an unmodified audit opinion on those financial statements in our report dated November 09, 2012 which report is attached.

The abridged revised financial statements do not contain all the disclosures required by the Accounting Standards referred to sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") as applied in the preparation of the audited revised financial statements of the Company. Reading the abridged revised financial statements, therefore, is not a substitute for reading the audited revised financial statements of the Company.

Management's Responsibility for the Abridged Financial Statements

Management is responsible for the preparation of an abridgement of the audited revised financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 notified pursuant to section 219(1)(b)(iv) of the Companies Act, 1956.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged revised financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged revised financial statements derived from the audited revised financial statements of the Company for the year ended March 31, 2012 are a fair summary of those revised financial statements, in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

AUDITORS' REPORT

To,

The Members of Essar Oil Limited

1. We have audited the attached Revised Balance Sheet of Essar Oil Limited ("the Company") as at March 31, 2012, the Revised Statement of Profit and Loss and the Revised Cash Flow Statement for the year ended on that date, both annexed thereto ("the revised financial statements"). These revised financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these revised financial statements based on our audit.

2. We had previously audited the Balance Sheet of the Company as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto ("the original financial statements") which were approved by the Board of Directors of the Company in its meeting held on May 12, 2012. Our report dated May 12, 2012 on the original financial statements expressed a modified opinion with respect to the matter described in paragraph 3(a)(ii) of the said report.

   As explained in Note 38 to the attached revised financial statements, the original financial statements have been revised pursuant to revision of the financial statements for the years ended March 31, 2009, March 31, 2010 and March 31, 2011 ("the prior years") in accordance with the approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-13 subsequent to the approval of the original financial statements by the Board of Directors of the Company. The said note explains the effect of the revision of the financial statements for the prior years on the opening balances for the financial year 2011-12. As explained in the Note, the effects of the revision of the financial statements of the prior years on the opening balances include decrease of opening balance of Reserves and Surplus as at April 01, 2011 by ₹ 3,006.17 Crores.

   In view of the above, our report dated May 12, 2012 on the original financial statements stands replaced by this report.

3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. Attention is invited to:

   (a) Note 38 to the revised financial statements wherein it is stated that, 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 'Capital Investment Incentive Premier/Prestigious Units Scheme 1995 – 2000' of the State of Gujarat ("the Scheme"), making the Company liable to immediately pay ₹ 6,168.97 Crores being the sales tax collected under the Scheme ("the sales tax dues"). The Company has deposited ₹ 1,000 Crores on account of the sales tax as per the

AUDITORS' REPORT

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 payment of the sales tax dues in installments and 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.

Consequent to the above and having regard to the revision of the financial statements for the prior years referred in paragraph 2 above, the Company has reversed income of ₹ 978.59 Crores recognised during April 1, 2011 to December 31, 2011 by defeasance of the deferred sales tax liability under the Scheme, reversed liability of ₹ 45.21 Crores recognised during the said period towards contribution to a Government Welfare Scheme for being eligible under the Scheme, recognised interest income of ₹ 155.13 Crores (net of break up charges of ₹ 10.57 Crore) on account of interest receivable from the assignee of the defeased sales tax liability and recognised interest of ₹ 83.39 Crores (net of ₹ 43.33 Crores capitalized as cost of qualifying fixed assets) on sales tax dues; and presented the same under 'Exceptional Items' in the Revised Statement of Profit and Loss.

(b) Note 7(ii)(c) of the revised financial statements detailing the recognition and measurement of the borrowings covered by the Corporate Debt Restructuring Scheme ("the CDR") as per the accounting policy consistently followed by the Company 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 and consideration of the CDR exit proposal submitted by the Company which has been recommended for approval to the CDR Core Group by the CDR Empowered Group.

(c) Note 7(ii)(a) of the revised financial statements describing the fact about accounting of interest on certain categories of debentures on a cash basis as per the Court order.

5. 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.

6. Further to our comments in paragraph 4 and in the Annexure referred to in paragraph 5 above, we report that:

(a) 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;

(b) 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;

(c) 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;

(d) 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 are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(e) In our opinion and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Revised Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

(ii) 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

(iii) in the case of the Revised Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

7. On the basis of the written representations received from the directors, other than the nominee directors appointed by public financial institutions and banks who have been granted exemption from the provisions of Section 274(1)(g) of the Companies Act, 1956, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as director under section 274(1)(g) of the Companies Act, 1956.

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 5 our report of even date]

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 have been 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 the 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 affecting the going concern status of the Company.
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. According to the information and explanation given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (a) to (g) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.
4. 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.
5. (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.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956, or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No Order has been passed by the Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. Accordingly, the provisions of clause 4 (vi) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government 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 cost 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.
9. In respect of statutory dues:
   (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax other than those covered in paragraph (c) below, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, as applicable, with the appropriate authorities. 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, 2012 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 and Sales Tax other than those covered in paragraph (c) below, which have not been deposited as on March 31, 2012 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Crores)
Gujarat Value Added Tax Act 2003	Sales Tax & Interest	Gujarat Sales Tax Tribunal	2007-08	0.20

ANNEXURE TO THE AUDITORS' REPORT

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Crores)
Central Excise Act, 1944	Excise Duty, Interest, Fine and Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2006-07 2007-08 2008-09 2009-10	49.20
		Commissioner of Central Excise (Appeals)	2006-07 2007-08 2008-09 2009-10	15.58
Customs Act 1962	Customs Duty, Interest, Fine and Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2006-07 2008-09 2010-11	1.01
		Commissioner of Customs Excise (Appeals)	2006-07	7.49
Service Tax Rules, 1994	Penalty	Commissioner of Central Excise (Appeals)	2004-05 2005-06 2009-10	1.51
Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam Act, 1976	Entry Tax, Penalty and Interest	Tribunal	2008-09	0.02
		Deputy Commissioner of Commercial Tax	2007-08	0.07

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 March 31, 2012.

(c) Note 38 to the revised financial statements and paragraph 4(a) of the auditors' report refer to the Supreme Court Judgment of January 17, 2012. The sales tax dues covered by the said judgment are ₹ 6,168.97 Crores. The Company has deposited ₹ 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. Accordingly, the Company has recognised liability on account of interest of ₹ 126.72 Crores from January 17, 2012 to March 31, 2012 in the revised financial statements.

10. *The accumulated losses of the Company as at March 31, 2012 are more than 50% of its net worth. The Company has incurred cash losses during the year.* There were no cash losses in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. According to the information and explanations given to us and based on the information available, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.

13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.

15. 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.

16. 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.

17. *On the basis of an overall examination of the revised balance sheet as at March 31, 2012 and the revised cash flow statement of the Company for the year then ended and according to the information and explanations given to us, we report that funds raised on short-term basis amounting to ₹ 3,180.62 Crores have, prima facie, been used for long term investment/purposes.*

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Sec. 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.

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

20. The Company has not raised any monies by way of public issues during the year. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report), Order, 2003 are not applicable to the Company.

21. 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

Mumbai, November 09, 2012 Membership No. 36822

ABRIDGED REVISED BALANCE SHEET

as at March 31, 2012

(₹ in crore)

Particulars	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES		
Shareholders' funds		
a) Paid up share capital - equity	1,382.27	1,382.27
b) Reserves and surplus		
(i) Capital reserve	40.89	40.89
(ii) Securities premium account	4,928.45	4,928.45
(iii) Debenture redemption reserve	37.21	37.21
(iv) General reserve	22.25	22.25
(v) Foreign currency monetary item translation difference account	(65.51)	-
(vi) Surplus / (Deficit) - Balance in statement of profit and loss	(4,164.82)	(2,879.34)
Foreign currency compulsory convertible bonds	1,340.00	-
Non-current liabilities		
a) Long-term borrowings	12,202.80	11,618.33
b) Deferred tax liability (net)	-	-
c) Other Long term liabilities	4,795.55	6,426.99
d) Long-term provisions	1.00	1.00
Current liabilities		
a) Short-term borrowings	3,818.37	2,331.25
b) Trade payables	10,810.04	6,494.85
c) Other current liabilities	4,910.50	3,355.64
d) Short-term provisions	30.63	29.58
TOTAL	**40,089.63**	**33,789.37**
ASSETS		
Non-current assets		
a) Fixed assets		
(i) Tangible assets (Original cost less depreciation)	21,299.90	11,729.96
(ii) Intangible assets (Original cost less amortisation)	20.02	14.13
(iii) Capital work-in-progress	1,760.47	8,176.67
b) Non-current investments	103.00	103.00
c) Long-term loans and advances	410.93	486.01
d) Other non-current assets	1,809.64	1,703.38
Current assets		
a) Current investments (unquoted)	0.00	-
b) Inventories	7,681.67	5,749.14
c) Trade receivables	3,996.93	2,423.64
d) Cash and bank balances	2,060.94	2,937.99
e) Short-term loans and advances	228.02	321.17
f) Other current assets	718.11	144.28
TOTAL	**40,089.63**	**33,789.37**

Annexure I forms an integral part of the abridged revised financial statements.

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

S. S. Shaffi
Company Secretary

Mumbai, November 09, 2012

Naresh Nayyar
Deputy Chairman

Suresh Jain
Chief Financial Officer

ABRIDGED REVISED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2012

(₹ in crore)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME		
Revenue from operations	58,336.63	47,060.92
Other income	424.76	281.29
Total Revenue	**58,761.39**	**47,342.21**
EXPENSES:		
Cost of raw materials consumed	52,894.81	42,129.27
Purchase of traded goods	1,957.16	1,964.20
(Increase) / Decrease in inventories of finished goods and work-in-progress	(988.10)	(1,157.64)
Employee benefits expense	134.56	119.67
Other expenses	2,662.20	1,507.22
	56,660.63	**44,562.72**
Earnings before finance costs, depreciation and amortisation expenses, exceptional items and tax (EBIDTA)	**2,100.76**	**2,779.49**
Finance costs	1,386.84	1,220.24
Depreciation and amortization expenses	761.94	730.86
Profit / (Loss) before exceptional items and tax	**(48.02)**	**828.39**
Exceptional items	1,237.46	1,083.43
Loss before tax	**(1,285.48)**	**(255.04)**
Tax expense:		
(a) Current tax (previous year - Excess provision reversed ₹ 3.77 crore)	-	(3.92)
(b) Deferred tax	-	0.57
Loss for the year from continuing operations	**(1,285.48)**	**(251.69)**
Earnings per equity share (Face value ₹ 10 per share) :		
(1) Basic (in ₹)	(9.41)	(1.87)
(2) Diluted (in ₹)	(9.41)	(1.91)

Annexure I forms an integral part of the abridged revised financial statements.

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

ABRIDGED REVISED CASH FLOW STATEMENT

for the year ended March 31, 2012

(₹ in crore)

	Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
1	Cash flows from operating activities	476.80	1,180.20
2	Cash flows from investing activities	(1,343.76)	(5,756.58)
3	Cash flows from financing activities	1,184.31	4,484.21
4	Net (decrease) / increase in cash and cash equivalents (1+2+3)	**317.35**	**(92.17)**
5	Cash and cash equivalents at the beginning of the year	122.81	214.98
6	Cash and cash equivalents at the end of the year	440.16	122.81
7	Net (decrease) / increase in cash and cash equivalents (6-5)	317.35	(92.17)

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

ANNEXURE I - Notes to abridged revised financial statements.

(The note numbers appearing in brackets "[ ]" are as they appeared in the Complete Set of revised Financial Statements.)

1 BASIS OF PREPARATION

These abridged revised financial statements have been prepared on the basis of the complete set of revised financial statements for the year ended March 31, 2012 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

2[6] FOREIGN CURRENCY COMPULSORY CONVERTIBLE BONDS

The Company had issued FCCBs of USD 115 million on June 15, 2010 and USD 147 million on July 9, 2010 which were convertible into 38,833,443 and 45,016,372 equity shares or into 253,813 and 294,224 GDSs at a fixed price of ₹ 138 per share and ₹ 153 per share at the option of the holders of the FCCBs until their maturity dates of June 15, 2028 and September 30, 2028 respectively. The bonds bear interest of 5% per annum, subject to certain conditions, on the outstanding principal amount of the bonds from (and including) January 1, 2016 payable semi-annually.

During the year, the terms of the bonds have been amended whereby the above bonds have now become compulsorily convertible into equity shares / GDSs on the same terms and conditions as above.

3[7(ii)(a)&(c)] REPAYMENT AND OTHER TERMS:

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

16,918,250 (Previous year 16,918,250) – 12.50% NCDs of ₹ 105/- each amounting to ₹ 177.64 crore (Previous year ₹ 177.64 crore) with repayments starting from December 2014 ending in June 2018.

700,000 (Previous year 700,000)– 12.5% NCDs, of ₹ 100 each on private placement basis partly paid up at ₹ 93.86 per debenture amounting to ₹ 6.57 crore (Previous year ₹ 6.57 crore), with repayments starting from December 2014 ending in June 2018.

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 ₹ 428.24 crore (Previous year ₹ 355.95 crore) as at March 31, 2012 have not been accounted for. This amount carries interest rate ranging from 5% to 12.50% and are repayable from December 2014 ending in March 2027

c) The MRA dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option, subject to consent of its lenders, to the Company to prepay funded interest loan (FS Loan) of ₹ 2,471.63 crore (Previous year ₹ 2,471.63 crore) 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. Interest on FS loan was not payable if FS loan was prepaid by April 24, 2012 and therefore considering the plans to prepay FS loan, interest liability on FS was earlier considered as a contingent liability and now recognised as loan as the same is funded. The Company's proposal to exit from Corporate Debt Restructuring (CDR) was approved by CDR Empowered group and recommended to CDR Core Group for final approval during the year. The revised terms proposed for CDR exit, inter alia, includes an option to prepay funded interest on FS Loan amounting to ₹ 684.08

crore as at March 31, 2012 at a reduced amount at any point of time during its term and accelerated repayment schedule of FS Loan with instalments during March 2021 to March 2026. The repayment terms of funded interest on FS loan is in 40 equal quarterly instalments beginning June 30, 2015 as per MRA and there is no change in these terms as per CDR exit proposal.

Similarly, ₹ 206.88 crore (Previous year ₹ 206.88 crore) due to a lender ("other funded interest loan") is payable by a single bullet payment in 2031 with an option to prepay this amount as per the agreed terms at a reduced amount at any point of time during its term.

In order to reflect substance of the above, in terms of presentation in balance sheet, an amount of ₹ 2,260.35 crore (Previous year ₹ 2,088.06 crore) {including ₹ 1,720.28 crore of FS loan (Previous year ₹ 1,909.88 crore), ₹ 364.87 crore of funded interest on FS Loan (Previous year ₹ Nil) and ₹ 175.20 crore of other funded interest loan (Previous year ₹ 178.18 crore)} being the amount not payable as at Balance Sheet date has been presented as deduction from the funded interest facilities under secured loans/borrowings to reflect the present obligation on the balance sheet date. 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/exceptional item in the statement of profit and loss.

4[16] CASH AND BANK BALANCES

(₹ in crore)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Current	Non Current	Current	Non Current
Cash and cash equivalents **Balances with banks in:**				
-Current accounts	155.31	-	56.25	-
-Deposits with maturities less than 3 months	284.65	-	66.29	-
Cash on hand	0.22	-	0.24	-
(A)	**440.18**	**-**	**122.78**	**-**
Other bank balances				
Balances with banks in current accounts - Earmarked accounts (unclaimed debenture interest)	35.94		38.40	
Margin deposits and escrow accounts**	1,519.37	0.79	1,363.50	20.10
Other deposits	65.45	0.00*	1,413.31	0.58
Amount disclosed under the head Other current / Non current assets (refer note 18)		(0.79)		(20.68)
(B)	**1,620.76**	**-**	**2,815.21**	**-**
TOTAL (A+B)	**2,060.94**	**-**	**2,937.99**	**-**
*Amount less than ₹ 1 lakh				
**Deposit accounts comprises ₹ 1,520.16 crore (previous year ₹ 1,383.60 crore) margin deposits mainly placed for letters of credit facilities, guarantees and short term borrowing.				

5[19] REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of petroleum products*	61,251.42	51,026.27
Sale of traded goods - crude and petroleum products	2,085.47	2,089.29
Sales - others	2.63	3.54
Other operating revenue	88.25	72.71
REVENUE FROM OPERATIONS (GROSS)	**63,427.77**	**53,191.81**
Less : Excise duty	3,703.78	5,213.77
REVENUE FROM OPERATIONS (NET)	**59,723.99**	**47,978.04**
Less : Sales tax / VAT	1,387.36	917.12
TOTAL	**58,336.63**	**47,060.92**

ANNEXURE I - Notes to abridged revised financial statements.

- Revenue from operations (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.

* includes net gain of ₹ 176.11 crore (Previous year net loss ₹ 219.63 crore) on the instruments for hedging of risk of movement in prices of finished goods and margins.

- During the year, the Company deferred payment of sales tax /VAT liability amounting to ₹ 1,507.01 crore for the period April 01, 2011 to December 31, 2011 (Previous year ₹ 1,811.41 crore April 01, 2010 to March 31, 2011) and defeased the same to a related party at its present value amounting to ₹ 528.42 crore (Previous year ₹ 591.41 crore). Sales tax/VAT amounting to ₹ 1,387.36 crore (Previous year ₹ 917.12 crore) shown above as deduction from "Revenue from operations (net)" includes the defeased value of sales tax/VAT liability of ₹ 528.42 crore (Previous year ₹ 591.48 crore) as per the defeasance agreement pursuant to which the assignee has undertaken to discharge the sales tax/VAT liability on the due dates. Pursuant to the Supreme Court Order dated January 17, 2012, the Company subsequently reversed the entire amount of income recognized in the current year as an exceptional item {refer note (37) & 38(i)}.

6.[28] CAPITAL COMMITMENTS

(₹ in crore)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 0.86 crore (Previous year ₹ 0.95 crore) pertaining to joint ventures {refer note 40 (c)}	1,922.39	2,180.37
The above figures does not include ₹ 18,600.45 crore (Previous Year ₹ 17,487.58 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-party that the work is to commence by September 2012, the contracts will terminate.		

7.[29] CONTINGENT LIABILITIES

(₹ in crore)

		Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a)		Income tax / sales tax / VAT and other demands of various years against which appeals have been filed by department / Company.	74.71	33.93
b)		Claims against the Company not acknowledged as debts :		
	(i)	In respect of custom duty / excise duty	76.04	67.74
	(ii)	In respect of encashment of performance guarantee	7.98	7.98
	(iii)	Others	266.76	249.14
		The above includes counter claims on the Company in certain arbitration matters ₹ 72.75 crore (Previous year ₹ 100.67 crore), rupee term loan interest and bank charges ₹ 7.99 crore (Previous year ₹ Nil), stamp duty on import of crude ₹ 174.94 (Previous year ₹ 126.47 crore), demand of road tax on certain heavy equipment ₹ 0.89 crore (Previous year ₹ 10.56 crore), Gujarat entry tax ₹ 3.28 crore (Previous year ₹ 5.38 crore), litigation for additional compensation in land acquisition matter ₹ 1.92 crore (Previous year ₹ 1.96 crore), other miscellaneous claims of ₹ 4.99 crore (Previous year ₹ 4.10 crore)		
c)		Interest not payable, if certain funded interest facilities are prepaid (refer note 7(ii)(c))	-	574.91
d)		In respect of custom duty / FEMA matter, where the department has gone in appeal	32.59	79.21
e)		Guarantees given by the Company on behalf of others	161.06	277.49
		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.		

8.[35] DEFERRAL / CAPITALISATION OF EXCHANGE DIFFERENCES

In the view of notification dated December 29, 2011 issued by the Ministry of Corporate Affairs extending the option upto March 31, 2020 to capitalise / amortise the foreign exchange differences on long term foreign currency monetary items under para 46 and 46A of the Accounting Standard 11, The Effect of Changes in Foreign Exchange Rates, the Company has continued to exercise the said option and has added to the cost of fixed assets exchange loss of ₹ 113.92 crore during the year (Previous year deduction due to gain ₹ 1.47 crore) and has accumulated exchange difference loss of ₹ 65.51 crore (Previous year ₹ Nil), pending to be amortized, in the Foreign Currency Monetary Item Translation difference account (FCMTD) as of

March 31, 2012. On account of this, the loss for the year is lower by ₹ 179.43 crore (Previous year profit is lower by ₹ 1.47 crore) and fixed assets and FCMTD as at March 31, 2012 are higher by ₹ 113.92 crore and ₹ 65.51 crore respectively (Previous year fixed assets was lower by ₹ 1.47 crore and FCMTD ₹ Nil)

9.[37] EXCEPTIONAL ITEMS

(₹ in crore)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Reversal of defeased income {refer note 38}	778.25	1,083.43
Interest on sales tax liability {refer note 38}	83.39	-
CDR Exit impact (refer note 7(ii)(c)	375.82	-
TOTAL	1,237.46	1,083.43

10.[38] SALES TAX

The Company was granted a provisional registration for its Refinery at Vadinar, Gujarat 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 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 ₹ 6,308.94 crores was collected on account of sales tax covered by the Scheme and defeased at an agreed present value of ₹ 1,892.82 crores resulting in a net defeasement income of ₹ 4,416.12 crores which was recognised during the period May 01, 2008 to December 31, 2011. The Company also recognised a cumulative liability of ₹ 189.27 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 of India 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 till January 16, 2012 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 ₹ 189.27crores towards contribution to a Government Welfare Scheme and recognised income of ₹ 264.57crores (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 under '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. These financial statements are hereinafter referred to as 'the original financial statements'.

The Company has deposited ₹ 1,000 crores on account of the sales tax as per the directive of the Honorable Supreme Court of India on July 26, 2012. In response to a Special Leave Petition filed by the Company with the Honorable Supreme Court of India seeking payment of the sales tax dues in installments and 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.

The Company has since reopened its books of account for the financial years 2008-09 to 2010-11 ("the prior years") in accordance with approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-2013 subsequent to the approval of the original financial statements by the Board of Directors of the Company, for the limited purpose of reflecting true and fair view of the sales tax incentives / liabilities, etc. consequent to the order dated January 17, 2012 of the Hon'ble Supreme Court of India. Accordingly, the income aggregating to ₹ 3,437.53 crores recognised during May 01, 2008 to March 31, 2011 by defeasance of the sales tax liability and the cumulative liability of ₹ 144.06 crores pertaining to the prior years towards contribution to a Government Welfare Scheme were reversed, and interest of ₹ 109.44 crores (net of break up charges of ₹ 21.52 crores) recoverable from the assignee of the defeased sales tax liability was recognised and the net effect was presented as 'Exceptional Items' in the Revised Statement of Profit and Loss for the respective prior years. The effects of the revisions have been explained in detail in the revised financial statements for the prior years.

In view of the above, the original financial statements for the year ended March 31, 2012 have now been revised. Consequent to the said revision and having regard to the revision of the financial statements for the prior years described above, the Company has reversed income of ₹ 978.59 Crores recognised during April 1, 2011 to December 31, 2011 by defeasance of the deferred sales tax liability under the Scheme, reversed liability of ₹ 45.21 Crores recognised during the said period towards contribution to a Government Welfare Scheme for being eligible under the Scheme, recognised interest income of ₹ 155.13 Crores (net of break up charges of ₹ 10.57 Crore) receivable from the assignee of the sales tax liability and recognised interest of ₹ 83.39 Crores (net of ₹ 43.33 Crores capitalized as cost of qualifying fixed assets) on the sales tax dues; and presented the same under 'Exceptional Items' in the Revised Statement of Profit and Loss.

The revised financial statements also consider the effect of subsequent events after the approval of the original financial statements in accordance with Accounting Standard 4, (AS 4), Contingencies and Events Occurring After the Balance Sheet Date

ANNEXURE I - Notes to abridged revised financial statements.

The effect to the revision of the financial statements for the prior years on the opening balances for 2011-12 have been summarised below:

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Reserves and Surplus	5,155.63	2,149.46	i) Reversal of income aggregating to ₹ 3,437.53 crore recognised during May 01, 2008 to March 31, 2011 by defeasance of the sales tax liability. ii) Reversal of the cumulative liability of ₹ 144.06 crore pertaining to the prior years towards contribution to a Government Welfare Scheme. iii) Recognition of interest of ₹ 109.44 crores (net of breakup charges of ₹ 21.52 crores) recoverable from the assignee of the sales tax liability under the defeasance agreement and iv) Consequential reversal of provision for current tax of ₹ 166.41 crores and reversal of deferred tax liability of ₹ 11.45 crores.
Deferred Tax Liability (Net)	11.45	-	Reversal of deferred tax liability
Other Long Term Liabilities	1,861.88	6,426.99	Recognition of sales tax liability ₹ 4,565.10 crore after setting off sales tax recoverable of ₹ 236.82 crore.
Trade Payables	6,638.91	6,494.85	Reversal of liability towards contribution to a Government Welfare Scheme ₹144.06 crore.
Other Current Liabilities	3,414.11	3,355.64	Reversal of liability in respect of defeasement amount payable to a related party ₹ 58.46 crore.
Short Term Provisions	195.98	29.58	Reversal of Provision for current tax ₹ 166.40 crore.
Long Term Loans and advances	319.61	486.01	Reclassification of tax paid under MAT to Long term Loans and advances of ₹ 166.40 crores.
Other non-current assets	288.00	1,703.38	i) Amount recoverable from related party ₹ 1,305.93 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 ₹ 21.52 crore)
Short-term loans and advances	487.57	321.17	Reclassification of tax paid under MAT to Long term Loans and advances of ₹ 166.40 crores.
Other Current Assets	381.10	144.28	Offsetting sales tax recoverable ₹ 236.82 crore against sales tax liability.

The summary of changes in the original financial statements has been given below:

a) Statement of Profit and Loss

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Other Income	430.08	424.76	Revision in accrual of Interest Income.
Finance Cost	1,410.99	1,386.84	Finance costs (exchange difference) ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012.
Exceptional Items	4,309.90	1,237.46	Following accounting effect given in the Statement of Profit and Loss of the prior years i) Reversal of income aggregating to ₹ 3,437.53 crores recognised during May 01, 2008 to March 31, 2011 by defeasance of the sales tax liability and reversal of the cumulative liability of ₹ 144.06 crores pertaining to the prior years towards contribution to a Government Welfare Scheme, and recognition of interest of ₹ 109.44 crores (net of break up charges of ₹ 21.52 crores) recoverable from the assignee of the defeased sales tax liability. ii) Recognition of additional interest cost of ₹ 28.20 crore pursuant to CDR exit approved by the CDR Core Group on June 29, 2012. iii) Recognition of ₹ 83.39 crore of interest payable on the sales tax dues as per the Order of Supreme Court of India dated September 13, 2012.
Current Tax	(6.21)	-	Reversal of excess provision of Current Tax.
MAT credit entitlement of the earlier year	(160.19)	-	MAT credit entitlement of the earlier year reversed due to recognition of MAT refund receivable in the revised financial statements for the year ended March 31, 2011.
Deferred tax credit	(11.45)	-	Reversal of Deferred tax credit due to revisions explained above.
Net loss after taxes	(4,198.90)	(1,285.48)	Net Impact of the above

ANNEXURE I - Notes to abridged revised financial statements.

b) Balance sheet

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Reserves and surplus	891.23	798.47	i) Finance costs (exchange difference) of ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012. ii) Recognition of additional interest cost of ₹ 28.20 crore pursuant to CDR exit approved by the CDR Core Group on June 29, 2012. iii) Recognition of ₹ 83.39 crore of interest payable on the sales tax dues as per the Order of Supreme Court of India dated September 13, 2012. iv) Revision in accrual of Interest Income of ₹ 5.32 crore.
Long term borrowings	11,813.85	12,202.80	i) Reclassification of long term borrowings of ₹ 720.05 crore as current liabilities in accordance with the repayment terms agreed as part of CDR exit approved by the CDR Core Group on June 29, 2012. ii) Inter corporate deposits (ICDs) of ₹ 1,109.00 crore from a related party have now been shown as long term borrowings. These were shown as deduction from the amount recoverable from the assignee of the defeased sales tax liability under the Scheme for presentation purpose only in the original financial statements.
Other Long term liabilities	102.27	4,795.55	i) The sales tax dues of ₹ 4,519.56 crores classified as long term liability considering payment in eight equal quarterly installments based on the order of the Hon'ble Supreme Court of India dated September 13, 2012. ii) Interest accrued but not due on ICD of ₹ 173.72 crore have now been shown as long term borrowings. These were shown as deduction from the amount recoverable from the assignee of the defeased sales tax liability under the Scheme for presentation purpose only in the original financial statements.
Other current liabilities	8,555.11	4,910.50	i) Reclassification of the sales tax dues of ₹ 4,519.58 crores as long term liability considering payment in eight equal quarterly installments based on the order of the Hon'ble Supreme Court of India dated September 13, 2012. ii) Recognition of ₹ 126.72 crore of interest payable on the sales tax dues as per the Order of Supreme Court of India dated September 13, 2012. iii) Reclassification of long term borrowings of ₹ 720.05 crore as current liabilities in accordance with the repayment terms agreed as part of CDR exit approved by the CDR Core Group on June 29, 2012. iv) Recognition of interest accrued but not due of ₹ 28.20 crore pursuant to CDR exit approved by the CDR Core Group on June 29, 2012.
Short-term provisions	190.82	30.63	Current tax provision pertaining to the previous year reversed due to recognition of MAT refund receivable in the revised financial statements for the year ended March 31, 2011
Tangible assets	21,244.48	21,299.90	i) Finance costs (exchange difference) of ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012. ii) Capitalisation of interest of ₹ 34.08 crore on the sales tax dues pertaining to construction period/ trial run. iii) Reclassification of Capital work in Progress of ₹ 2.81 crore to Fixed Assets
Capital work-in-progress	1,748.42	1,760.47	i) Capitalisation of interest of ₹ 9.24 crore on the sales tax dues pertaining to construction period/ trial run. ii) Reclassification of Capital work in Progress of ₹ 2.81 crore to Fixed Assets.
Long-term loans and advances	416.25	410.93	I) Reversal of Tax Deducted at Source (TDS) due to revision in interest income accrued of ₹ 5.32 crore. ii) Reclassification of tax paid under MAT to Long term Loans and advances of ₹ 160.19 crores. iii) Reversal of MAT credit entitlement of ₹ 160.19 crores recognised in original financial statements.

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Other non-current assets	229.87	1,809.64	Reclassification of amount recoverable from the assignee of the defeased sales tax liability of ₹ 1,579.77 crores to non-current considering the terms of payment in eight equal quarterly installments.
Short term loans and advances	388.21	228.02	Reclassification of tax paid under MAT to Long term Loans and advances of ₹ 160.19 crores.
Other current assets	1,015.17	718.11	i) Reclassification of amount recoverable from the assignee of the defeased sales tax liability of ₹ 1,579.77 crores to non-current considering the terms of payment in eight equal quarterly installments. ii) Inter corporate deposits (ICDs) of ₹ 1,109.00 crores from a related party have now been shown as long term borrowings. These were shown as deduction from the amount recoverable from the assignee of the defeased sales tax liability under the Scheme for presentation purpose only in the original financial statements. iii) Interest accrued but not due on ICD of ₹ 173.72 crore have now been shown as long term borrowings. These were shown as deduction from the amount recoverable from the assignee of the defeased sales tax liability under the Scheme for presentation purpose only in the original financial statements.

c) Cash Flow Statement:

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Net profit / (loss) before tax as per statement of profit and loss	(4,376.75)	(1,285.48)	i) Reversal of income aggregating to ₹ 3,437.53 crores recognised during May 01, 2008 to March 31, 2011 by defeasance of the sales tax liability and reversal of the cumulative liability of ₹ 144.06 crores pertaining to the prior years towards contribution to a Government Welfare Scheme, and recognition of interest of ₹ 109.44 crores (net of break up charges of ₹ 21.52 crores) recoverable from the assignee of the defeased sales tax liability, ii) Recognition of interest accrued but not due ₹ 28.20 crore pursuant to CDR exit approved by the CDR Core Group on June 29, 2012. iii) Recognition of ₹ 83.39 crore of interest payable on the sales tax dues as per the Order of Supreme Court of India dated September 13, 2012. iv) Finance costs (exchange difference) ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012. v) Revision in accrual of Interest Income of ₹ 5.32 crore.
Interest	1,364.52	1,451.96	i) Recognition of interest accrued but not due ₹ 28.20 crore pursuant to CDR exit approved by the CDR Core Group on June 29, 2012. ii) Recognition of ₹ 83.39 crore of interest payable on the sales tax dues as per the Order of Supreme Court of India dated September 13, 2012. iii) Finance costs (exchange difference) ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012.
Operating profit before working capital changes	(2,142.42)	1,036.28	Net Impact of the above

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Particulars	Original Financial Statements	Revised Financial Statements	Remarks
Changes in receivables, advances and deposits	(3,759.51)	(2,580.95)	i) Amount receivable from a related party ₹ 1,305.93 crore under defeasance agreement ii) Accrual of interest income on receivable from assignee of the sales tax liability under the defeasance agreement of ₹ 109.44 crore for the year (net of provision of breakup charges of ₹ 21.52 crore). iii) Offsetting of sales tax considered as recoverable ₹ 236.82 crore against sales tax liability.
Changes in payables	8,403.90	4,047.53	i) Sales tax liability ₹ 4,801.93 crore for the year ended March 31, 2011. ii) Reduction in defeasement amount payable to related party ₹ 58.47 crore, iii) Offsetting of sales tax considered as recoverable ₹ 236.82 crore against sales tax liability, iv) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 144.06 crore v) Reversal of excess provision of Current Tax ₹ 6.21 crore
Cash generated from operating activities	520.33	521.23	Net Impact of the above
Income tax refund / (payment) (net) (including interest)	(43.52)	(44.43)	Reversal of Excess provision
Additions to fixed assets / capital work in progress	(2,767.82)	(2,791.97)	Finance costs (exchange difference) ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012.
Net cash used in investing activities (B)	(1,319.61)	(1,343.76)	Net Impact of the above
Interest paid	(1,760.68)	(1,736.53)	Finance costs (exchange difference) ₹ 24.15 crore capitalized to Fixed Assets based on the MCA's clarification dated August 9, 2012.
Net cash generated from financing activities (c)	1,160.15	1,184.31	Net Impact of the above

11.[41] EXPORTS OBLIGATIONS

(₹ in crore)

Obligation under	As at March 31, 2012	As at March 31, 2011
Exports Promotion Capital Goods Scheme (EPCG)	406.00	1,487.54
Advance License Scheme	-	67.63
TOTAL	406.00	1,555.17

Based on past performance, market conditions and business plans, the Company expects to fully meet the EPCG export obligation in the near future, and accordingly has not recognised the customs duty obligation amounting to ₹ 50.75 crore (Previous year ₹ 189.20 crore includes duty obligation on advance license scheme also) on the capital equipment as at balance sheet date. Export obligation of ₹ 406.00 crore (Previous year ₹ 1,555.17 crore) includes export obligation of ₹ 406.00 crore (Previous year ₹ 1,487.54 crore) against imports made by Vadinar Power Company Limited, an associate of the Company.

12.[44] SEGMENT INFORMATION

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
1	Information about primary segment - business:-		
	Segment revenue		
	Refining including expansion and marketing	58,332.67	47,160.22
	Exploration and production activities	13.39	9.51
	Unallocated	4.24	27.59
	Total segment revenue	58,350.30	47,197.32
	Add : Interest income	375.32	140.68
	Add : Profit on sale of investment	6.31	4.14
	Add : Reversal of old liabilities / excess accrual	29.46	0.07
	Total revenue	58,761.39	47,342.21
2	Segment result before interest, extra ordinary items and tax		
	Refining including expansion and marketing	(111.69)	659.82

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	Exploration and production activities	(6.07)	0.97
	Unallocated	(210.24)	(152.60)
	TOTAL	(328.00)	508.19
	Less : Interest expense (Including ₹ 350.05 crore (Previous year ₹ Nil) considered in exceptional items)	1,368.57	908.12
	Add : Interest income	375.32	140.68
	Add : Profit on sale of Investments	6.31	4.14
	Add : Reversal of old liabilities / excess accrual	29.46	0.07
	Profit / (Loss) before tax	(1,285.48)	(255.04)
	Less : Taxes	-	(3.35)
	Profit / (Loss) after tax	(1,285.48)	(251.69)
3	Segment assets		
	Refining including expansion and marketing	37,777.29	30,881.38
	Exploration and production activities	1,351.65	923.71
	Unallocated	960.69	1,984.28
	Total assets	40,089.63	33,789.37
4	Segment liabilities		
	Refining including expansion and marketing	18,412.30	15,412.21
	Exploration and production activities	125.85	83.92
	Unallocated	73.53	187.28
	TOTAL	18,611.68	15,683.41
	Add : Loan funds (Including interest accrued due / not due)	20,217.56	16,662.51
	Less : Reduction in the amount of funded interest i.e. amount not payable as at balance sheet date (refer note 7(ii)(c))	2,260.34	2,088.06
	Total liabilities	36,568.90	30,257.86
5	Additions to Fixed Assets		
	Refining including expansion and marketing	10,348.11	157.17
	Exploration and production activities	8.97	11.02
	Unallocated	16.50	5.13
	TOTAL	10,373.58	173.32
6	Depreciation / Amortisation (excluding depreciation accounted in expenditure during construction)		
	Refining including expansion and marketing (Including ₹ 25.77 crore (Previous year ₹ Nil) considered in exceptional items)	777.82	726.81

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	Exploration and production activities	2.75	1.38
	Unallocated	7.14	2.67
	TOTAL	787.71	730.86
7	Significant non-cash expenses other than depreciation		
	Refining including expansion and marketing	210.65	20.91
	Exploration and production activities	2.14	-
	Unallocated	(0.02)	(0.61)
	TOTAL	212.77	20.30

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

	As at March 31, 2012		
Particulars	Within India	Outside India	
		UAE	Other Countries
Segment revenue	37,493.70	6,071.20	14,785.40
Carrying amount of segment assets	38,506.47	-	1,583.17
Additions to fixed assets	10,373.58	-	-

	As at March 31, 2011		
Particulars	Within India	Outside India	
		Indonesia	Other Countries
Segment revenue	31,933.31	5,239.50	10,024.51
Carrying amount of segment assets	33,492.87	-	296.51
Additions to fixed assets	173.32	-	-

ANNEXURE I - Notes to abridged revised financial statements.

13.[45] DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

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, 2012	As at March 31, 2011
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	0.07	0.01
4	Payments made beyond the appointed day during the year	5.55	2.28
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	-	-

14.[47] 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 (GDSs) issued (Previous year - EEHL - ₹ 2,363.58 crore)	**-** -	**-** -	**-** (2,363.58)	**-** -	**-** -
Foreign Currency Convertible Bonds (FCCBs) issued (Previous year - EEHL - ₹ 1,224.89 crore)	**-** -	**-** -	**-** (1,224.89)	**-** -	**-** -
Advance received from Customers (EEOL - ₹ 414.48 crore) (Previous year - EEOL - ₹ 2,223.11 crore)	**-** -	**-** -	**414.48** (2,223.11)	**-** -	**-** -
Expenses incurred on Behalf of Joint Venture (EEHL - ₹ 12.89 crore) (Previous year - Nil)	**-** -	**-** -	**12.89** -	**-** -	**-** -
Loans / advances taken (EIL - ₹ 885.50 crore) (Previous year - EIL - ₹ 700.81 crore)	**-** -	**-** -	**0.64** (0.53)	**-** -	**885.50** (700.81)
Purchase of fixed assets/intangible assets (including CWIP) (EPIL - ₹ 1,293.72 crore) (Previous year - EPIL - ₹ 1,238.91 crore)	**-** -	**-** -	**1,397.78** (1,491.67)	**-** -	**12.28** (4.67)
Loans / advances given (Previous year - EPIL - ₹ 5.28 crore)	**-** -	**-** -	**-** (5.28)	**-** -	**-** (0.01)
Advances given on capital account (EPIL - ₹ 55.31 crore) (Previous year - EPIL - ₹ 863.38 crore)	**-** -	**-** -	**55.32** (899.65)	**-** -	**-** -
Deposits given by the Company (VPL - ₹ 35.00 crore, EISL - ₹ 12.74 crore) (Previous year - VPL - ₹ 20.00 crore, ESL - ₹ 9.00 crore)	**-** -	**-** -	**-** (9.00)	**-** -	**47.74** (20.00)
Present value of sales tax / VAT liability assigned (EHL - ₹ 528.42 crore) (Previous year - EHL - ₹ 591.48 crore)	**-** -	**-** -	**-** -	**-** -	**528.42** (591.48)
Sale of goods and scrap (including sales tax/ VAT) (EEOL - ₹ 6,662.70 crore)(Previous year - EEOL - ₹ 1,596.34 crore)	**-** -	**-** -	**6,830.37** (1,692.74)	**-** -	**0.87** (3.14)
Interest income (EHL - ₹ 155.13 crore)(Previous year -EHL - ₹ 82.15 crore)	**-** -	**-** -	**-** -	**-** -	**155.13** (82.15)
Lease income (including lease tax)	**-**	**-**	**1.63**	**0.02**	**0.02**
(VPTL - ₹ 1.31 crore, VOTL - ₹ 0.25 crore)(Previous year - VPTL - ₹ 0.75 crore, VOTL - ₹ 0.27 crore)	-	-	(1.09)	(0.02)	-

ANNEXURE I - Notes to abridged revised financial statements.

14.[47] 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
Rendering of services	**-**	**-**	**63.50**	**0.94**	**0.11**
(VOTL - ₹ 28.21 crore, ESL - ₹ 7.68 crore, EPIL - ₹ 7.50 crore) (Previous year - VOTL - ₹ 25.02 crore)	-	-	(26.25)	(0.60)	(0.12)
Purchase of goods/supply of material	**-**	**-**	**-**	**-**	**-**
(Previous year - ESTL - ₹ 3.31 crore)	-	-	(3.31)	-	-
Receiving of services	**0.02**	**-**	**883.19**	**255.14**	**207.23**
(VOTL - ₹ 533.19 crore, VPCL - ₹ 255.14 crore, VPTL - ₹ 215.36 crore)(Previous year - VOTL - ₹ 504.37 crore, VPCL - ₹ 186.36 crore)	-	-	(668.10)	(186.36)	(138.47)
Investment in Subsidiary	**-**	**0.00***	**-**	**-**	**-**
(EOML - ₹ 46) (Previous Year - Nil)	-	-	-	-	-
Interest / financial charges paid / funded	**-**	**-**	**8.04**	**-**	**102.03**
(EIL - ₹ 102.03 crore)(Previous year - EIL - ₹ 62.43 crore, VOTL - ₹ 9.85 crore)	-	-	(9.85)	-	(62.43)
Lease rent charged to Company	**-**	**-**	**-**	**-**	**15.27**
(VPL - ₹ 15.27 crore) (Previous year - VPL - ₹ 15.27 crore)	-	-	-	-	(15.27)
Cenvat / VAT charged	**-**	**-**	**-**	**0.69**	**-**
(VPCL - ₹ 0.69 crore)(Previous year -VPCL - ₹ 0.18 crore)	-	-	-	(0.18)	-
Assignment of Provision/Liability for Employee Benefit upon transfer of employee from EEXPIL to Company	**-**	**-**	**-**	**-**	**-**
(Previous year - EEXPIL - ₹ 6.49 crore)	-	-	(6.49)	-	-
Guarantees given on behalf of the Company	**-**	**-**	**20.88**	**-**	**-**
(ESTL - ₹ 20.88 crore)(Previous year - EIL - ₹ 1,000.00 crore, EGL - ₹ 6,570.00 crore)	(6,570.00)		(463.79)		(1,000.00)
Guarantees given by the Company	**-**	**-**	**-**	**-**	**-**
(Previous year - VOTL - ₹ 2.69 crore)	-	-	(2.69)	-	-

Transactions with other classes of related parties (₹ in crore)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
a) **Key management personnel (remuneration)**	-	-	-	-	**3.18**
(Shri Naresh Nayyar - ₹ 1.63 crore, Shri L K Gupta - ₹ 1.55 crore) (Previous year - Shri Naresh Nayyar - ₹ 1.68 crore, Shri P Sampath - ₹ 1.62 crore)	-	-	-	-	(3.30)
b) **Individuals having significant influence/control on the Company (Directors' sitting fees)**	-	-	-	-	**0.01**
(Shri A.S.Ruia - ₹ 80,000)(Previous year - Shri P. S. Ruia - ₹ 80,000, Shri A.S. Ruia - ₹ 27,500)	-	-	-	-	(0.01)

ANNEXURE I - Notes to abridged revised financial statements.

II. Balances with related parties : (₹ in crore)

Nature of balances	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Debit balances					
Security deposits (VPL - ₹ 63.00 crore, EISL - ₹ 12.98 crore, EITL - ₹ 11.29 crore)(Previous year - VPL - ₹ 28.00 crore, EHL - ₹ 15.81 crore, EITL - ₹ 11.29 crore, FUTURA - ₹ 10.41 crore, ESL - ₹ 9.00 crore)	**-** -	**-** -	**9.00** (9.00)	**-** -	**101.73** (67.03)
Investments (VPCL - Equity shares of VPCL - ₹ 103.00 crore)(Previous year - Equity shares of VPCL - ₹ 103.00 crore)	**-** -	**0.00*** -	**-** -	**103.00** (103.00)	**-** -
Trade receivables (EEOL - ₹ 293.15 crore)(Previous year - EPIL - ₹ 4.20 crore, ESL - ₹ 2.07 crore)	**-** -	**-** -	**354.96** (6.35)	**0.02** (0.00)*	**0.09** (0.29)
Advances recoverable in cash or in kind or for value to be received (EEHL - ₹ 31.82 crore, EEXPIL - ₹ 11.33 crore) (Previous year - AEGIS - ₹ 31.69 crore, EEHL - ₹ 20.07 crore, EEXPIL - ₹ 18.87 crore)	**0.41** (0.11)	**-** -	**45.43** (71.89)	**-** -	**0.71** (1.59)
Advance on capital account (EPIL - ₹ 74.80 crore)(Previous year - ₹ 204.16 crore)	**-** -	**-** -	**75.84** (211.57)	**-** -	**-** -
Other receivables (EHL - ₹ 2,070.02 crore)(Previous year -EHL ₹ 1,415.38 crore)	**0.12** (0.29)	**-** -	**16.11** (0.89)	**-** -	**2,073.22** (1,415.38)
Credit balances					
Deposits (Including retention money) (AEGIS - ₹ 4.29 crore)(Previous year - AEGIS - ₹ 4.29 crore)	**-** -	**-** -	**4.79** (4.47)	**-** -	**-** -
Foreign currency compulsory convertible bonds (EEHL - ₹ 1340.00 crore)(Previous year - ₹ Nil)	**-** -	**-** -	**1,340.00** -	**-** -	**-** -
Long term borrowing - Unsecured loans (ICSPL - ₹ 1,109.00 crore, VOTL - ₹ 70.20 crore, VPL - ₹ 58.09 crore) (Previous year - EEHL - ₹ 1,170.51 crore, EIL - ₹ 968.80 crore)	**-** -	**-** -	**70.20** (1,259.77)	**-** -	**1,167.08** (1,032.30)
Trade Payables / Other Liabilities (EPIL - ₹ 160.10 crore, ICSPL - ₹ 173.72 crore, VPCL - ₹ 44.21 crore, VOTL - ₹ 34.60 crore)(Previous year - EPIL - ₹ 204.88 crore, EIL - ₹ 82.10 crore, VPCL - ₹ 58.17 crore)	**-** (0.00)*	**-** -	**240.04** (283.96)	**44.21** (58.17)	**189.07** (84.20)
Advance received from Customers (EEOL - ₹ 414.48 crore)(Previous year - EEOL - ₹ 2,176.69 crore)	**-** -	**-** -	**414.48** (2,176.69)	**-** -	**-** -
Other balances					
Advance to Directors (Shri L K Gupta - ₹ 1.34 crore)(Previous year - ₹ Nil)	**-** -	**-** -	**-** -	**-** -	**1.34** -
Outstanding guarantees given on behalf of the Company (EIL - ₹ 12,409.84 crore, EGL - ₹ 10,225.72 crore)(Previous year - EIL - ₹ 12,385.42 crore, EGL - ₹ 6,470.00 crore)	**10,225.72** (6,470.00)	**-**	**535.44** (985.69)	**-**	**12,409.84** (12,385.42)
Outstanding guarantees given by the Company (VOTL - ₹ 161.06 crore)(Previous year - VOTL - ₹ 277.49 crore)	**-** -	**-** -	**161.06** (277.49)	**-** -	**-** -

* Amount less than ₹1 lakh.

ANNEXURE I - Notes to abridged revised financial statements.

Notes :

1) Names of related parties and description of relationship:

Holding Companies	Essar Global Limited - Caymen (Ultimate Holding Company)(EGL)
	Essar Energy Plc - U.K (Holding Company of Vadinar Oil - Mauritius)(EEPLC)
	Essar Oil & Gas Limited (Formerly known as Vadinar Oil), Mauritius (Holding Company)(EOGL)
Subsidiaries	Essar Oil Mauritius Limited (Subsidiary Company) – (formerly known as Pitney Mauritius Holdings Limited) (EOML)
Associate	Vadinar Power Company Limited (VPCL)
Key management personnel	Shri Naresh Nayyar, Deputy Chairman (Managing director upto December 1, 2011 and Deputy Chairman subsequently)
	Shri Lalit Kumar Gupta Managing Director and CEO (w.e.f. December 2, 2011)
	Shri C Manoharan (Director - Refinery) (w.e.f. March 29, 2012)
Individuals having significant influence on the Company (Promoters)	Shri S. N. Ruia, Chairman
	Shri P. S. Ruia, Director
	Shri A. S. Ruia, Director (Upto August 7, 2012)
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), AGC Networks Limited(AGCNET), 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 Holdings LImited - Mauritius (EEHL), Energy Transportation International(ETIL), 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 Projects Management Consultants Limited(Merged with Essar Projects India Limited w.e.f. August 26, 2011)(EPMCL), Essar Power Limited(EPOL), Equinox Reality & Infrastructure Private Limited(ERIPL), 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 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), Essar Agrotech Limited(EATL), Essar Education Limited(EEL), Essar Energy Services Limited(EESL), Essar Heavy Engineering Services Limited(EHESL), Essar House Limited(EHL), Essar Investments Limited(EIL), Imperial Consultants & Securities Private Limted (ICSPL) , Essar Information Technology Limited(EITL), Essar Infrastructure Services Limited(EISL), Essar Properties Limited(EPL), Essar Steel (Jharkhand) Limited(ESTLR), Essar SEZ Hazira Limited(ESHL SEZ), Futura Travels Limited(FUTURA), Ibrox Estates Private Limited(IBROX), 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), Vadinar Properties Limited(VPL), S G Chemicals & Dyes Trading Limited(SGCHEMTL)

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.

For and on behalf of the Board of Directors

Lalit Kumar Gupta	Naresh Nayyar
Managing Director and Chief Executive Officer	Deputy Chairman
S. S. Shaffi	Suresh Jain
Company Secretary	Chief Financial Officer

Mumbai, November 09, 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

Name of the Subsidiary				Essar Oil Mauritius Limited (EOML, formerly known as Pitney Mauritius Holdings Limited)
1	The Financial year of the subsidiary company ended on			March 31, 2012
2	Date from which it became a subsidiary company			September 1, 2011
3	a.	Number of shares held by Essar Oil Limited with its nominees in the subsidiary at the end of the financial year of the subsidiary company.		1 (one)
	b.	Extent of interest of holding company at the end of the financial year of the subsidiary company		100%
4	The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the members of the holding company :			The subsidiary has loss of ₹ 0.04 crore during the period ended March 31, 2012
	a.	Not dealt with in the holding company's account :		
		i)	For the financial year ended March 31, 2012	Nil
		ii)	For the previous financial years of the subsidiary company since it became the holding company's subsidiary."	Not applicable
	b.	Dealt with in the holding company's accounts:		
		i)	For the financial year ended March 31, 2012	Nil
		ii)	For the previous financial years of the subsidiary company since they became holding company's subsidiary"	Not applicable

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 MAURITIUS LTD. (Formerly known as Pitney Mauritius Holdings Ltd.)

CORPORATE DATA

			Date of Appointment	Date of Resignation
DIRECTORS	:	Uday Kumar Gujadhur	July 7, 2010	–
		Ganesan Venkitaraman Iyer	July 7, 2010	October 28, 2011
		Nemraj Koowaroo	November 23, 2010	October 28, 2011
		Ashok Kumar Dhar	October 28, 2011	–
		Brij Mohan Bansal	October 28, 2011	–
		Suresh Chandra Jain	October 28, 2011	–
		Subhash Chandra Lallah	October 28, 2011	–
ADMINISTRATOR & SECRETARY	:	**Multiconsult Limited** Rogers House 5, President John Kennedy Street Port Louis Mauritius		
REGISTERED OFFICE	:	10, Frère Félix de Valois Street Port Louis Mauritius		
AUDITORS	:	Ernst and Young 9th Floor, Tower 1 NeXTeracom Cybercity Ebene Mauritius		March 15, 2012
		Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebene Mauritius	March 15, 2012	

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Essar Oil Mauritius Limited (formerly known as Pitney Mauritius Holdings Limited) (the "Company") for the year ended March 31, 2012.

Principal Activity

The principal activity of the Company is that of investment holding.

Results and Dividends

The results for the year are as shown in the statement of comprehensive income.

The directors do not recommend the payment of any dividend for the year under review (2011: Nil).

Directors

The directors in office during the year were as stated on page 1.

Directors' Responsibilities in respect of the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position at March 31, 2012, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and Companies Act.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Auditors

The auditors, Deloitte, have indicated their willingness to continue in office.

CERTIFICATE FROM THE SECRETARY

We certify that, to the best of our knowledge and belief, ESSAR OIL MAURITIUS LIMITED has filed with the Registrar of Companies, all such returns as are required under the Companies Act 2001, for the year ended March 31, 2012.

Sd/-

Multiconsult Limited
CORPORATE SECRETARY,
Rogers House
5, President John Kennedy Street
Port-Louis
Mauritius

Date: April 30, 2012

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

INDEPENDENT AUDITOR'S REPORT

To the shareholder of

Essar Oil Mauritius Limited (Formerly known as Pitney Mauritius Holdings Limited)

This report is made solely to the company's shareholder as a body. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **Essar Oil Mauritius Limited** on pages 5 to 18 which comprise the statement of financial position at March 31, 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior year Financial Statements

The financial statements for the year ended March 31, 2011 were audited by another auditor who expressed an unqualified opinion thereon on August 23, 2011.

Opinion

In our opinion, the financial statements on pages 5 to 18 give a true and fair view of the financial position of **Essar Oil Mauritius Limited** as at March 31, 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte
Chartered Accountants
April 30, 2012

Twaleb Butonkee, FCA
Licensed by FRC

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

STATEMENT OF FINANCIAL POSITION as at March 31, 2012

	Notes	2012 USD	2011 USD	2012* INR	2011* INR
ASSETS					
Current assets					
Cash and cash equivalents	6	199	1	10,180.14	44.65
TOTAL ASSETS		**199**	1	**10,180.14**	44.65
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	7	1	1	51.16	44.65
Accumulated losses		(18,846)	(11,215)	(964,095.40)	(500,749.75)
Shareholder's deficit		**(18,845)**	(11,214)	**(964,044.24)**	(500,705.10)
Current liabilities					
Other payables	8	19,044	11,215	974,224.39	500,749.75
TOTAL EQUITY AND LIABILITIES		**199**	1	**10,180.14**	44.65

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

Approved by the Board of Directors and authorised for issue on April 30, 2012 and signed on behalf of the Board by:

Uday Kumar Gujadhur
Director

Ashok Kumar Dhar
Director

STATEMENT OF COMPREHENSIVE INCOME
for the year ended March 31, 2012

	Notes	2012 USD	2011 USD	2012* INR	2011* INR
EXPENSES					
Bank charges		160	-	8,185.04	-
Administrative expenses		2,831	1,550	144,824.05	69,207.50
Professional fees		500	1,250	25,578.25	55,812.50
Audit fees		4,140	3,500	211,787.91	156,275.00
		7,631	6,300	**390,375.25**	281,295.00
LOSS BEFORE TAXATION		(7,631)	(6,300)	(390,375.25)	(281,295.00)
Income tax expense	5	-	-	-	-
LOSS FOR THE YEAR		(7,631)	(6,300)	(390,375.25)	(281,295.00)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(7,631)**	(6,300)	**(390,375.25)**	(281,295.00)

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

The notes on pages 9 to 18 form an integral part of these financial statements.

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2012

	Stated capital USD	Accumulated losses USD	Total USD	Stated capital* INR	Accumulated losses* INR	Total* INR
AT APRIL 1, 2010	1	(4,915)	(4,914)	45.14	(221,863.10)	(221,817.96)
Loss for the year	–	(6,300)	(6,300)	–	(281,295.00)	(281,295.00)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss for the year	–	(6,300)	**(6,300)**	–	(281,295.00)	**(281,295.00)**
AT MARCH 31, 2011	1	(11,215)	(11,214)	44.65	(500,749.75)	(500,705.10)
Loss for the year	–	(7,631)	(7,631)	–	(390,375.25)	(390,375.25)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss for the year	–	(7,631)	**(7,631)**	–	(390,375.25)	**(390,375.25)**
AT MARCH 31, 2012	1	(18,846)	**(18,845)**	51.16	(964,095.40)	**(964,044.24)**

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

STATEMENT OF CASH FLOWS for the year ended March 31, 2012

	2012 USD	2011 USD	2012* INR	2011* INR
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(7,631)	(6,300)	(390,375.25)	(281,295.00)
Expenses paid on behalf of the company	3,368	2,800	172,295.09	125,020.00
WORKING CAPITAL ADJUSTMENTS:				
Increase in other payables	4,461	3,500	228,209.15	156,275.00
Net cash generated from operating activities	198	–	10,128.99	–
Net increase in cash and cash equivalents	**198**	–	**10,128.99**	–
Movement in cash and cash equivalents				
Net increase in cash and cash equivalents	198	–	10,128.99	–
Cash and cash equivalents at the beginning of the year/ period	1	1	51.16	44.65
Cash and cash equivalents as at March 31,	199	1	10,180.14	44.65

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

The notes on pages 9 to 18 form an integral part of these financial statements.

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

1. CORPORATE INFORMATION

Essar Oil Mauritius Limited was incorporated as a private company on August 14, 2008 in Mauritius and holds a Category 2 Global Business Licence issued by Financial Services Commission. It shall be primarily engaged in investment holding activities. The registered office of the Company is located at 10, Frère Félix de Valois Street, Port Louis, Mauritius. On the 15th of March 2012 through a shareholder's written resolution, the Company changed its name from Pitney Mauritius Limited to Essar Oil Mauritius Limited. The Company has not started its business operations yet.

These financial statements have been approved by the board of directors on April 30, 2012.

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared under the historical cost convention. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates.

The financial statements are prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its holding company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standard ("IFRS") as issued by the International Accountancy Standards Board (IASB).

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, used in the preparation of financial statements is set out below:

Foreign currency transaction

Functional and presentation currency

The financial statements are presented in United States Dollars (USD) which is also the currency of the primary economic environment in which the Company operates (functional currency). The Company determines its own functional currency and items included in the financial statements of the Company are measured using that functional currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Impairment of non-financial assets

The carrying amounts of assets are assessed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the company estimates the recoverable amount of the asset, being the higher of the assets net selling price and its value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

  In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the company has become a party to the contractual provisions of the instruments.

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. The fair value of the loan denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the statement of financial position. The change in fair value to translation difference that result from a change in amortised cost of the asset is recognised in statement of comprehensive income.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

<u>Financial liabilities</u>

Financial liabilities are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Taxation

Current income tax

The Company being the holder of a Category 2, Global Business Licence, is exempt of any tax in Mauritius .

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and bank balance, net of outstanding bank overdrafts, if any.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on March 1, 2011.

3.1 NEW AND REVISED IFRSs APPLIED WITH NO MATERIAL EFFECT ON THE FINANCIAL STATEMENTS

The following relevant new and revised Standards and Interpretations have been applied in these financial statements. Their application has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures – Revised definition of related parties
IFRS 7	Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs.

3.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective July 1, 2012)
IAS 12	Income Taxes – Limited scope amendment (recovery of underlying assets) (effective January 1, 2012)
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective January 1 2014)
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets. (effective July 1, 2011)
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective January 1, 2013)
IFRS 7	Financial Instruments: Disclosures – Amendments requiring disclosures about the initial application of IFRS 9 (effective January 1, 2015)
IFRS 9	Financial Instruments – Classification and measurement of financial assets (effective January 1, 2015)
IFRS 9	Financial Instruments – Accounting for financial liabilities and derecognition (effective January 1, 2015)
IFRS 13	Fair Value Measurement (effective January 1, 2013)

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

In the process of applying the Company's accounting policies, which are described in Note 2, and preparation of financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures of contingent liabilities at the end of reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The primary objective of the Company is to generate returns in USD, its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in USD. The Company's performance is evaluated in USD. Therefore management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

5. TAXATION

The Company being the holder of a Category 2, Global Business Licence, is exempt of any tax in Mauritius.

	2012 USD	2011 USD	2012* INR	2011* INR
6. CASH AND CASH EQUIVALENTS				
Cash in hand	1	1	51.16	44.65
Cash at bank	198	–	10,128.99	–
	199	1	**10,180.14**	44.65

	2012 USD	2011 USD	2012* INR	2011* INR
7. STATED CAPITAL				
Issued share capital				
1 ordinary share at USD 1 each	1	1	51.16	44.65

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

As at year end, the Company's shares are held by Essar Oil Limited. The shares were previously owned by Essar Telecom East Africa and transferred following a board meeting dated September 8, 2011. The ordinary shares carry a vote and a right to dividend.

	2012 USD	2011 USD	2012* INR	2011* INR
8. OTHER PAYABLES				
Amount payable to related parties	11,083	7,715	566,967.49	344,474.75
Amount payable to creditors	4,461	–	228,209.15	–
Accruals	3,500	3,500	179,047.75	156,275.00
	19,044	11,215	**974,224.39**	500,749.75

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Company's activities expose to a variety of financial risk such as credit risk, liquidity risk and concentration risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments that are in the financial statements.

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

	Carrying amount 2011 USD	Fair Value 2011 USD	Carrying amount 2011* INR	Fair Value 2011* INR
Financial Assets				
Cash & cash equivalents	1	1	44.65	44.65
Financial Liabilities				
Other payables	11,215	11,215	500,749.75	500,749.75

	Carrying amount 2012 USD	Fair Value 2012 USD	Carrying amount 2012* INR	Fair Value 2012* INR
Financial Assets				
Cash & cash equivalents	199	199	10,180.14	10,180.14
Financial Liabilities				
Other payables	19,044	19,044	974,224.39	974,224.39

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

i) Cash and cash equivalents are for a period of less than 3 months hence current value is considered to be fair value.

ii) Other payables are payable on demand hence current value is considered to be fair value.

The Company has financial assets such as cash and cash equivalents and financial liabilities such as Other payables, which arise directly from its operation.

The main risks arising from the Company's financial instruments are summarised below:

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Since, the Company does not have any of its financial instruments in currency other than its functional currency (i.e. USD), there are no significant exposure of currency risk in the Company.

Credit risk

The Company has no trade receivables and hence, is not exposed to credit risk.

Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes of capital management during the year ended March 31, 2012. The capital structure of the Company consists of equity comprising of stated capital and accumulated losses.

The capital management process is determined and managed at the ultimate holding company level. The Company is also assured of complete support from ultimate holding company in relation to going concern.

ESSAR OIL MAURITIUS LIMITED (Formerly known as Pitney Mauritius Holdings Limited)

NOTES to financial statements for the year ended March 31, 2012

Liquidity risk

The Company is exposed to liquidity risk due to the current payables, however there is assurance from parent to meet short term cash requirements. The table below summarised the maturity profile of the company financial liabilities as at the date of statement of financials position based on undiscounted payments:

	Less than 1 year			
	2012 USD	2011 USD	2012* INR	2011* INR
Other payables	19,044	11,215	974,224.39	500,749.75

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

Interest rate risk

The Company has not borrowed any fixed or floating rate bearing debts; hence it is not exposed to interest rate risk.

10. NON CASH TRASACTIONS

(i) During the current year, Essar Energy Holdings Limited and Essar East Africa Telecom Limited have paid the expenses on behalf of the Company.

Nature of transactions	Amount paid by	2012 USD	2011 USD	2012* INR	2011* INR
Expenses paid on behalf	Essar East Africa Telecom Limited	1,746	2,800	89,319.25	125,020.00
Expenses paid on behalf	Essar Energy Holdings Limited	1,622	–	82,975.84	–
		3,368	2,800	**172,295.09**	125,020.00

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

11. RELATED PARTY DISCLOSURES

Details of related parties

During the year ended March 31, 2012, the Company transacted with related entities. Details of the nature, volume of transactions and the balances with the entities are as follows:

(i) Payable to Essar East Africa Telecom Limited (related party)

	2012 USD	2011 USD	2012* INR	2011* INR
Balance at start	2,800	–	143,238.20	–
Payment of administrative expenses on behalf of the company	1,746	–	89,319.25	–
Assignment of balances	(4,546)	2,800	(232,557.45)	125,020.00
Balance at end	–	2,800	–	125,020.00

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

(ii) Payable to Essar Global Limited (Ultimate holding company)

	2012 USD	2011 USD	2012* INR	2011* INR
Balance at start	4,915	4,915	251,434.20	219,454.75
Assignment of balances	(4,915)	–	(251,434.20)	–
Balance at end	–	4,915	–	219,454.75

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

(iii) Payable to Essar Energy Holdings Limited (intermediary holding company)

	2012 USD	2011 USD	2012* INR	2011* INR
Balance at start	–	–	–	–
Assignment of balances	9,461	–	483,991.65	–
Payment of administrative expenses on behalf of the company	1,622	–	82,975.84	–
Balance at end	11,083	–	566,967.49	–

* These columns are additionally inserted by converting into INR @ 51.1565 for FY 2011-12 and @ 44.65 for FY 2010-11.

12. CONTINUING FINANCIAL SUPPORT

As at March 2012, the Company has a shareholder's deficit and net current liabilities of USD 18,845. The holding company has confirmed its intention to provide continuing financial support to the Company so as to enable the Company to continue operating in the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

13. COMPARATIVES

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

14. HOLDING AND ULTIMATE HOLDING COMPANY

The directors consider Essar Oil Limited, a company incorporated in India, as the Company's holding company and Essar Global Limited, incorporated in Cayman Islands, as its ultimate holding Company.

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

To,

The Members of Essar Oil Ltd.

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

Sales Tax Incentive

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

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

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

Financial Results

(₹ in crore)

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

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

Changes in Management Discussion & Analysis

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

Financial Highlights

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

Consolidated financial statements

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

Auditors' Report

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

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

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

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

For and on behalf of the Board of Directors

L.K. Gupta
Managing Director & CEO

Naresh Nayyar
Deputy Chairman

Mumbai, November 09, 2012

AUDITORS' REPORT ON ABRIDGED REVISED FINANCIAL STATEMENTS

To,

The Members of Essar Oil Limited

We have examined the abridged revised balance sheet of Essar Oil Limited ('the Company') as at March 31, 2009, the abridged revised statement of profit and loss and the abridged revised cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged revised financial statements"). These abridged revised financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement and are based on the revised accounts of the Company for the year ended March 31, 2009 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated November 09, 2012 to the members of the Company which report is attached.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

AUDITORS' REPORT

To,

The Members of Essar Oil Limited

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

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

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

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

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the

AUDITORS' REPORT

matters specified in paragraphs 4 and 5 of the said Order, as reported in the audit report on the original financial statements except for the consequential amendments made in paragraphs 9, 10 and 14 due to the revisions.

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

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

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

   (iii) Note B (18) of Schedule XVI to the revised financial statements detailing the reasons for following the principle of recognising a finance lease upon commencement of the lease in accordance with International Accounting Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

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

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

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

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

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

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

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

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

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

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

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

ANNEXURE TO THE AUDITORS' REPORT

To,
The Members of Essar Oil Ltd.

[referred to in paragraph (3) thereof]

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

1. In respect of its fixed assets:
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b. The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is largely reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets verified during the year.
   c. In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
   a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
   c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification as compared to the book records.
3. i) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

   ii) a) During the year, the Company has taken unsecured loans of ₹ 477.28 Crores from five companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans aggregate to ₹ 533.68 Crores and ₹ 235.82 Crores, respectively.

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

   b) The Company has been regular in payment of the principal and interest, wherever applicable, in respect of the above loans taken.
4. In our opinion and according to the information and explanations given to us, and considering that some of the items purchased are of a specialised nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Having regard to this, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any public deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956, or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No Order has been passed by the Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system generally commensurate with the size of the Company and nature of its business. With the commencement of commercial production during the current year, the department requires further strengthening to focus on systems and controls of critical areas.
8. We are informed by the management that the Central Government has prescribed the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956, in respect of manufacture of petroleum products. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that, *prima facie*, prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate.
9. In respect of statutory dues:
   a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax other than those covered in paragraph (c) below, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, as applicable, with the appropriate authorities except in certain instances including for payment of Municipal Tax and Non Agricultural Tax, where certain delays were noticed.

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

ANNEXURE TO THE AUDITORS' REPORT

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

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

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

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

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

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

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

13. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, *prima facie*, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

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

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

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

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

ABRIDGED REVISED BALANCE SHEET

AS AT MARCH 31, 2009

(₹ in crore)

Particulars	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS		
Shareholders' funds		
a) Share capital - equity	1,218.13	1,190.36
b) Advance towards issue of global depository shares	91.03	151.67
c) Reserves and surplus		
(i) Capital reserve	40.89	40.89
(ii) Securities premium account	2,729.01	2,201.34
(iii) Foreign projects reserve	0.45	8.45
(iv) Debenture redemption reserve	37.21	37.21
Loan funds		
a) Debenture	307.90	396.60
b) Secured loans	9,111.25	8,737.45
c) Unsecured loans	612.56	681.22
Deferred tax liability (net)	-	31.53
TOTAL	14,148.43	13,476.72
APPLICATION OF FUNDS		
Fixed assets		
a) Net block (original cost less depreciation)	12,605.84	430.08
b) Capital work-in-progress	1,913.90	13,290.31
Investments		
- In subsidiary companies (unquoted)	103.05	103.05
Deferred tax asset (net)	0.57	-
Current assets, loans and advances		
a) Inventories	2,250.93	4,890.92
b) Debtors	1,165.35	803.36
c) Cash and bank balances	1,174.63	1,002.84
d) Other current assets	183.10	54.54
e) Loans and advances - subsidiaries	420.83	110.21
- others	488.02	690.75
	5,682.86	7,552.62
Less: Current liabilities and provisions		
a) Current liabilities	7,806.36	7,915.59
b) Provisions	25.34	12.95
	7,831.70	7,928.54
Net current assets	(2,148.84)	(375.92)
Debit balance in abridged revised statement of profit and loss	1,673.91	29.20
TOTAL	14,148.43	13,476.72

Annexure I forms an integral part of the abridged revised financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

R. D. Kamat
Partner

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

Mumbai, November 09, 2012

ABRIDGED REVISED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2009

(₹ in crore)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME		
Turnover (gross)	41,855.97	651.93
Less: Excise duty	3,761.62	-
Turnover (net)	38,094.35	651.93
Less : Sales tax	538.27	89.64
	37,556.08	562.29
Interest	121.36	5.66
Other income	22.71	8.83
	37,700.15	576.78
EXPENDITURE		
Cost of goods consumed/sold		
(i) Opening stock	5,427.88	130.27
(ii) Purchases	30,815.65	495.10
Less: Closing stock	2,040.58	30.99
	34,202.95	594.38
Operating expenses	368.39	-
Managerial remuneration {Excluding ₹ 0.38 crore (previous year ₹ 1.74 crore) charged to EDC}	1.21	0.02
Employee costs	95.67	2.28
Selling and marketing expenses	354.74	4.89
Auditor's remuneration {Excluding ₹ 0.29 crore (previous year ₹ 1.46 crore) charged to EDC}	1.66	0.01
Provision for doubtful debts	0.07	1.08
General and administrative expenses	1,472.85	9.60
	36,497.54	612.26
Profit / (Loss) before interest, depreciation and amortisation, exceptional items and taxes	1,202.61	(35.48)
Less: Interest and other finance charges	1,091.48	6.06
Less: Depreciation and amortisation	654.85	2.53
Net loss before exceptional items and taxes	(543.72)	(44.07)
Less: Exceptional items	1,139.20	-
Net loss before taxes	(1,682.92)	(44.07)
Taxes		
Foreign tax	-	(2.38)
Deferred tax credit	(32.10)	(0.57)
Fringe benefit tax	1.89	0.06
Net loss after taxes	(1,652.71)	(41.18)
Balance brought forward from previous year	(51.45)	(20.27)
Add: Amount transferred from foreign projects reserve	8.00	10.00
Balance carried forward	(1,696.16)	(51.45)
Out of above:		
Shown as deduction from general reserve	(22.25)	(22.25)
Shown as debit balance in abridged revised statement of profit and loss in the abridged revised balance sheet	(1,673.91)	(29.20)
	(1,696.16)	(51.45)

Annexure I forms an integral part of the abridged revised financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

R. D. Kamat
Partner

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

Mumbai, November 09, 2012

ABRIDGED REVISED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2009

(₹ in crore)

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

(₹ in crore)

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

Notes:

1 Non cash transactions:
During the year:

a) The Company has taken transit accomodation facility costing ₹ 10.25 crore on finance lease basis.

During previous year:

a) The Company has taken township costing ₹ 67.27 crore and sale depot costing ₹ 2.55 crore on finance lease basis.

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

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

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

As per our report of even date attached

For 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

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

Mumbai, November 09, 2012

ANNEXURE I - Notes to abridged revised financial statements.

The note number appearing in brackets "[ ]" are note number of part B of Schedule XVI as they appeared in the Complete Set of Revised Financial Statements

1 BASIS OF PREPARATION

These abridged revised financial statements have been prepared on the basis of the complete set of revised financial statements for the year ended March 31, 2009 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

(₹ in crore)

				Year ended March 31, 2009	Year ended March 31, 2008
2.[1]	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 1.48 crore (Previous year ₹ 1.45 crore) pertaining to joint ventures (Refer note B (21) (b))}			5,628.52	5,227.31
3.[2]	**Contingent Liabilities**				
	a)	Income tax / sales tax and other demands of various years against which appeals have been filed		48.61	48.55
	b)	Claims against the Company not acknowledged as debts :			
		i)	In respect of custom duty / excise duty	3.31	2.19
		ii)	In respect of encashment of performance guarantee	7.98	7.98
		iii)	Others	198.29	130.57
			The above includes counter claims on the Company in certain arbitration matters ₹ 93.84 crore (Previous year ₹ 83.08 crore) , matters under litigation being demand for additional compensation in land acquisition matter ₹ 8.48 crore (Previous year ₹ 7.14 crore), demand of road tax on certain heavy equipment ₹ 10.45 crore (Previous year ₹ 0.67 crore) , stamp duty on import of crude ₹ 57.45 crore (Previous year ₹ 22.70 crore), interest on a loan under restructuring from a bank ₹ 17.84 crore (Previous year ₹ 10.46 crore), Gujarat entry tax ₹ 5.38 crore (Previous year ₹ 5.38 crore) and other miscellaneous claims of ₹ 4.85 crore (Previous year ₹ 1.14 crore).		
	c)	Interest not payable if certain funded interest facilities are prepaid {Refer note 11(a) of schedule XVI}		268.45	129.50
	d)	In respect of custom duty, where the department has gone in appeal		24.66	22.45
	e)	In respect of bills discounted with banks		-	389.67
	Guarantees / Bonds				
	a)	Guarantees given by the Company on behalf of others		552.07	610.63
	b)	Guarantees given by banks / others on behalf of the Company		4,210.74	1,340.00
		{excluding guarantees and confirming bank guarantees given as security ₹ 7,592.54 crore (Previous year ₹ 4,810.82 crore) in respect of liabilities existing as at balance sheet date} {including ₹14.72 crore (Previous year ₹ 14.29 crore) pertaining to joint ventures (Refer note B (21)(b))}			
	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.				
4.	**Important Performance Ratios**				
	Sales / Total Asset			2.06	0.03
	Operating profit (before Exceptional item) / Capital employed			0.05	(0.00)
	Operating profit (after Exceptional item) / Capital employed			(0.05)	(0.00)
	Return on net worth			-67.66%	-1.14%
	Profit / Sales			-3.95%	-6.32%

Total Asset = Net fixed asset + CWIP + Investment + Deferred tax asset (net) + Current Assets

Operating profit (before Exceptional Items) = Profit before tax+Exceptional item + Interest and Finance charges

Operating profit (after Exceptional Items) = Profit before tax + Interest and Finance charges

Networth = Equity share capital + Reserve and surplus + Debit balances in abridged revised statement of profit and loss

Capital employed = Total segment assets-Total segment Liabilities (Refer Note 17 [31])

Sales = Gross Turnover (Refer note 16.[28])

Return= Profit after Tax

			Year ended March 31, 2009	Year ended March 31, 2008
5.[4]	a)	Licensed Capacity	Not applicable since delicensed	-
	b)	Installed capacity (Million MT per annum)	10.50	NA
	c)	Actual throughput (Million MT per annum)	12.91	6.53

ANNEXURE I - Notes to abridged revised financial statements.

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

6.[6]	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 (including trial runs)	156.44	482.42	12,138.14	12,165.98	44,506.07	128.61	276.72
		(105.80)	(276.60)	(5,060.15)	(5,009.51)	(16,824.52)	(156.44)	(482.42)
	(During trial runs)	156.44	482.42	926.28	892.46	3,751.91	-	-
		(105.80)	(276.60)	(5,060.15)	(5,009.51)	(16,824.52)	(156.44)	(482.42)

7[7]	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	10,885.95	30.99	2,47,753.91	650.93	2,53,732.13	882.82	4,711.09	12.44
		(56,596.00)	(130.27)	(1,40,677.93)	(490.09)	(1,85,804.33)	(648.05)	(10,885.95)	(30.99)

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

Previous year details have been shown in brackets.

8. [10] The Company has commenced commercial production of Refinery on May 1, 2008. All expenditure pertaining to the completed Refinery Project being advances on capital account, capital work-in-progress and expenditure during construction have been capitalised during the year. Having regard to the foregoing, the current year figures may not be comparable with the previous year figures. The Company has financed some of the expenses in the nature of long term and trial run expenses relating to its working capital requirements through suppliers' credit and other short term sources. The Company plans to progressively fund the same through medium / long term sources, to the extent required. The Company is in the process of increasing the existing capacity of the Refinery and the expenditure incurred on expansion is accounted as advances on capital account, capital work-in-progress and expenditure during construction, as applicable.

9. [11] (a) The Master Restructuring Agreement ("MRA") dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option to the Company to prepay certain funded interest loans of ₹ 2,467.84 crore (Previous year ₹ 2,527.56 crore) arising from funding of interest for the period October 1, 1998 to December 29, 2003 at any point in time during their term at a reduced amount computed in accordance with the mechanism provided in the MRA or in full by one bullet payment in March, 2026 (Refer schedule III).

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

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

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

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

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

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

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

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

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

(4) 16,918,250 (Previous year 16,918,250) – 12.50% NCDs amounting to ₹ 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 @ ₹ 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 ₹ 353.10 crore (Previous year ₹ 364.25 crore) as at March 31, 2009 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 from April, 2009 to April, 2026.

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

10. [13] The Board of Directors of the Company and its wholly owned subsidiary, Essar Oil Vadinar Limited have approved a scheme of amalgamation with effect from April 1, 2008 and the companies are in the process of obtaining all the necessary approvals. Pending receipt of such approvals, no effect for the scheme has been given in the financial statements, including in respect of ₹ 420.83 crore advanced towards equity to the subsidiary.

11. [14] Pursuant to the adoption by the Company of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Company has capitalised as part of cost of fixed assets exchange differences amounting to ₹ 116.50 crore. Consequently, the loss for the year and balance in the statement of profit and loss are lower by ₹116.50 crore and fixed assets are higher by ₹116.50 crore.

12. [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 ₹ 1,516.47 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of ₹ 331.78 crores resulting in a net defeasement income of ₹ 1,184.69 crores which was recognised during the financial year 2008-2009. The Company also recognised a liability of ₹ 45.49 crores towards contribution to a Government Welfare Scheme which was payable being one of the conditions to be eligible under the Scheme.

ANNEXURE I - Notes to abridged revised financial statements.

The State Government had filed a petition on July 14, 2008 in the Hon'ble Supreme Court against the order dated April 22, 2008 of the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India has vide its order dated January 17, 2012 set aside the order of the Hon'ble High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the Scheme, making the Company liable to pay ₹ 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 income of ₹ 4,416.12 crores recognised during May 1, 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 on account of interest receivable from the assignee of the defeased sales tax liability, and had presented the same as 'Exceptional items' in the Statement of Profit and Loss forming part of the financial statements for the year ended March 31, 2012 which were approved by the Board of Directors in its meeting held on May 12, 2012.

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

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

(a) Statement of Profit and Loss :

(₹ in crore)

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

(b) Balance Sheet :

(₹ in crore)

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

(c) Cash Flow Statement :

(₹ in crore)

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

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
			ii) Reversal of liability in respect of defeasement amount payable to related party ₹ 331.78 crore. iii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 45.49 crore.

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

13. [18] The Company has adopted the accounting policy of recognising finance leases (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 – Leases, as there is no specific guidance available under Indian Accounting Standard (AS 19) Leases, for recognition of leases in case the assets taken on lease are under construction (CWIP).

14. [23] (a) During the year, the Company transferred ₹ 8.00 crore (Previous year ₹ 10.00 crore) from foreign project reserve created up to 2002-03 (Previous year 2001-02) to statement of profit and loss upon fulfillment of conditions prescribed u/s 80HHB of the Income Tax Act, 1961.

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

15. [24] The Company has following export obligations as at balance sheet date:

(₹ in crore)

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

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

16. [28] Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers and excise duty

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

18. [32] 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, 2009	As at March 31, 2008
1	Principal amount remaining unpaid	-	0.91
2	Interest due on (1) above and the unpaid interest	-	0.00*
3	Interest paid	**0.06**	-
4	Payment made beyond the appointed day during the year	**3.14**	3.66
5	Interest due and payable for the period of delay	-	0.02
6	Interest accrued and remaining unpaid	-	0.02
7	Amount of further interest remaining due and payable in succeeding year	-	0.02

*Amount less than ₹ 1 Lac.

19. [34] **Related party disclosures:**

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Subsidiaries	Companies in which promoters have significant influence
Global Depository Shares (GDS) issued (EEHL - ₹ 555.44 crore) (Previous year - EEHL - ₹ 684.54 crore)	- -	**555.44** (684.54)
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holding Ltd.)	-	**120.72**
{Advance received – EEHL - ₹ 120.72 crore (₹ 91.03 crore against GDS)) (Previous year advance repayment EEHL - ₹ 37.72 crore)}	-	(37.72)
Loans / advances taken (EIL - ₹ 171.52 crore, ESTL - ₹ 245.00 crore , VPCL - ₹ 50.00 crore) (Previous year - EIL - ₹ 154.57 crore, ESTL - ₹ 65.00 crore)	**50.00** -	**421.43** (230.21)

ANNEXURE I - Notes to abridged revised financial statements.

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Subsidiaries	Companies in which promoters have significant influence
Purchase of fixed assets/ intangible assets (including CWIP)	-	**59.22**
(ECIL - ₹ 57.72 crore) (Previous year - ESTL- ₹ 0.89 crore, EITL - ₹ 0.80 crore, ECIL - ₹ 0.25 crore)	-	(1.94)
Sale / return of fixed assets	-	**43.83**
(ESHL-SEZ - ₹ 15.00 crore-sale of asset, ESTL - ₹ 28.83 crore- return of asset) (Previous year - EEXP(I)L - ₹ 0.42 crore, ECIL - ₹ 0.13 crore)	-	(0.55)
Investment in equity shares	-	-
(Previous year – EOVL - ₹ 0.05 crore)	(0.05)	-
Advance paid against equity shares	**310.62**	-
(EOVL - ₹ 310.62 crore) (Previous year - EOVL - ₹ 110.21 crore)	(110.21)	-
Loans / advances given / assigned	-	**39.44**
(EEXPL - ₹ 10.96 crore, EEXPSEAL - ₹ 8.48 crore, EEHL - ₹ 20.00 crore) (Previous year - ESTL - ₹ 24.10 crore, VPL - ₹ 9.13 crore)	-	(38.74)
Advances given on capital account	-	**191.42**
(ECIL - ₹ 191.42 crore) (Previous year - GSG-UAE - ₹ 120.33 crore, ECIL - ₹ 174.75 crore)	-	(316.44)
Advance received on capital account as participating interest	-	**105.20**
(EEXPL - ₹ 105.20 crore (Previous year - EEXPGL (merged with EEXPL - ₹ 74.90 crore)	-	(74.90)
Deposits-given by the Company	-	**14.51**
(EITL - ₹ 8.50 crore, FUTURA -₹ 6.01 crore) (Previous year - EITL – ₹ 3.54 crore)	-	(4.03)
Deposits-received by the Company	-	-
(Previous year VPL - ₹ 4.11 crore)	-	(4.11)
Present value of sales tax liability assigned	-	**331.78**
(EHL - ₹ 331.78 crore) (Previous year ₹ Nil)	-	-
Sale of goods and scrap (including sales tax)	-	**62.81**
(EBTL - ₹ 9.31 crore, ECIL - ₹ 19.13 crore, ESHL-SEZ - ₹ 7.07 crore, ESTL - ₹ 17.87 crore) (Previous year - ESTL - ₹ 21.54 crore, ESHL - ₹ 2.68 crore)	-	(26.46)
Interest income	-	**0.52**
(EBTL - ₹ 0.26 crore, ECIL - ₹ 0.11 crore , ESTL - ₹ 0.15 crore) (Previous year ₹ Nil)	-	-

I. Transactions with related parties

(₹ in crore)

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

ANNEXURE I - Notes to abridged revised financial statements.

Transactions with other classes of related parties

(₹ in crore)

Nature of transactions		Subsidiaries	Companies in which promoters have significant influence
a)	**Key management personnel (remuneration)**	-	**1.59**
	(Shri Naresh Nayyar - ₹ 1.29 crore, Shri Suresh Mathur - ₹ 0.30 crore) (Previous year - Shri Naresh Nayyar - ₹ 0.51 crore, Shri Hari L. Mundra ₹ 0.53 crore, Shri Suresh Mathur ₹ 0.72 crore)	-	(1.76)
b)	**Individuals having significant influence/control on the group (Directors' sitting fees)**	-	**0.01**
	(Shri A.S. Ruia ₹ 7,500, Shri P.S. Ruia ₹ 85,000, Shri S.N.Ruia ₹ 7,500) (Previous year - Shri A.S. Ruia ₹ 15,000 and Shri P.S. Ruia ₹ 92,500)	-	(0.01)

II. Balances with related parties :

(₹ in crore)

Nature of Balances	Subsidiaries	Companies in which promoters have significant influence
Debit balances		
Deposits	-	**43.65**
(EHL - ₹ 20.27 crore, FUTURA - ₹ 10.41 crore, EITL - ₹ 12.04 crore) (Previous year - EHL - ₹ 20.27 crore, FUTURA - ₹ 4.40 crore, EITL – ₹ 3.54 crore)	-	(30.32)
Investments	**103.05**	-
(Equity shares of VPCL - ₹ 103.00 crore) (Previous year – Equity shares of VPCL - ₹ 103.00 crore)	(103.05)	-
Debtors	**0.02**	**37.43**
(ECIL - ₹ 11.73 crore, ESTL - ₹ 5.07 crore, ESHL-SEZ - ₹ 15.02 crore, EBTL - ₹ 4.92 crore) (Previous year - ECIL - ₹ 5.60 crore, ESTL - ₹ 12.09 crore)	-	(19.11)
Other receivable	-	**28.83**
(ESTL - ₹ 28.83 crore) (Previous year - ₹ Nil)	-	-
Advances	-	**34.73**
(EESL - ₹ 9.13 crore, EEHL - ₹ 19.92 crore) (Previous year - GSG UAE - ₹ 120.33 crore, EESL – ₹ 27.40 crore)	-	(170.48)
Advance against equity shares	**420.83**	-

II. Balances with related parties :

(₹ in crore)

Nature of Balances	Subsidiaries	Companies in which promoters have significant influence
(EOVL - ₹ 420.83 crore) (Previous year - EOVL - ₹ 110.21 crore)	(110.21)	-
Credit balances		
Deposits (Including retention money)	-	**13.50**
(EESL - ₹ 1.68 crore, ESTL - ₹ 1.82 crore, VOTL - ₹ 10.00 crore) (Previous year - ESL - ₹ 12.00 crore, VPL - ₹ 4.11 crore, VOTL - ₹ 10.00 crore , ECIL (Retention money) - ₹ 19.92 crore)	-	(48.56)
Loans and advances	-	**244.60**
(EIL - ₹ 52.62 crore, VOTL - ₹ 112.85 crore, VPL - ₹ 72.38* crore) (Previous year - EIL - ₹ 195.71 crore, VOTL - ₹ 112.37 crore, VPL – ₹ 65.56* crore)	-	(376.14)
Creditors and other liabilities	**17.68**	**333.53**
(ECIL - ₹ 117.40 crore, EEXPL - ₹ 114.49 crore) (Previous year - ECIL - ₹ 21.45 crore, VOTL - ₹ 42.73 crore)	(9.13)	(101.60)
Advances received (Including global depository shares advances from Essar Energy Holding Ltd.)	-	**193.93**
(EEXPL - ₹ 102.90 crore, EEHL - ₹ 91.03 crore) (Previous year EEXPGL (Merged with EEXPL) - ₹ 171.15 crore, EEHL - ₹ 151.67 crore)	-	(322.82)
Remuneration payable to key management personnel	-	**0.06**
(Shri Naresh Nayyar – ₹ 0.06 crore) (Previous year - ₹ Nil)	-	-
Other balances		
Outstanding guarantees given on behalf of the Company	-	**11,191.03**
(EIL - ₹ 9,979.80 crore) (Previous year - EIL - ₹ 5,204.80 crore)	-	(5,713.18)
Outstanding guarantees given by the Company	**279.68**	**272.39**
(VOTL - ₹ 272.39 crore, VPCL – ₹ 279.68 crore) (Previous year - VOTL - ₹ 276.66 crore, VPCL - ₹ 354.38 crore)	(354.38)	(276.66)

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

ANNEXURE I - Notes to abridged revised financial statements.

Notes :

1) Names of related parties and description of relationship:

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

2) Names of related parties, where the transaction during the year with single party is 10% or more, are disclosed under each nature of transaction.

3) Previous year figures have been shown in brackets.

20. [38] Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta Managing Director and Chief Executive Officer	Naresh Nayyar Deputy Chairman
S. S. Shaffi Company Secretary	Suresh Jain Chief Financial Officer

Mumbai, November 09, 2012

STATEMENT PURSUANT TO SECTION 212

of the Companies Act, 1956, relating to Company's interest in subsidiary companies

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

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

STATEMENT PURSUANT TO SECTION 212 (8)

of the Companies Act, 1956, relating to Company's interest in subsidiaries

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

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

* The power plant of the subsidiary declared commercial production on 30th April 2008.

** The 18 MMTPA refinery of the subsidiary was under Construction as of 31st March, 2009

*** Other than Investment in Subsidiaries

Exchange rate as on 31st March, 2009 is 1 USD = ₹ 51.45

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

AUDITORS' REPORT ON ABRIDGED REVISED CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of Essar Oil Limited

We have examined the abridged revised consolidated balance sheet of Essar Oil Limited ("the Company") and its subsidiaries (collectively referred to as "the EOL Group") as at March 31, 2009, the abridged revised consolidated statement of profit and loss and the abridged revised consolidated cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged revised consolidated financial statements"). These abridged revised consolidated financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the revised consolidated financial statements of the EOL Group for the year ended March 31, 2009, prepared in accordance with the requirements of Accounting Standard (AS) – 21, Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006 and covered by our report dated November 09, 2012 to the Board of directors of the Company which report is attached.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

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

To
The Board of Directors of
Essar Oil Limited

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

   As explained in Note B (8) of Schedule XVI to the attached revised consolidated financial statements, the Supreme Court of India has, vide its order dated January 17, 2012, set aside the order of the Honorable High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the 'Capital Investment Incentive Premier/Prestigious Units Scheme 1995 – 2000' of the State of Gujarat ("the Scheme"). Consequently, the Company, in its separate financial statements for the year ended March 31, 2012, reversed income of ₹ 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 ₹ 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 ₹ 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 presented the same under 'Exceptional Items' in the Statement of Profit and Loss for the year ended March 31, 2012. However, pursuant to reopening of the books of account in accordance with the aforesaid approval of the MCA, the effects of reversal of income of ₹ 1,184.69 Crores and reversal of liability of ₹ 45.49 Crores towards contribution to the welfare scheme pertaining to the financial year 2008-09 ("the revisions") have been considered in the revised separate financial statements of the Company for the year ended March 31, 2009 and, consequently in the attached revised consolidated financial statements for the year ended March 31, 2009. The effects of the revisions on the original consolidated financial statements for the year ended March 31, 2009 have been explained in detail in the said Note.

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

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

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

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

4. Based on the audit report on the original consolidated financial statements and our audit of the revisions, we report that the attached revised consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.

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

   a. Note B (4)(a) of Schedule XVI to the revised consolidated financial statements detailing the state of the Master Restructuring Agreement and the reasons for following the principles laid down in other internationally recognised financial reporting frameworks as well as Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   b. Note B (4)(c) of Schedule XVI to the revised consolidated financial statements with regard to following cash basis of accounting pursuant to the Court Order in respect of certain funded / accrued interest on debentures, pertaining to the Refinery Project under construction / trial runs and payable at various future dates as per the scheme of arrangement and compromise between the Company and its debenture holders;

   c. Note B (10) of Schedule XVI to the revised consolidated financial statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Accounting Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

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

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

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

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

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

ABRIDGED REVISED CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2009

(₹ in crore)

Particulars	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS		
Shareholders' funds		
a) Share capital - equity	1,218.13	1,190.36
b) Advance towards issue of global depository shares	91.03	151.67
c) Advance towards issue of equity shares	19.25	49.98
d) Reserves and surplus		
(i) Capital reserve	40.89	40.89
(ii) Securities premium account	2,729.01	2,201.34
(iii) Foreign projects reserve	0.45	8.45
(iv) Debenture redemption reserve	37.21	37.21
(v) Foreign currency translation reserve	(0.14)	-
Loan funds		
a) Debentures	307.90	396.60
b) Secured loans	9,383.56	9,064.23
c) Unsecured loans	622.39	701.61
Minority Interest	118.25	-
Deferred tax liability (net)	2.49	31.53
TOTAL	**14,570.42**	**13,873.87**
APPLICATION OF FUNDS		
Fixed assets		
a) Net block (original cost less depreciation)	12,989.47	430.27
b) Capital work-in-progress	3,060.68	13,851.11
Investments		
- Quoted (Market value ₹ 19.12 crore)	19.01	-
Current assets, loans and advances		
a) Inventories	2,257.34	4,889.73
b) Debtors	1,165.35	803.36
c) Cash and bank balances	1,184.12	1,088.97
d) Other current assets	183.11	54.54
e) Loans and advances - others	636.92	717.43
	5,426.84	**7,554.03**
Less: Current liabilities and provisions		
a) Current liabilities	8,543.14	7,977.56
b) Provisions	25.69	13.20
	8,568.83	**7,990.76**
Net current assets	**(3,141.99)**	**(436.73)**
Debit balance in abridged revised consolidated statement of profit and loss	1,643.25	29.22
TOTAL	**14,570.42**	**13,873.87**

Annexure I forms an integral part of the abridged revised consolidated financial statements.

As per our report of even date attached	For and on behalf of the Board of Directors	
For Deloitte Haskins & Sells Chartered Accountants	Lalit Kumar Gupta Managing Director and Chief Executive Officer	Naresh Nayyar Deputy Chairman
R. D. Kamat Partner Mumbai, November 09, 2012	S. S. Shaffi Company Secretary Mumbai, November 09, 2012	Suresh Jain Chief Financial Officer

ABRIDGED REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2009

(₹ in crore)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME		
Turnover (gross)	41,855.97	651.93
Less: Excise duty	3,761.62	-
Turnover (net)	38,094.35	651.93
Less : Sales tax	538.27	89.64
	37,556.08	**562.29**
Interest	124.86	5.66
Other income	23.93	8.83
	37,704.87	**576.78**
EXPENDITURE		
Cost of goods consumed/sold		
(i) Opening stock	5,427.89	130.27
(ii) Purchases	30,815.64	495.10
Less: Closing stock	2,040.93	30.99
	34,202.60	**594.38**
Operating expenses	247.27	-
Managerial remuneration {Excluding ₹ 0.43 crore (previous year ₹ 1.83 crore) charged to EDC}	1.32	0.02
Employee costs	99.94	2.28
Selling and marketing expenses	354.74	4.89
Auditor's remuneration {Excluding ₹ 0.30 crore (previous year ₹ 1.71 crore) charged to EDC}	1.82	0.01
Provision for doubtful debts	0.07	1.08
General and administrative expenses	1,479.88	9.62
	36,387.64	**612.28**
Profit / (Loss) before interest, depreciation and amortisation exceptional items and taxes	1,317.23	(35.50)
Less: Interest and other finance charges	1,120.30	6.06
Less: Depreciation and amortisation	671.91	2.53
Net loss before exceptional items and taxes	(474.98)	(44.09)
Less: Exceptional items	1,139.20	-
Net loss before taxes	(1,614.18)	(44.09)
Taxes		
Current Tax	7.12	-
Foreign tax	-	(2.38)
Deferred tax	(29.04)	(0.57)
Fringe benefit tax	2.00	0.06
Net loss before Minority Interest	(1,594.26)	(41.20)
Minority Interest	27.77	-
Net loss	(1,622.03)	(41.20)
Balance brought forward from previous year	(51.47)	(20.27)
Add: Amount transferred from foreign projects reserve	8.00	10.00
Balance carried forward	(1,665.50)	(51.47)
Out of above:		
Shown as deduction from general reserve	(22.25)	(22.25)
Shown as debit balance in abridged revised consolidated statement of profit and loss in the abridged revised consolidated balance sheet	(1,643.25)	(29.22)
	(1,665.50)	**(51.47)**

Annexure I forms an integral part of the abridged revised consolidated financial statements.

As per our report of even date attached	For and on behalf of the Board of Directors	
For Deloitte Haskins & Sells Chartered Accountants	Lalit Kumar Gupta Managing Director and Chief Executive Officer	Naresh Nayyar Deputy Chairman
R. D. Kamat Partner Mumbai, November 09, 2012	S. S. Shaffi Company Secretary Mumbai, November 09, 2012	Suresh Jain Chief Financial Officer

ABRIDGED REVISED CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2009

(₹ in crore)

	Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
A	**Cash flow from operating activities**		
	Net loss before tax and extraordinary items	(1,614.18)	(44.09)
	Adjustments for :		
	Depreciation / amortisation	671.91	2.53
	Income from lease rental	(0.84)	(0.60)
	Fixed assets written off	0.21	0.05
	Income on account of arbitration claim (receivable)	(3.10)	(3.10)
	Interest on income tax refund	(15.95)	(0.34)
	Profit on redemption of mutual Fund	(1.23)	-
	Interest income from long term deposits	(4.10)	(0.12)
	(Profit) / loss on sale of fixed assets (net)	-	(0.02)
	Unrealised exchange differences	56.17	-
	Interest	777.55	2.89
	Bad debts written off / doubtful debts advances provided for	0.07	1.08
	Credit balances / old payables written back	(0.75)	(0.36)
	Operating profit / (loss) before working capital changes	(134.24)	(42.08)
	Working capital changes		
	Adjustments for :		
	Changes in inventories	3,272.04	98.95
	Changes in receivables, advances and deposits	(2,511.36)	17.00
	Changes in payables	1,214.73	(151.19)
	Cash generated from / (used in) operating activities	1,841.17	(77.32)
	Income tax refund / (payment) (net) (including interest)	(4.06)	(21.36)
	Net cash generated from / (used in) operating activities (A)	1,837.11	(98.68)
B	**Cash flow from investing activities**		
	Additions to fixed assets / capital work in progress (including trial run)	(2,447.22)	(1,585.93)
	Amount spent towards common expenditure allocated to the port terminal	-	(5.93)
	Sale of fixed assets	1.75	0.43
	Purchase of investments	(129.30)	(21.35)
	Sale of Investments	111.52	21.53
	Changes in long term deposit (net)	(89.70)	0.13
	Interest received on long term deposits (other than margin deposits)	3.62	-
	Net cash generated from / (used in) investing activities (B)	(2,549.33)	(1,591.12)
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings (including funding of interest (net))	259.91	1,507.42
	Repayment of long term borrowings	(389.76)	(942.54)
	Changes in short term borrowings (net)	(72.57)	687.96
	Proceeds towards GDS issued / to be issued (net of refund)	521.69	646.82
	Share application money received	-	49.98
	Proceeds from issue of equity	59.75	-
	Interest paid for operating activities	(734.30)	(3.86)
	Changes in balance of bills of exchange accepted	909.08	(28.03)
	Net cash generated from / (used in) financing activities (C)	553.80	1,917.75
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(158.42)	227.95
	Cash and cash equivalents at the beginning of the year	355.72	127.77
	Cash and cash equivalents at the end of the year	197.30	355.72
	Net (decrease) / increase in cash and cash equivalents	(158.42)	227.95

Notes:

1 Non cash transactions:

a) The Group has taken transit accomodation facility costing ₹ 10.25 crore on finance lease basis.

During previous year:

a) The Group has taken township costing ₹ 67.27 crore and sale depot costing ₹ 2.55 crore on finance lease basis.

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

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

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

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Mumbai, November 09, 2012

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

ANNEXURE I - Notes to abridged revised consolidated financial statements.

The note number appearing in brackets "[ ]" are note number of part B of Schedule XVI as they appeared in the Complete Set of Revised Financial Statements

1 BASIS OF PREPARATION

These abridged revised consolidated financial statements have been prepared on the basis of the complete set of revised consolidated financial statements for the year ended March 31, 2009 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

(₹ in crore)

				Year ended March 31, 2009	Year ended March 31, 2008
2.[1]	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 1.48 crore (Previous year ₹ 1.45 crore) pertaining to joint ventures (Refer note B (13) (b))}			23,037.51	18,715.81
3.[2]	**Contingent Liabilities**				
	a)	Income tax / sales tax and other demands of various years against which appeals have been filed		48.61	48.55
	b)	Claims against the Group not acknowledged as debts:			
		i)	In respect of custom duty / excise duty	3.31	2.19
		ii)	In respect of encashment of performance guarantee	7.98	7.98
		iii)	Others	198.29	130.57
			The above includes counter claims on the Group in certain arbitration matters ₹ 93.84 crore (Previous year ₹ 83.08 crore) , matters under litigation being demand for additional compensation in land acquisition matter ₹ 8.48 crore (Previous year ₹ 7.14 crore) , demand of road tax on certain heavy equipment ₹ 10.45 crore (Previous year ₹ 0.67 crore), stamp duty on import of crude ₹ 57.45 crore (Previous year ₹ 22.70 crore) , interest on a loan under restructuring from a bank ₹ 17.84 crore (Previous year ₹ 10.46 crore), Gujarat entry tax ₹ 5.38 crore (Previous year ₹ 5.38 crore) and other miscellaneous claims of ₹ 4.85 crore (Previous year ₹ 1.14 crore).		

(₹ in crore)

			Year ended March 31, 2009	Year ended March 31, 2008
	c)	Interest not payable if certain funded interest facilities are prepaid {Refer note 4 (a) of schedule XVI}	268.45	129.50
	d)	In respect of custom duty, where the department has gone in appeal	24.66	22.45
	e)	In respect of bills discounted with banks	-	389.67
	Guarantees / Bonds			
	a)	Guarantees given by the Group on behalf of others	272.39	276.66
	b)	Guarantees given by banks / others on behalf of the Group	5,556.79	1,340.00
		{excluding guarantees and confirming bank guarantees given as security ₹ 7,592.54 crore (Previous year ₹ 4,810.82 crore) in respect of liabilities existing as at consolidated balance sheet date} {including ₹ 14.72 crore (Previous year ₹ 14.29 crore) pertaining to joint ventures (Refer note B (13)(b))}		
	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.			
4.	**Important Performance Ratios**			
	Sales / Total Asset		1.95	0.03
	Operating profit (before Exceptional item) / Capital employed		0.06	(0.00)
	Operating profit (after Exceptional item) / Capital employed		(0.04)	(0.00)
	Return on net worth		-65.07%	-1.13%
	Profit / Sales		-3.88%	-6.32%

Total Asset = Net fixed asset + CWIP + Investment + Deferred tax asset (net) + Current Assets

Operating profit (before Exceptional Items) = Profit before tax+Exceptional item + Interest and Finance charges

Operating profit (after Exceptional Items) = Profit before tax + Interest and Finance charges

Networth = Equity share capital + Reserve and surplus + Debit balances in abridged revised consolidated statement of profit and loss

Capital employed = Total Segment Assets-Total Segment Liabilities (Refer note 13.[24])

Sales = Gross Turnover (Refer note 12.[20])

Return= Profit after Tax

ANNEXURE I - Notes to abridged revised consolidated financial statements.

5. [3] The Group has commenced commercial production of Refinery and power plant on May 1, 2008. All expenditure pertaining to the completed Refinery Project and Power Plant being advances on capital account, capital work in progress and expenditure during construction have been capitalised during the year. Having regard to the forgoing, the current year figures may not be comparable with previous year figures. The Group is in the process of increasing the existing capacity of the Refinery and Power Plant and the expenditure incurred on expansion is accounted as advances on capital account, capital work in progress and expenditure during construction, as applicable.

6. [4] (a) The Master Restructuring Agreement ("MRA") dated December 17, 2004 entered pursuant to Corporate Debt Restructuring Scheme, gives an option to the Group to prepay certain funded interest loans of ₹ 2,467.84 crore (Previous year ₹ 2,527.56 crore) arising from funding of interest for the period October 1, 1998 to December 29, 2003 at any point in time during their term at a reduced amount computed in accordance with the mechanism provided in the MRA or in full by one bullet payment in March, 2026 (Refer schedule III) .

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

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

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

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

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

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

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

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

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

(4) 16,918,250 (Previous year 16,918,250) – 12.50% NCDs amounting to ₹ 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 @ ₹ 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 Group's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to ₹ 353.10 crore (Previous year ₹ 364.25 crore) as at March 31, 2009 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 from April, 2009 to April, 2026.

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

ANNEXURE I - Notes to abridged revised consolidated financial statements.

7. [6] Pursuant to the adoption by the Group of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Group has capitalised as part of cost of fixed assets exchange differences amounting to ₹ 116.50 crore. Consequently, the loss for the year and balance in the consolidated statement of profit and loss are lower by ₹ 116.50 crore, fixed assets are higher by ₹ 116.50 crore.

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

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

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

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

(a) Consolidated Statement of Profit and Loss

(₹ in crore)

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

(b) Consolidated Balance Sheet:

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Other current Assets			
Other receivables	394.98	158.16	Offsetting of sales tax considered as recoverable ₹ 236.82 Crore against sales tax liability

ANNEXURE I - Notes to abridged revised consolidated financial statements.

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Current Liabilities			
Sundry Creditors (Others)	6,171.82	5,794.55	i) Reversal of liability in respect of defeasement amount payable to a related party ₹ 331.78 crore.
			ii) Reversal of liability towards contribution to a Government welfare scheme ₹ 45.49 crore
Other liabilities	442.75	1,722.40	Recognition of Sales tax liability ₹ 1,279.65 crore after setting off payment of ₹ 236.82 crore
Debit balance in Statement of consolidated Profit and Loss	504.05	1,643.25	Effect of revisions in Consolidated Statement of Profit and Loss described in a) above

(c) Consolidated Cash Flow Statement:

(₹ in crore)

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

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

9. [10] The Group has adopted the accounting policy of recognising finance leases (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 – Leases, as there is no specific guidance available under Indian Accounting Standard (AS 19) Leases, for recognition of leases in case the assets taken on lease are under construction (CWIP).

10. [15] (a) During the year, the Group transferred ₹ 8.00 crore (Previous year ₹ 10.00 crore) from foreign project reserve created up to 2002-03 (Previous year 2001-02) to statement of consolidated profit and loss upon fulfillment of conditions prescribed u/s 80HHB of the Income Tax Act, 1961.

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

11. [16] The Group has following export obligations as at consolidated balance sheet date:

(₹ in crore)

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

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

12. [20] Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers and excise duty.

ANNEXURE I - Notes to abridged revised consolidated financial statements.

13. [24] Segment Reporting:

(₹ in crore)

	Particulars	Year ended March 31, 2009	Year ended March 31, 2008
	Information about primary segment - business:-		
1	**Segment revenue**		
	Refining including expansion and marketing	37,577.37	564.02
	Exploration and production activities	1.29	3.88
	Others	0.60	0.60
	Unallocated	-	1.63
	Total segment revenue	**37,579.26**	**570.13**
	Add : Interest income (including interest arising from arbitration		
	award and Interest on Income tax refund)	124.86	5.66
	Add : Write back of old liabilities	0.75	0.99
	Total group revenue	**37,704.87**	**576.78**
2	**Segment result before interest, extra ordinary items and tax**		
	Refining including expansion and marketing	(912.66)	(44.44)
	Exploration and production activities	(0.70)	0.15
	Others	(0.70)	0.58
	Unallocated	(50.19)	(4.58)
	TOTAL	**(964.25)**	**(48.29)**
	Less : Interest expense	777.54	2.01
	Less : Provision for doubtful recovery / write off	-	0.50
	Add : Interest income	124.86	5.66
	Add : Write back of old liabilities	0.75	0.99
	Profit / (Loss) before tax	(1,616.18)	(44.15)
	Less : Taxes	(21.92)	(2.95)
	Profit / (Loss) after tax	(1,594.26)	(41.20)
3	**Segment assets**		
	Refining including expansion and marketing	20,568.71	20,955.78
	Exploration and production activities	453.86	336.95
	Others	89.65	4.21
	Unallocated	383.77	339.36
	Total group assets	**21,495.99**	**21,636.30**
4	**Segment liabilities**		
	Refining including expansion and marketing	9,256.48	8,685.73
	Exploration and production activities	293.97	226.04
	Others	8.02	0.02
	Unallocated	272.07	70.41
	TOTAL	**9,830.54**	**8,982.20**

(₹ in crore)

	Particulars	Year ended March 31, 2009	Year ended March 31, 2008
	Add : Loan funds	11,245.27	11,103.83
	Less : Reduction in the amount of funded interest i.e. amount not payable as at consolidated balance sheet date (Refer note B (4) (a) of schedule XVI)	2,190.62	2,100.41
	Total group liabilities	**18,885.19**	**17,985.62**
5	**Additions to fixed assets**		
	Refining including expansion and marketing	13,256.63	100.70
	Exploration and production activities	40.28	151.70
	Unallocated	0.08	0.11
	TOTAL	**13,296.99**	**252.51**
6	**Depreciation / amortisation**		
	Refining including expansion and marketing	686.92	15.77
	Exploration and production activities	1.65	1.49
	Unallocated	0.57	0.61
	TOTAL	**689.14**	**17.87**
7	**Significant non-cash expenses other than depreciation**		
	Refining including expansion and marketing	53.35	-
	Unallocated	2.82	0.50
	TOTAL	**56.17**	**0.50**

Notes:

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

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

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

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

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

ANNEXURE I - Notes to abridged revised consolidated financial statements.

(₹ in crore)

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

14. [25] 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, 2009	As at March 31, 2008
1	Principal amount remaining unpaid	-	0.91
2	Interest due on (1) above and the unpaid interest	-	0.00*
3	Interest paid	0.06	-
4	Payment made beyond the appointed day during the year	3.14	3.66
5	Interest due and payable for the period of delay	-	0.02
6	Interest accrued and remaining unpaid	-	0.02
7	Amount of further interest remaining due and payable in succeeding year	-	0.02

*Amount less than ₹ 1 Lac.

15. [27] Related party disclosures :

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Companies in which promoters have significant influence
Equity share (Including Global Depository Shares- GDS) issued	**645.92**
(EEHL - ₹ 555.44 crore - GDS issued, EPOL- ₹ 90.48 crore - Equity share issued) (Previous year - EEHL - ₹ 684.54 crore - GDS issued)	(684.54)
Advance received against equity shares	**19.25**
(EPOL- ₹ 19.25 crore) (Previous year - EPOL - ₹ 49.98 crore)	(55.02)
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holding Ltd.)	**120.72**
(Advance received - EEHL - ₹ 120.72 crore (₹ 91.03 crore against GDS)) (Previous year Advance repayment - EEHL - ₹ 37.72 crore)	(37.72)
Loan / advances taken	**421.43**

I. Transactions with related parties (contd.)

(₹ in crore)

Nature of transactions	Companies in which promoters have significant influence
(EIL - ₹ 171.52 crore, ESTL - ₹ 245.00 crore) (Previous year - EIL - ₹ 174.95 crore, ESTL - ₹ 65.00 crore)	(250.58)
Purchase of fixed assets/intangible assets (including CWIP)	**59.22**
(ECIL - ₹ 57.72 crore) (Previous year - ESTL - ₹ 0.89 crore, EITL - ₹ 0.80 crore, ECIL - ₹ 0.25 crore)	(1.94)
Sale / return of fixed assets	**43.83**
(ESHL-SEZ - ₹ 15.00 crore-Sale of a sset, ESTL - ₹ 28.83 crore- return of asset) (Previous year - EEXP(I)L - ₹ 0.42 crore, ECIL - ₹ 0.13 crore)	(0.55)
Loan / advances given / assigned	**39.44**
(EEXPL - ₹ 10.96 crore, EEXPSEAL - ₹ 8.48 crore, EEHL - ₹ 20.00 crore) (Previous year - ESTL - ₹ 24.10 crore, VPL - ₹ 9.13 crore)	(38.74)
Advances given on capital account	**850.85**
(ECIL - ₹ 844.77 crore) (Previous year – GSG UAE - ₹ 120.33 crore, ECIL - ₹ 275.80 crore)	(441.31)
Advance received on capital account as participating interest	**105.20**
(EEXPL - ₹ 105.20 crore) (Previous year - EEXPGL (merged with EEXPL) - ₹ 74.90 crore)	(74.90)
Deposits-given by the Group	**93.51**
(EIL - ₹ 25.00 crore, EPOL - ₹ 50.00 crore) (Previous year - EITL - ₹ 3.54 crore, FUTURA - ₹ 3.50 crore, EHL - ₹ 8.00 crore)	(15.53)
Deposits-received by the Group	-
(Previous year VPL - ₹ 4.11 crore)	(4.11)
Present value of sales tax liability assigned	**331.78**
(EHL - ₹ 331.78 crore) (Previous year - ₹ Nil)	-
Assignment of provision/liability for employee benefits upon transfer of employee from EPOL to VPCL	-
(Previous year - EPOL - ₹ 0.07 crore)	(0.07)
Assignment of provision/liability for employee benefits upon transfer of employee from VPCL to VOTL	-
(Previous year - VOTL - ₹ 0.48 crore)	(0.48)
Sale of goods & scrap (including sales tax)	**62.81**
(EBTL - ₹ 9.31 crore, ECIL - ₹ 19.13 crore, ESHL- SEZ - ₹ 7.07 crore, ESTL - ₹ 17.87 crore) (Previous year - ESTL - ₹ 21.54 crore, ESHL - ₹ 2.68 crore)	(26.46)
Interest income	**4.06**
(EPOL - ₹ 3.05 crore, EIL - ₹ 0.49 crore) (Previous year ₹ Nil)	-
Lease income (including lease tax)	**0.90**
(VOTL - ₹ 0.25 crore, ESTL - ₹ 0.63 crore) (Previous year - VOTL - ₹ 0.29 crore, ESTL - ₹ 0.62 crore, ECIL - ₹ 0.14 crore)	(1.05)
Rendering of services (including allocation of expenses)	**23.60**

ANNEXURE I - Notes to abridged revised consolidated financial statements.

I. Transactions with related parties (contd.)

(₹ in crore)

Nature of transactions	Companies in which promoters have significant influence
(VOTL - ₹ 18.25 crore, EPMCL - ₹ 3.64 crore) (Previous year - VOTL - ₹ 21.92 crore, ECIL - ₹ 3.08 crore)	(25.01)
Purchase of goods/license fees / supply of material	**215.84**
(ECIL - ₹ 200.32 crore) (Previous year - ESTL - ₹ 6.65 crore)	(6.65)
Receiving of services (including allocation of expenses)	**835.03**
(VOTL - ₹ 451.03 crore, EESL - ₹ 151.51 crore) (Previous year - VOTL - ₹ 241.17 crore, ECIL - ₹ 94.73 crore)	(489.57)
Interest / financial charges paid/funded	**12.80**
(VOTL - ₹ 11.38 crore) (Previous year - VOTL - ₹ 11.00 crore)	(11.96)
Advances written off / reversal of advances written off	**0.02**
(EPLL - ₹ 0.02 crore - reversal of advance w.off) (Previous year EPLL - ₹ 0.08 crore- advance w.off)	(0.08)
Lease rent charged to the Group	**14.20**
(VPL - ₹ 14.20 crore) (Previous year VPL - ₹ 5.03 crore)	(5.03)
Cenvat / Vat charged by party	**8.50**
(ECIL - ₹ 8.50 crore) (Previous year - ECIL - ₹ 41.43 crore, VOTL - ₹ 27.02 crore)	(68.45)
Guarantees given on behalf of the Group.	**7,313.80**
(EIL - ₹ 4775.00 crore, EGL - ₹ 2,500.00 crore) (Previous year - EIL - ₹ 4,675.00 crore)	(4,685.72)
Guarantees given by the Group	-
(Previous year - VOTL - ₹ 27.25 crore)	(27.25)

Transactions with other classes of related parties

(₹ in crore)

Nature of transactions	Companies in which promoters have significant influence
a) Key management personnel (remuneration)	**1.75**
(Shri Naresh Nayyar - ₹ 1.29 crore, Shri Suresh Mathur - ₹ 0.30 crore) (Previous year - Shri Naresh Nayyar - ₹ 0.51 crore, Shri Hari L. Mundra - ₹ 0.53 crore, Shri Suresh Mathur ₹ 0.72 crore)	(1.85)
b) Individuals having significant influence/ control on the group (Directors' sitting fees)	**0.01**
(Shri A.S. Ruia ₹ 7,500, Shri P.S. Ruia ₹ 85,000, Shri S.N.Ruia ₹ 7,500) (Previous year - Shri A.S. Ruia ₹ 15,000 and Shri P.S. Ruia ₹ 92,500)	(0.01)

II. Balances with related parties :

(₹ in crore)

Nature of Balances	Companies in which promoters have significant influence
Debit balances	
Deposits	**134.15**
(EHL - ₹ 28.27 crore, EIL - ₹ 25.00 crore, EPOL - ₹ 50.00 crore, FUTURA - ₹ 13.90 crore) (Previous year - EHL - ₹ 28.27 crore, FUTURA - ₹ 7.90 crore)	(41.82)
Debtors	**37.43**
(ECIL - ₹ 11.73 crore, ESTL - ₹ 5.07 crore, ESHL-SEZ - ₹ 15.40 crore, EBTL - ₹ 4.92 crore) (Previous year - ECIL - ₹ 5.60 crore, ESTL - ₹ 12.09 crore)	(19.11)
Other receivable	**28.83**
(ESTL - ₹ 28.83 crore) (Previous year - ₹ Nil)	-
Advances	**195.57**
(EESL - ₹ 24.03 crore, ECIL - ₹ 145.94 crore, EEHL – ₹ 19.92 crore) (Previous year - GSG UAE - ₹ 120.33 crore, ECIL - ₹ 38.34 crore, EESL - ₹ 46.02 crore)	(227.55)
Credit Balances	
Deposits (including retention money)	**15.54**
(VOTL - ₹ 10.00 crore, EESL - ₹ 3.72 crore, ESTL - ₹ 1.82 crore) (Previous year - ESL - ₹ 12.00 crore, VPL - ₹ 4.11 crore, VOTL - ₹ 10.00 crore, retention money ECIL - ₹ 19.22 crore)	(49.07)
Loans and advances	**253.00**
(EIL - ₹ 61.02 crore, VOTL - ₹ 112.85 crore, VPL - ₹ 72.38* crore) (Previous year - EIL - ₹ 216.11 crore, VOTL - ₹ 112.37 crore, VPL - ₹ 65.56* crore)	(396.54)
Creditors and other liabilities	**468.02**
(ECIL - ₹ 201.39 crore, EEXPL - ₹ 114.49 crore) (Previous year - ECIL - ₹ 21.45 crore, VOTL - ₹ 43.21 crore, EESL - ₹ 39.67 crore)	(144.98)
Advances received (including Global Depository Shares advances from Essar Energy Holding Ltd.)	**213.18**
(EEHL - ₹ 91.03 crore, EEXPL - ₹ 102.90 crore) (Previous year EEXPGL (merged with EEXPL) - ₹ 171.15 crore, EEHL - ₹ 151.67 crore, EPOL - ₹ 49.98 crore)	(372.80)
Remuneration Payable to key management personnel	**0.06**
(Shri Naresh Nayyar - ₹ 0.06 crore) (Previous year - ₹ Nil)	-
Other balances	
Outstanding guarantees given on behalf of the Group	**12,991.03**
(EIL - ₹ 9,979.80 crore, EGL - ₹ 2,500.00 crore) (Previous year - EIL - ₹ 5,204.80 crore)	(5,713.18)
Outstanding guarantees given by the Group	**272.39**
(VOTL - ₹ 272.39 crore) (Previous year - VOTL - ₹ 276.66 crore)	(276.66)

*Group has entered into finance lease with VPL. The Group has recognised loan amount ₹77.98 crore (Previous year ₹ 67.73 crore) (fair value of asset) as per paragraph 11 of AS-19 "Leases".

ANNEXURE I - Notes to abridged revised consolidated financial statements.

Notes :

1) Names of related parties and description of relationship:

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

2) Names of related parties, where the transaction during the year with single party is 10% or more, are disclosed under each nature of transaction.

3) Previous year figures have been shown in brackets.

16. [31] ₹ 19.25 crore (Previous year ₹ 49.98 crore) represents advances received from Essar Power Limited for allotment of equity shares by VPCL

17. [32] Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta Managing Director and Chief Executive Officer	Naresh Nayyar Deputy Chairman
S. S. Shaffi Company Secretary	Suresh Jain Chief Financial Officer

Mumbai, November 09, 2012

AMENDMENT TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2009-10

To,

The Members of Essar Oil Limited

The Board of Directors had adopted its report on the financial statements for the financial year 2009-10 on July 26, 2010.

Sales Tax Incentive

The Hon'ble Supreme Court of India, on January 17, 2012, allowed an appeal filed by the Gujarat Government and set aside a judgment of the Gujarat High Court dated April 22, 2008, thus denying the Company benefits under a sales tax incentive scheme of the Government of Gujarat. Hence, the sales tax amount collected and retained by the Company from May 1, 2008 to January 17, 2012 became payable and the income arising out of 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 above purpose. Necessary resolution seeking approval of shareholders for re-opening of the said financial statements has been incorporated in the Notice dated November 9, 2012 convening the 22nd Annual General Meeting on December 20, 2012. Abridged reopened and revised financial statements for the financial year ended on March 31, 2010 form part of the annual report.

Consequent to reopening of books of accounts, information setout at the relevant paras in the Directors' Report for 2009-10 shall stand modified as under:

Financial Results

(₹ in crore)

	2009-2010	2008-2009
Gross Income	42,401.68	41,816.30
Net Income	37,376.54	37,700.15
Profit / (Loss) before Depreciation, Exceptional items and Tax	756.89	111.13
Less: Depreciation / Amortisation	728.31	654.85
Profit / (Loss) before Exceptional items and Tax	28.58	(543.72)
Less: Exceptional items	961.40	1,139.20
Less: Provision for Income Tax / Foreign Tax/ Deferred Tax Liability / Fringe Benefit Tax	(0.88)	(30.21)
Net Profit / (Loss) after tax	(931.94)	(1,652.71)
Add: Balance brought forward from previous year	(1,696.16)	(51.45)
Add: Transfer from Foreign Project Reserve	0.45	8.00
Balance to be carried to Balance Sheet	(2,627.65)	(1,696.16)

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 highlilghts

While the economic environment is evidently bottoming out, product inventories worldwide have still been high and demand has yet to reach the levels we had seen in 2006 and 2007. Consequently, refining margins have continued to be thin and all the benchmark margins have suffered. However, in the last quarter of FY 2009-10 GRMs improved. For the financial year 2009-2010, your Company posted a gross turnover of ₹ 42,402 crore. The earnings before interest, taxes, depreciation and amortization (EBITDA) was ₹ 1,938 crore. For the above period, the Company reported a Net (Loss) after Tax (NPAT) of ₹ (932) crore mainly due to reversal of income of sales tax liability on reopening of accounts as detailed in note no. 12 (16) of accompanying abridged revised financial statement and note No b (16) of schedule xvi of revised financial statement.

Consolidated financial statements

Consequent to revision in the aforementioned standalone financial statements of the Company there are corresponding changes in the Consolidated Financial Statements of the Company, its subsidiaries (Vadinar Power Company Ltd. upto September 9, 2009 and Essar Energy Overseas Ltd. upto July 7, 2009) and associates, prepared in accordance with Accounting Standard AS-21 on Consolidated Financial Statements. Abridged consolidated financial statements for the financial year ended on March 31, 2010 form part of the Annual Report.

Auditors' Report

The financial statements of the Company for the year ended March 31, 2010 (original financial statements) were audited by M/s. Deloitte Haskins & Sells, (Regn. No: 117365W).

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

Auditors have drawn attention that the accumulated losses of the Company as on March 31, 2010 are more than 50% of its net worth.

The Company has incurred cash losses during the year mainly due to reversal of income recognized during 2009-10 by defeasance of sales tax liability on reopening and revising accounts as detailed in Note 16 of the financial statements. To improve the net worth, in financial year 2011-12 the terms of Foreign Currency Convertible Bonds (FCCBs) have been amended whereby the above bonds have now become compulsorily convertible into equity shares / GDSs on the same terms and conditions. Terms and conditions of FCCBs are mentioned in Note 6 to financial statements. With the refining capacity increased to 20 MMTPA coupled with improved complexity, the revenues and profitability of the Company are expected to improve significantly.

Other observations of the Auditors in the Audit report, on the revisions to the original financial statements, are detailed, 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 2009-10.

For and on behalf of the Board of Directors

L.K. Gupta
Managing Director & CEO

Naresh Nayyar
Deputy Chairman

Mumbai, November 09, 2012

AUDITORS' REPORT ON ABRIDGED REVISED FINANCIAL STATEMENTS

To

The Members of Essar Oil Limited

We have examined the abridged revised balance sheet of Essar Oil Limited ('the Company') as at March 31, 2010, the abridged revised statement of profit and loss and the abridged revised cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged revised financial statements"). These abridged revised financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement and are based on the revised accounts of the Company for the year ended March 31, 2010 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated November 09, 2012 to the members of the Company which report is attached.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 117365W)

R D Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

AUDITORS' REPORT

To

The Members of Essar Oil Limited

1. The financial statements of the Company for the year ended March 31, 2010 ("the original financial statements") were audited by Deloitte Haskins & Sells (Registration Number –117366W) and their audit report dated July 26, 2010 ("the audit report on the original financial statements") expressed an unqualified opinion on the same. The original financial statements and the audit report on the original financial statements were adopted by the shareholders of the Company in the annual general meeting of the Company held on September 24, 2010. The original financial statements have now been revised by the Company in the manner and for the reasons explained in Note B (16) of Schedule XVI to the attached revised financial statements in accordance with the approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-13. The said approval is restricted to revision of the financial statements to reflect a true and fair view of the sales tax incentives /liabilities etc. consequent to an order of the Hon'ble 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 ₹ 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 ₹ 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 ₹ 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 due to reopening of the books of account and revision of the financial statements for the years ended March 31, 2009, the effects of reversal of income of ₹ 1,032.91 Crores, reversal of liability of ₹ 44.22 Crores towards contribution to the welfare scheme and recognition of interest income of ₹ 27.29 Crore (net of breakup charges of ₹ 15.46 crore) on account of interest receivable from the assignee of the defeased sales tax liability pertaining to the financial year 2009-10 ("the revisions") have been considered in the attached revised financial statements for the year ended March 31, 2010. The effects of the revisions on the original financial statements have been explained in detail in the said Note.

2. We have audited the revision carried out in the original financial statements to prepare the attached revised financial statements comprising the revised balance sheet of the Company as at March 31, 2010 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 revised 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.

AUDITORS' REPORT

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 Paragraph 7, 8 and 12 due to the revisions.

4. As reported in the audit report on the original financial statements; without qualifying our report, we invite attention 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 other internationally recognised financial reporting frameworks as well as Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

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

   iii) Note B (18) of schedule XVI to the revised financial statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Accounting Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

   iv) Note B (9) of schedule XVI regarding Managerial Remuneration pertaining to the year 2009-2010 paid to the Managing Director and the Executive Director which is subject to the approval of the Central Government as stated therein.

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

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

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

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

   iv) Having regard to the matters described in paragraph 4 above and the limited application of Accounting Standard (AS) 4, Contingencies and Events Occurring After the Balance Sheet Date only to the matter referred in paragraph 1 above, in our opinion, and according to the information and explanations given to us, the revised Balance Sheet, revised statement of profit and loss and revised cash flow statement dealt with by this report are in compliance 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, 2010 from being appointed as 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 to the best of our information and according to the explanations given to us, the said revised financial statements, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and in respect of the matters described in paragraphs 4(i) and 4(iii) above where accounting principles generally accepted in India do not provide specific guidance, in conformity with the principles laid down in other internationally recognised financial reporting frameworks:

   (a) in the case of the revised balance sheet, of the state of affairs of the Company as at March 31, 2010;

   (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), (v), (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. 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.

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

6. 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.

7. In respect of statutory dues:

   a. According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, 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 few instances of state sales 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 above statutory dues outstanding as at March 31, 2010 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 and Sales Tax which have not been deposited as on March 31, 2010 on account of disputes are given below:

Name of Statute	Nature of dues	Amount (₹ in crore)	Period to which the Amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty, Interest and Penalty	33.38	November 06 to July 07	Central Excise & Service Tax Appellate Tribunal (CESTAT), Ahmedabad

ANNEXURE TO THE AUDITORS' REPORT

Name of Statute	Nature of dues	Amount (₹ in crore)	Period to which the Amount relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty and interest	0.17	2007-08	Commissioner of Customs (Appeals) Jamnagar
Customs Act, 1962	Custom Duty and interest	0.54	January 07 to March 07	Commissioner of Customs (Appeals) Rajkot.
Kerala General Sales Tax Act, 1963	Sales Tax	8.06	2004-05	High Court (Kerala)
Gujarat Value Added Tax, 2003	Sales Tax	0.20	2007-08	Joint Commissioner (Appeal), Rajkot

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, 2010.

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 ₹ 6,168.97 crores (including ₹ 2,753.70 crores as at March 31, 2010). The Company has deposited ₹ 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 the 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 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.

8. *The accumulated losses in the revised statement of profit and loss of the Company are more than fifty per cent of its net worth at the end of the financial year. The Company has incurred cash losses during the year and in the immediately preceding financial year.*

9. In our opinion, according to the information and explanations given to us, and taking into consideration the terms of Master Restructuring Agreement ("MRA") entered into with the financial institutions and banks pursuant to 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.

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

11. 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.

12. *According to the information and explanations given to us and on an overall examination of the revised balance sheet of the Company, we report that the Company has used funds raised on short term basis comprising of suppliers' credits and short term / demand loans* (excluding (i) short term liabilities of ₹ 1,836 crores mainly consisting of acceptances as at balance sheet date, relating to capital expenditure towards expansion of the existing refinery, which will eventually be converted into long term funds upon them becoming due in line with the loan agreements and (ii) net increase in the current liabilities by ₹ 2,100.60 crores due to the revisions as detailed in note B(16) of Schedule XVI to the revised financial statements) amounting to ₹ 1,528 crores for long-term investment. We have been informed that the equity share capital of ₹ 1,026 crores raised subsequent to balance sheet date by issue of Global Depository Shares has been applied to finance working capital of the Company and the Company also has plans of progressively replacing the balance short term funds by long term funds through further equity raising, internal accruals and long term borrowings.

13. 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 the personal guarantees by some of the directors together with collateral securities.

14. 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

ABRIDGED REVISED BALANCE SHEET

AS AT MARCH 31, 2010

(₹ in crore)

Particulars	As at March 31 , 2010	As at March 31 , 2009
SOURCES OF FUNDS		
Shareholders' funds		
a) Share capital - equity	1,218.13	1,218.13
b) Advance towards issue of global depository shares	1,153.21	91.03
c) Reserves and surplus		
(i) Capital Reserve	40.89	40.89
(ii) Securities Premium Account	2,729.01	2,729.01
(iii) Debenture Redemption Reserve	37.21	37.21
(iv) Foreign Project Reserve	-	0.45
Loan funds		
a) Debentures	184.21	307.90
b) Secured loans	9,286.38	9,111.25
c) Unsecured loans	883.14	612.56
TOTAL	**15,532.18**	**14,148.43**
APPLICATION OF FUNDS		
Fixed assets		
a) Net block (original cost less depreciation)	12,309.35	12,605.84
b) Capital work-in-progress	4,318.75	1,913.90
Investments		
a) Investments in subsidiary companies (unquoted)	-	0.05
b) Other - unquoted	103.00	103.00
- quoted (Market value ₹ 120.62 crore)	100.00	-
Deferred tax asset (net)	0.57	0.57
Current assets, loans and advances		
a) Inventories	3,969.44	2,250.93
b) Debtors	2,033.30	1,165.35
c) Cash and bank balances	1,350.75	1,174.63
d) Other current assets	859.29	183.10
e) Loans and advances - subsidiary	-	420.83
- other	694.71	491.44
	8,907.49	**5,686.28**
Less: Current liabilities and provisions		
a) Current liabilities	12,789.57	7,809.78
b) Provisions	22.81	25.34
	12,812.38	**7,835.12**
Net current assets	**(3,904.89)**	**(2,148.84)**
Debit balance in abridged revised statement of profit and loss	2,605.40	1,673.91
TOTAL	**15,532.18**	**14,148.43**

Annexure I forms an integral part of the abridged revised financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

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

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

Suresh Jain
Chief Financial Officer

ABRIDGED REVISED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2010

(₹ in crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME		
Turnover (gross)	42,401.68	41,816.30
Less: Excise duty	5,083.20	3,761.62
Turnover (net)	37,318.48	38,054.68
Less : Sales tax	813.87	538.27
	36,504.61	**37,516.41**
Interest	86.25	121.36
Other income	785.68	62.38
	37,376.54	**37,700.15**
EXPENDITURE		
Cost of goods consumed/sold		
(i) Opening stock	2,040.58	5,427.88
(ii) Purchases	35,945.15	30,815.65
Less: Closing stock	3,734.82	2,040.58
	34,250.91	**34,202.95**
Operating expenses	414.08	368.28
Managerial remuneration {Excluding ₹ 0.53 crore (previous year ₹ 0.38 crore) charged to EDC}	3.05	1.21
Employee costs	94.45	95.67
Selling and marketing expenses	380.70	354.77
Auditor's remuneration {Excluding ₹ 0.82 crore (previous year ₹ 0.29 crore) charged to EDC}	2.84	1.66
Provision for doubtful debts	-	0.07
General and administrative expenses	292.69	1,472.93
	35,438.72	**36,497.54**
Profit before interest, depreciation and amortisation, exceptional items and taxes	1,937.82	1,202.61
Less: Interest and other finance charges	1,180.93	1,091.48
Less: Depreciation and amortisation	728.31	654.85
Net profit / (loss) before exceptional items and taxes	28.58	(543.72)
Less: Exceptional items	961.40	1,139.20
Net loss before taxes	(932.82)	(1,682.92)
Taxes		
Current tax	(0.88)	-
Deferred tax credit	-	(32.10)
Fringe benefit tax	-	1.89
Net loss after taxes	(931.94)	(1,652.71)
Balance brought forward from previous year	(1,696.16)	(51.45)
Add: Amount transferred from foreign projects reserve	0.45	8.00
Balance carried forward	(2,627.65)	(1,696.16)
Out of above:		
Shown as deduction from general reserve	(22.25)	(22.25)
Shown as debit balance in abridged revised statement of profit and loss in the abridged revised balance sheet	(2,605.40)	(1,673.91)
	(2,627.65)	**(1,696.16)**

Annexure I forms an integral part of the abridged revised financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

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

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

Suresh Jain
Chief Financial Officer

ABRIDGED REVISED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2010

(₹ in crore)

	Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit/(loss) before tax and extraordinary items	**(932.82)**	(1,682.92)
	Adjustments for :		
	Depreciation / amortisation	728.31	654.85
	Income from lease rental	(0.34)	(0.85)
	Fixed assets written off	0.00*	0.21
	Income on account of arbitration claim (receivable)	(3.10)	(3.10)
	Interest on income tax refund	(1.21)	(15.95)
	Interest income from long term deposits	(1.42)	(0.60)
	(Profit) / loss on sale of fixed assets (net)	(0.01)	-
	Unrealised exchange differences	(195.86)	56.17
	Interest	818.44	748.76
	Bad debts written off / doubtful debts provided for	2.44	0.07
	Waiver on settlement of a foreign currency loan / Old credit balances written back	(52.54)	(0.75)
	Operating profit before working capital changes	**361.89**	(244.11)
	Working capital changes		
	Adjustments for :		
	Changes in inventories	(1,712.47)	3,273.55
	Changes in receivables, advances and deposits	(1,792.62)	(2,520.05)
	Changes in payables	3,824.97	1,407.99
	Cash generated from operating activities	**681.77**	1,917.38
	Income tax refund / (payment) (net) (including interest)	6.88	3.05
	Net cash generated from operating activities (A)	**688.65**	1,920.43
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Additions to fixed assets / capital work in progress (including trial run)	(2,065.48)	(1,597.71)
	Advances given for equity	(38.79)	(310.62)
	Sale of fixed assets	14.99	1.75
	Purchase of investments	0.00*	-
	Disposal / Sale of Investment in subsidiary	0.00*	-
	Changes in long term deposit (net)	12.39	(14.70)
	Interest received on long term deposits (other than margin deposits)	1.42	0.12
	Net cash used in investing activities (B)	**(2,075.47)**	(1,921.16)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from long term borrowings (including funding of interest (net))	1,199.22	259.91
	Repayment of long term borrowings	(1,069.68)	(335.30)
	Changes in short term borrowings (net)	535.67	(62.01)
	Proceeds towards GDS issued / to be issued (net of refund)	1,032.49	521.69
	Interest paid	(932.88)	(786.74)

(₹ in crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Changes in balance of bills of exchange accepted	646.28	321.40
Net cash generated from / (used in) financing activities (C)	**1,411.10**	**(81.05)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**24.28**	**(81.78)**
Cash and cash equivalents at the beginning of the year	**187.81**	269.59
Balance taken over on amalgamation	**2.89**	-
Cash and cash equivalents at the end of the year	**214.98**	187.81
Net (decrease) / increase in cash and cash equivalents	**24.28**	**(81.78)**

Notes:

1 Non cash transactions:

(a) Essar Oil Vadinar Limited has been amalgamated with the Company as per the High Court approved scheme of amalgamation

(b) During previous year, the Company had taken transit accommodation facility costing ₹ 10.25 crore on finance lease basis.

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

(₹ in crore)

	As at March 31, 2010	As at March 31, 2009
Cash on hand and balances with banks		
Cash and bank balances as per balance sheet	1,350.75	1,174.63
Less: Margin and long term fixed deposits #	1,233.66	986.58
Add : Liquid Investment	100.00	-
Less : Effect of exchange rate changes	2.11	0.24
Cash and cash equivalents as restated	**214.98**	187.81

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

*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

ANNEXURE I - Notes to abridged revised financial statements

The note number appearing in brackets "[ ]" are note number of part B of Schedule XVI as they appeared in the Complete Set of Revised Financial Statements.

1 BASIS OF PREPARATION

These abridged revised financial statements have been prepared on the basis of the complete set of revised financial statements for the year ended March 31, 2010 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

(₹ in crore)

				Year ended March 31, 2010	Year ended March 31, 2009
2.[1]	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹1.36 crore (Previous year ₹ 1.48 crore) pertaining to joint ventures (Refer note B (21) (c) of schedule XVI)}			21,392.71	5,628.52
3.[2]	Contingent liabilities:				
	a)	Income tax / sales tax and other demands of various years against which appeals have been filed by department / Company		37.91	48.61
	b)	Claims against the Company not acknowledged as debts :			
		(i)	In respect of custom duty / excise duty	34.48	3.31
		(ii)	In respect of encashment of performance guarantee	7.98	7.98
		(iii)	Others	128.17	198.29
			The above includes counter claims on the Company in certain arbitration matters ₹ 99.05 crore (Previous year ₹ 93.84 crore), demand of road tax on certain heavy equipment ₹ 10.51 crore (Previous year ₹ 10.45 crore), bank charges ₹ 7.47 crore (Previous year ₹ Nil), Gujarat entry tax ₹ 5.38 crore (Previous year ₹ 5.38 crore), other miscellaneous claims of ₹ 3.80 crore (Previous year ₹ 4.85 crore), litigation for additional compensation in land acquisition matter ₹ 1.96 crore (Previous year ₹ 8.48 crore), stamp duty on import of crude ₹ Nil (Previous year ₹ 57.45 crore), interest on a loan from bank since settled ₹ Nil (Previous year ₹ 17.84 crore).		

(₹ in crore)

			Year ended March 31, 2010	Year ended March 31, 2009
	c)	Interest not payable if certain funded interest facilities are prepaid {Refer note B (11) (a) of schedule XVI}	417.47	268.45
	d)	In respect of custom duty / FEMA, where the department has gone in appeal	76.90	24.66
	e)	Guarantees given by the Company on behalf of others	498.57	552.07
		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.		
4.[3]	Important performance ratios			
	Sales / total asset		1.65	2.06
	Operating profit (before Exceptional items) / capital employed		0.11	0.05
	Operating profit (after Exceptional items) / capital employed		0.02	(0.05)
	Return on net worth		-36.22%	-67.66%
	profit / sales		-2.20%	-3.95%
	Total Asset = Net fixed asset + CWIP + Investment + Deferred Tax Asset (net) + Current Assets			
	Operating profit (before Exceptional Items) = Profit before tax+Exceptional items + Interest and Finance charges			
	Operating profit (after Exceptional Items) = Profit before tax + Interest and Finance charges			
	Networth = Equity share capital + Reserve and surplus + Debit balances in abridged revised statement of profit and loss			
	Capital employed = Total segment assets-Total segment Liabilities (Refer Note 18.[32])			
	Sales = Gross Turnover (Refer note 16.[28])			
5.[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)	13.50	12.91

ANNEXURE I - Notes to abridged revised financial statements

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

6.[6] 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 (including trial runs)	128.61	276.72	12,718.15	12,727.54	40,640.10	119.22	369.17
	(156.44)	(482.42)	(12,138.14)	(12,165.98)	(40,932.19)	(128.61)	(276.72)
(During trial run)	-	-	-	-	-	-	-
	(156.44)	(482.42)	(926.28)	(892.46)	(3,530.63)	-	-

Previous year details have been shown in brackets.

7.[7]

(a) Quantitative and other information with regard to products/crude traded 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	4,711.09	12.44	542,903.52	1,703.58	547,486.50	1,760.41	-	-
	(10,885.95)	(30.99)	(247,753.91)	(650.93)	(253,732.13)	(882.82)	(4,711.09)	(12.44)

* Net of loss on traded products 128.11 KL (Previous year 196.64 KL)

(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	815.00	0.15	4,061.47	4,251.47	1.17	625.00	0.18
	(479.00)	(0.16)	(3,478.17)	(3,142.17)	(1.29)	(815.00)	(0.15)

Previous year details have been shown in brackets.

8.[10] The Company has commenced commercial production of Refinery on May 1, 2008. Having regard to the foregoing, the current year figures may not be comparable with the previous year figures. The Company is in the process of increasing the existing capacity of the Refinery and the expenditure incurred for this purpose is accounted as advances on capital account, capital work-in-progress and expenditure during construction, as applicable.

9.[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 ₹ 2,467.84 crore (Previous year ₹ 2,467.84 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 being 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 ₹ 2,140.56 crore (Previous year ₹ 2,190.62 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

ANNEXURE I - Notes to abridged revised financial statements

Refinery Project till the date of balance sheet is treated as finance cost in the statement of profit and loss (Refer schedule XV).

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

b) Other income includes an amount of ₹ 41.48 crore (Previous year ₹ Nil) arising out of settlement of a foreign currency loan.

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

(1) Nil (Previous year 14,864,950) – 6% NCDs amounting to ₹ Nil (Previous year ₹ 33.17 crore) with repayment started from April 30, 2006 and fully paid as of March 31, 2010.

(2) Nil (Previous year 10,291,750) – 6% NCDs amounting to ₹ Nil (Previous year ₹ 30.88 crore) with repayment started from December 31, 2006 and fully paid as of March 31, 2010.

(3) Nil (Previous year 33,315,750) – 9.25% NCDs (including partly paid debentures) amounting to ₹ Nil (Previous year ₹ 59.64 crore) fully paid as of March 31, 2010.

(4) 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 ₹ 340.34 crore (Previous year ₹ 353.10 crore) as at March 31, 2010 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.

d) Term loans include interest funded for period up to September 30, 1998, for the period subsequent to December 29, 2003 and interest funded on April 1, 2010.

10.[13] a) A scheme of amalgamation of the Company's wholly owned subsidiary, Essar Oil Vadinar Limited (EOVL) with the Company under sections 391 and 394 of the Companies Act, 1956 was approved by the Hon'ble High Court of Gujarat on May 03, 2010. The Order has since been received and filed with the Registrar of Companies of Gujarat, Dadra and Nagar Haveli on May 17, 2010 with effect from April 1, 2008. Accordingly, the scheme has been given effect to in this financial year ending as at March 31, 2010 and the assets, liabilities and reserves of EOVL, at their respective book values as appearing in the audited books of account as at March 31, 2008, have been transferred to and vested in the Company.

b) Essar Oil Vadinar Limited is engaged in setting up of 18 MMTPA refinery.

c) The amalgamation has been accounted for under the 'Pooling of interests' method as prescribed by Accounting Standard – 14 "Accounting for Amalgamations", issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of EOVL have been taken over at their book values.

d) As provided in the scheme of amalgamation, 50,000 equity shares of EOVL held by the Company stands cancelled.

e) EOVL being a wholly owned subsidiary, no shares were issued to effect the amalgamation.

f) In view of the amalgamation, the figures for the current year are not comparable to those of the previous year.

11.[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 ₹ 69.15 crore (Previous year loss capitalized ₹ 116.50 crore). On account of this, the profit for the year is lower by ₹ 69.15 crore (Previous year loss lower by ₹116.50 crore), with a corresponding impact on fixed assets which is lower by ₹ 69.15 crore (Previous year higher by ₹116.50 crore).

12.[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

ANNEXURE I - Notes to abridged revised financial statements

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 ₹ 1,474.05 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of ₹ 441.14 crores resulting in a net defeasement income of ₹ 1,032.91 crores which was recognised during the financial year 2009-2010. The Company also recognised liability of ₹ 44.22 crores towards contribution to a Government Welfare Scheme which was payable being one of the conditions to be eligible under the Scheme.

The State Government had filed a petition on July 14, 2008 in the Hon'ble Supreme Court against the order dated April 22, 2008 of the Hon'ble Gujarat High Court. The Hon'ble Supreme Court of India has vide its order dated January 17, 2012 set aside the order of the Hon'ble High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the Scheme, making the Company liable to pay ₹ 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 income of ₹ 4,416.12 crores recognised during May 1, 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 on account of interest receivable from the assignee of the defeased sales tax liability; and had presented the same as 'Exceptional items' in the Statement of Profit and Loss forming part of financial statements for the year ended March 31, 2012 which were approved by the Board of Directors in its meeting held on May 12, 2012.

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

Particulars	Original financial statements	Revised financial statements	Remarks
Other Current Assets	419.92	183.10	Offsetting of sales tax considered as recoverable ₹ 236.82 crore against sales tax liability.
Current Liabilities	6,907.40	7,809.78	i) Recognition of Sales tax liability ₹ 1,279.65 crore after setting off sales tax recoverable of ₹ 236.82 crore. ii) Reversal of liability in respect of defeasement amount payable to related party ₹ 331.78 crore. iii) Reversal of liability towards contribution to a Government welfare Scheme ₹ 45.49 crore.
Debit balance in statement of profit and loss	534.71	1,673.91	Effect of exceptional items of 2008-2009 – ₹ 1,139.20 crore.

The details of the revisions to the original financial statements for the financial year 2009-2010 including impact for the previous year 2008-09 (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	-	961.40	i) Reversal of income on defeasance of sales tax liability ₹ 1,032.91 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore iii) Accrual of interest income on receivables from assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of estimated liability towards breakup charges of ₹ 15.46 crore)
Net loss after taxes	29.46	(931.94)	Effect of above adjustments

ANNEXURE I - Notes to abridged revised financial statements

b) Balance sheet :

(₹ In crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Reserve and surplus	2,836.57	2,807.11	Debenture Redemption Reserve of ₹ 29.46 crore created earlier now reversed due to insufficient profits.
Other current Assets			
Other receivables	309.37	838.00	i) Amount paid to a related party ₹ 738.16 crore under defeasement agreement. ii) Recognition of interest income of ₹ 27.29 crore for the year (net of estimated liability towards breakup charges of ₹ 15.46 crore), iii) Offsetting sales tax considered as receivable ₹ 236.82 crore against sales tax liability.
Current liabilities:			
Sundry creditors (others)	8,408.42	8,283.95	i) Reversal of liability in respect of defeasement amount payable to a related party ₹ 34.76 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 89.71 crore
Other liabilties	236.19	2,989.89	Recognition of Sales tax liability ₹ 2,753.70 crore after setting off receivable amount of ₹ 236.82 crore
Debit balance in statement of profit and loss	534.26	2,605.40	Effect of revision in Statement of Profit and Loss for financial year 2008 – 09, reversal of debenture redemption reserve as detailed above and impact of (a) above.

c) Cash flow statement :

(₹ In crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Net loss before Tax and extraordinary items	28.58	(932.82)	i) Reversal of income on defeasance of sales tax liability ₹ 1,032.91 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore iii) Accrual of interest income on receivables from the assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of estimated liability towards breakup charges of ₹ 15.46 crore).
Changes in receivables, advances and deposits	(1,027.18)	(1,792.62)	i) Amount paid to related party ₹ 738.15 crore 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 estimated liability towards breakup charges of ₹ 15.46 crore).
Changes in payables	2,098.13	3,824.97	i) Recognition of Sales tax liability ₹ 1,474.05 crore, ii) Amount paid to a related party ₹ 738.15 crore under defeasement agreement iii) Reversal of liability in respect of defeasement amount payable to a related party ₹ 441.14 crore. iv) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore.

d) Notes 2, 16, 23 (b), 25, 27, 35 of Schedule XVI (B) has been modified in accordance with the revisions described above.

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13.[18] The Company has adopted the accounting policy of recognising finance lease (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 - Leases, as there is no specific guidance available under Indian Accounting Standard (AS -19) Leases, for recognition in case the assets taken on lease are under construction.

14.[23] a) During the year, the Company transferred ₹ 0.45 crore (Previous year ₹ 8.00 crore) from foreign project reserve created up to 2003-04 (Previous year 2002-03) 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.

15.[24] The Company has following export obligations as at balance sheet date:

(₹ in crore)

Obligation under	As at March 31, 2010	As at March 31, 2009
Exports Promotion Capital Goods Scheme (EPCG)	1,045.33	767.60
Advance License Scheme	670.06	-
TOTAL	**1,715.39**	**767.60**

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 ₹ 162.15 crore (Previous year ₹ 95.95 crore) on the related imports of crude and capital equipment as at balance sheet date. Export obligation of ₹ 1,715.39 crore (Previous year ₹ 767.60 crore) includes export obligation of ₹ 1,045.33 crore (Previous year ₹ 748.49 crore) against imports made by Vadinar Power Company Limited, an associate of the Company.

16.[28] Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers, hedging loss/gain on product / cracks and excise duty.

17.[30] The Company has changed the cost formula for valuing the inventory of raw materials (crude) from "Weighted Average" to "FIFO". The impact of the change on the statement of profit and loss and closing stock is insignificant.

18.[32] In accordance with Accounting Standard on Segment Reporting (AS 17) as notified under Companies (Accounting Standards Rules, 2006), information relating to segments is furnished in the consolidated financial statements.

19.[33] 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, 2010	As at March 31, 2009
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	0.02	0.06
4	Payment made beyond the appointed day during the year	3.92	3.14
5	Interest due and payable for the period of delay	-	-
6	Interest accrued and remaining unpaid as at March 31, 2010	-	-
7	Amount of further interest remaining due and payable in succeeding year	-	-

ANNEXURE I - Notes to abridged revised financial statements

20.[35] 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 (Previous year - EEHL - ₹ 555.44 crore)	- (555.44)	- -	- -	- -	- -
Advances received (Including Global Depository Shares advances from Essar Energy Holding Ltd.) (Advance received - EEHL - ₹ 1,200.47 crore {against GDS }) (Previous year advance received EEHL - ₹ 120.72 crore {₹ 91.03 crore against GDS})	1,200.47 (120.72)	- -	- -	- -	- -
Loans / advances taken (EIL - ₹ 1,013.81 crore) (Previous year - EIL - ₹ 171.52 crore, ESTL - ₹ 245.00 crore, VPCL - ₹ 50.00 crore)	- -	- (50.00)	**0.62** (249.91)	- -	**1,013.81** (171.52)
Purchase of fixed assets/intangible assets (including CWIP) (EPIL - ₹ 444.89 crore, EESL - ₹ 53.78 crore) (Previous year - EPIL - ₹ 57.72 crore)	- -	- -	**550.13** (58.03)	- -	**13.29** (1.19)
Sale / return of fixed assets (Previous year - ESHL - SEZ - ₹ 15.00 crore - sale of asset, ESTL - ₹ 28.83 crore - return of asset)	- -	- -	- (43.83)	- -	- -
Advance paid against equity shares (Previous year - EOVL - ₹ 310.62 crore)	- -	- (310.62)	- -	- -	- -
Loans / advances given / assigned (EPIL - ₹ 3.06 crore, EEXPIL - ₹ 5.27 crore) (Previous year - EEXPL - ₹ 10.96 crore, EEXPSEAL - ₹ 8.48 crore, EEHL - ₹ 20.00 crore)	**0.14** (20.00)	- -	**8.33** (19.44)	- -	- -
Advances given on capital account (EPIL - ₹ 573.63 crore) (Previous year - EPIL - ₹ 191.42 crore)	- -	- -	589.93 (191.42)	- -	- -
Advance received on capital account as participating interest (Previous year - EEXPL - ₹ 105.20 crore)	- -	- -	- (105.20)	- -	- -
Deposits-given by the Company (VOTL - ₹ 28.00 crore, VPTL - ₹ 50.00 crore) (Previous year - EITL - ₹ 8.50 crore, FUTURA - ₹ 6.01 crore)	- -	- -	**78.00** -	- -	**5.77** (14.51)
Present value of sales tax liability assigned (EHL - ₹ 441.21 crore) (Previous year - EHL - ₹ 331.78 crore)	- -	- -	- -	- -	**441.21** (331.78)
Sale of goods and scrap (including sales tax) (EPIL - ₹ 57.23 crore, ELL - ₹ 19.60 crore, ESHL-SEZ - ₹ 11.34 crore) (Previous year - EBTL - ₹ 9.31 crore, EPIL - ₹ 19.13 crore, ESHL-SEZ - ₹ 7.07 crore, ESTL - ₹ 17.87 crore)	- -	- -	**106.71** (61.84)	- -	**2.36** (0.97)
Sale of Equity Shares (Shares of VPCL to EPOL - ₹ 60) (Previous year - ₹ Nil)	- -	- -	**0.00*** -	- -	- -
Interest income (EHL - ₹ 27.29 crore) (Previous year - EBTL - ₹ 0.26 crore, EPIL - ₹ 0.11 crore, ESTL - ₹ 0.15 crore)	- -	- -	**1.17** (0.52)	- -	**27.29** -
Lease income (including lease tax) (VOTL - ₹ 0.25 crore, ESTL - ₹ 0.07 crore) (Previous year - VOTL - ₹ 0.25 crore, ESTL - ₹ 0.63 crore)	- -	- (0.01)	**0.32** (0.89)	**0.02** -	**0.01** (0.01)
Rendering of services (VOTL - ₹ 20.04 crore) (Previous year - VOTL - ₹ 18.25 crore, EPMCL - ₹ 3.64 crore)	- -	- (0.02)	**21.54** (23.60)	**0.09** -	**0.01** -
Purchase of goods/license fees / supply of material (ESTL - ₹ 0.32 crore) (Previous year - EPIL - ₹ 193.86 crore)	- -	- -	**0.32** (194.67)	- -	- (14.71)

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20.[35] 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
Receiving of services (VOTL - ₹ 468.19 crore, VPCL - ₹ 143.29 crore) (Previous year - VOTL - ₹ 451.03 crore, VPCL - ₹ 132.78 crore)	**26.23** (27.10)	**60.37** (132.78)	**580.75** (600.38)	**82.93** -	**122.13** (103.08)
Interest / financial charges paid/funded (EHL - ₹ 5.78 crore, EIL - ₹ 25.51 crore, VOTL - ₹ 11.03 crore) (Previous year - VOTL - ₹ 11.38 crore)	**-** -	**-** (0.84)	**11.03** (12.22)	**-** -	**31.29** (0.58)
Advances written off / reversal of advances written off (Previous year EPLL - ₹ 0.02 crore - reversal of advance written off)	**-** -	**-** -	**-** -	**-** -	- (0.02)
Lease rent charged to Company (VPL - ₹ 15.27 crore) (Previous year - VPL - ₹ 14.20 crore)	**-** -	**-** -	**-** -	**-** -	**15.27** (14.20)
Cenvat / VAT charged by party (VOTL - ₹ 2.04 crore) (Previous year - EPIL - ₹ 8.50 crore, VPCL - ₹ 1.57 crore)	**-** -	**-** (1.57)	**2.04** (8.50)	**0.02** -	**-** -
Guarantees given on behalf of the Company (EIL - ₹ 1,406.88 crore, EGL - ₹ 1,050.00 crore) (Previous year - EIL - ₹ 4,775.00 crore, EGL - ₹ 700.00 crore)	**1,050.00** (724.00)	**-** -	**10.46** (14.80)	**-** -	**1,406.88** (4,775.00)
Guarantees given by the Company (VOTL - ₹ 2.41 crore) (Previous year - ₹ Nil)	**-** -	**-** -	**2.41** -	**-** -	**-** -
Transactions with other classes of related parties					
a) Key management personnel (remuneration) (Shri Naresh Nayyar - ₹ 1.66 crore, Shri P Sampath - ₹ 1.92 crore) (Previous year - Shri Naresh Nayyar - ₹ 1.29 crore, Shri Suresh Mathur - ₹ 0.30 crore)			**-** -	**-** -	**3.58** (1.59)
b) Individuals having significant influence/control on the Company (Directors' sitting fees) (Shri P.S.Ruia - ₹ 47,500) (Previous year - Shri A.S. Ruia ₹ - 7,500, Shri P.S. Ruia - ₹ 85,000, Shri S.N.Ruia ₹ - 7,500)			**-** -	**-** -	**0.00*** (0.01)

II. Balances with related parties :

Nature of Balances	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Debit balances					
Deposits (EHL - ₹ 20.27 crore, EITL - ₹ 12.04 crore, FUTURA - ₹ 10.41 crore, VPL - ₹ 8.00 crore) (Previous year - EHL - ₹ 20.27 crore, FUTURA - ₹ 10.41 crore, EITL - ₹ 12.04 crore)	**-** -	**-** -	**-** -	**-** -	**53.42** (43.65)
Investments (Equity shares of VPCL - ₹ 103.00 crore) (Previous year - Equity shares of VPCL - ₹ 103.00 crore)	**-** -	**-** (103.05)	**-** -	**103.00** -	**-** -
Debtors (EPIL - ₹ 7.82 crore, ESHL - SEZ - ₹ 1.64 crore, ESHL - ₹ 1.26 crore) (Previous year - EPIL - ₹ 11.73 crore, ESTL - ₹ 5.07 crore, ESHL-SEZ - ₹15.02 crore, EBTL - ₹ 4.92 crore)	**-** -	**-** (0.02)	**12.60** (37.22)	**0.02** -	**0.31** (0.21)

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20.[35] Related party disclosures :

II. Balances with related parties :

Nature of Balances	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Other receivable (EHL - ₹ 765.44 crore) (Previous year - ESTL - ₹ 28.83 crore)	- -	- -	- (28.83)	- -	765.44 -
Advances (EPIL - ₹ 156.75 crore, EEXPL - ₹ 24.45 crore) (Previous year - EESL - ₹ 9.13 crore, EEHL - ₹ 19.92 crore)	20.07 (19.92)	- -	205.65 (9.14)	- -	4.25 (5.67)
Advance against equity shares (Previous year - EOVL - ₹ 420.83 crore)	- -	- (420.83)	- -	- -	- -
Credit balances					
Deposits (Including retention money) (EESL - ₹ 4.98 crore) (Previous year EESL - ₹ 1.68 crore, ESTL - ₹ 1.82 crore, VOTL - ₹ 10.00 crore)	- -	- -	5.16 (13.50)	- -	- -
Loans and advances (EIL - ₹ 602.23 crore, VOTL - ₹ 106.68 crore) (Previous year - EIL - ₹ 52.62 crore, VOTL - ₹ 112.85 crore, VPL(Finance lease) - ₹ 72.38 crore)	- -	- -	106.68 (119.60)	- -	670.48 (125.00)
Creditors and other liabilities (EPIL - ₹ 178.84 crore, EESL - ₹ 55.10 crore, EEXPL - ₹ 93.62 crore, VOTL - ₹ 52.31 crore) (Previous year - EPIL - ₹ 117.40 crore, EEXPL - ₹ 114.49 crore)	9.74 (30.75)	- (17.68)	461.11 (281.38)	17.05 -	22.96 (21.40)
Advances received (Including global depository shares advances from Essar Energy Holdings Ltd.) (EEHL - ₹ 1,153.21 crore) (Previous year EEXPL - ₹ 102.90 crore, EEHL - ₹ 91.03 crore)	1,153.21 (91.03)	- -	- (102.90)	- -	- -
Remuneration payable to Key Management Personnel (Previous year - Shri Naresh Nayyar - ₹ 0.06 crore)	- -	- -	- -	- -	- (0.06)
Other balances					
Outstanding guarantees given on behalf of the Company (EIL - ₹ 11,961.68 crore, EGL - ₹ 3,050.00 crore) (Previous year - EIL - ₹ 9,979.80 crore)	3,074.00 (720.40)	- -	497.90 (490.83)	- -	11,961.68 (9,979.80)
Outstanding guarantees given by the Company (VPCL - ₹ 223.77 crore, VOTL - ₹ 274.80 crore) (Previous year - VOTL - ₹ 272.39 crore, VPCL – ₹ 279.68 crore)	- -	- (279.68)	274.80 (272.39)	223.77 -	- -

* Amount less than ₹ 1 lac.

Notes :

1) Names of related parties and description of relationship:

Holding Companies	Essar Global Limited (Ultimate Holding Company)
	Essar Energy Holdings Limited (Intermediate Holding Company)
	Vadinar Oil (Immediate Holding Company)
Subsidiaries	Vadinar Power Company Ltd. (VPCL) - (Upto September 8, 2009)
	Essar Oil Vadinar Ltd. (EOVL) (Refer note B 13 (a) of schedule XVI)
	Essar Energy Overseas Ltd. (EEOL) - (Upto July 6, 2009)
Associate	Vadinar Power Company Ltd (VPCL) (w.e.f. September 9, 2009)
Key management personnel	Shri Naresh Nayyar, Managing Director
	Shri P Sampath, Director Finance (From April 1, 2009)

ANNEXURE I - Notes to abridged revised financial statements

Notes :

1) Names of related parties and description of relationship:

Individuals having significant influence on the Company (Promoters)	Shri S. N. Ruia, Chairman
	Shri R. N. Ruia, Vice Chairman (Director - Upto March 30, 2010)
	Shri P. S. Ruia, Director
	Shri A. S. Ruia, Director
Fellow Subsidiaries	Aegis Limited (Earlier known as Aegis BPO Services Limited) (AEGIS), Aegis BPO Services (Gurgaon) Limited (AEGIS-G), Bhander Power Limited (BPOL), Essar Bulk Terminal Limited (EBTL), Essar Engineering Services Limited (EESL), Essar Exploration & Production (India) Limited (EEXPIL), Essar Exploration & Production Limited (EEXPL), Essar Exploration & Production Southeast Asia Limited (EEXPSEAL), Essar Gujarat Petrochemicals Limited (EGPL), Essar Logistics Limited (ELL), Essar Oilfield Services Limited (EOFSL), Essar Oilfields Services (India) Limited (EOFSIL), Essar Offshore Subsea Limited (EOSL), Essar Power Gujarat Limited (EPGL), Essar Projects India Limited (EPIL) (Formerly known as Essar Construction (India) Limited (ECIL)), Essar Project Management Consultants Limited (EPMCL), Essar Power Limited (EPOL), Essar Steel Hazira Limited (ESHL), Essar Sez Hazira Limited (ESHL-SEZ), Essar Shipping Ports & Logistics Limited (ESL), Essar Shipping & Logistics Limited (ESLL), Essar Steel Limited (ESTL), Essar Steel Orissa Limited (ESTLOL), Hazira Pipe Mill Limited (PIPE), Hazira Plate Limited (PLATE), Teletech Investments (India) Limited (TIL), Vadinar Oil Terminal Limited (VOTL), Vadinar Ports and Terminals Limited (VPTL)
Companies in which promoters have significant influence/control:	Arkay Holdings Limited (ARKAYHPL), Asia Motor Works Limited (AMW), Essar Agrotech Limited (EATL), Essar Energy Services Limited (EESL(EIL)), Essar Heavy Engineering Services Limited (EHESL), Essar House Limited (EHL), Essar Investments Limited (EIL), Essar Infrastructure Services Limited (EISL), Essar Information Technology Limited (EITL), Essar Pipelines Limited (EPLL) (Merged with Essar Investments Limited), Essar Properties Limited (EPRL), 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), Sinter-Keramos & Composites Private Limited (SKCPL), The Mobile Stores Limited (TMSL), 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.

21.[38] Vadinar Power Company Limited (VPCL) and Essar Energy Overseas Limited (EEOL) have ceased to be subsidiaries of the Company with effect from September 9, 2009 and July 7, 2009 respectively. Further, the shareholding of the Company in VPCL, now an associate, has reduced to 26.01% from the date it ceased to be a subsidiary.

22.[40] Figures of previous year have been regrouped / rearranged, wherever necessary, to conform to those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta	Naresh Nayyar
Managing Director and Chief Executive Officer	Deputy Chairman
S. S. Shaffi	Suresh Jain
Company Secretary	Chief Financial Officer

Mumbai, November 09, 2012

STATEMENT PURSUANT TO SECTION 212

of the Companies Act, 1956, relating to Company's interest in subsidiary companies

Name of the Subsidiary	Vadinar Power Company Limited	Essar Oil Vadinar Limited	Essar Energy Overseas Limited
1 The Financial year of the subsidiary company ended on (Refer 3 c. below)	31st March, 2010	31st March, 2010	31st March, 2010
2 Date from which it became a subsidiary company (Refer 3 c. below)	15th March, 2000	24th December, 2007	18th December, 2007
3 a Number of shares held by Essar Oil Limited with its nominees in the subsidiary upto the date of cessation as a subsidiary	102,999,994 (Ten crores twenty nine lacs ninety nine thousands nine hundred ninety four only)	50,000 (Fifty Thousand)	1 (One)
b Extent of interest of holding company upto the date of cessation	53.24% (Upto September. 8, 2009)	100% (Upto Amalgamation i.e.w.e.f April 1, 2008)	100% (Upto July 6, 2009)
c Date of cessation as a subsidiary	9-Sep-09	1-Apr-08	7-Jul-09
4 The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the members of the holding company :	The subsidiary has earned profit of Rs. 28.04 crore during the period 1st April, 2009 to 8th September, 2009 (Previous year Rs. 59.39 crore).	18 MMTPA refinery of the subsidiary was under construction as of 31st March, 2010	
a. Not dealt with in the holding company's account :			
i) For the financial year ended 31st March,2010	Rs. 14.93 crore	Not applicable	Loss USD 4,625 (equivalent INR 208,125)
ii) For the previous financial years of the subsidiary company since it became the holding company's subsidiary.	Rs.31.62 crore	Not applicable	Loss USD 285,749 (equivalent INR 14,610,896)
b. Dealt with in the holding company's accounts:	Nil	Not applicable	Nil
i) For the financial year ended 31st March,2010			
ii) For the previous financial years of the subsidiary company since they became holding company's subsidiary			

Note:- The above statement has to be read in conjunction with note nos. (B) 13 and (B) 38 of schedule XVI of revised financial statements of the Company

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 9, 2012

AUDITORS' REPORT ON ABRIDGED REVISED CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors of Essar Oil Limited

We have examined the abridged revised consolidated balance sheet of Essar Oil Limited ("the Company") and its subsidiaries (collectively referred to as "the EOL Group") as at March 31, 2010, the abridged revised consolidated statement of profit and loss and the abridged revised consolidated cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged revised consolidated financial statements"). These abridged revised consolidated financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the revised consolidated financial statements of the EOL Group for the year ended March 31, 2010, prepared in accordance with the requirements of Accounting Standard (AS) – 21, Consolidated Financial Statements and Accounting Standard (AS) – 23, Accounting for Investment in Associates in Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006 and covered by our report dated November 09, 2012 to the Board of directors of the Company which report is attached.

For Deloitte Haskins & Sells

Chartered Accountants

(Registration No. 117365W)

R D Kamat

Partner

Membership No. 36822

Mumbai, November 09, 2012

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

To,

The Board of Directors Essar Oil Limited

1. The consolidated financial statements of Essar Oil Limited ("the Company") and its subsidiaries (collectively referred to as "the EOL Group") for the year ended March 31, 2010 ("the original consolidated financial statements for the year ended March 31, 2010") were audited by Deloitte Haskins & Sells (Registration Number – 117366W) and their audit report dated July 26, 2010 ("the audit report on the original consolidated financial statements") expressed an unqualified opinion on the same. The original consolidated financial statements for the year ended March 31, 2010 have now been revised by the Company due to revision of the separate financial statements of the Company for the year ended March 31, 2010 in accordance with the approval of the Ministry of Corporate Affairs ("the MCA") obtained during the financial year 2012-13 in the manner and for the reasons explained in Note B (8) of Schedule XVI to the attached revised consolidated financial statements. The said approval for the revision of the separate financial statements of the Company is restricted to the revised separate financial statements to reflecting a true and fair view of the sales tax incentives /liabilities etc. concerning the Government of Gujarat consequent to an order of the Hon'ble Supreme Court of India dated January 17, 2012 and subject to compliance of certain conditions.

   As explained in Note B (8) of Schedule XVI to the attached revised consolidated financial statements, the Supreme Court of India has, vide its order dated January 17, 2012, set aside the order of the Honorable High Court of Gujarat dated April 22, 2008 which had earlier confirmed the Company's eligibility to the 'Capital Investment Incentive Premier/Prestigious Units Scheme 1995 – 2000' of the State of Gujarat ("the Scheme"). Consequently, the Company, in its separate financial statements for the year ended March 31, 2012, reversed income of ₹ 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 ₹ 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 ₹ 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 presented the same under 'Exceptional Items' in the Statement of Profit and Loss for the year ended March 31, 2012. However, pursuant to reopening of the books of account in accordance with the aforesaid approval of the MCA, the effects of reversal of income of ₹ 1,032.91 Crores, reversal of liability of ₹ 44.22 Crores towards contribution to the welfare scheme and recognition of interest income of ₹ 27.29 Crore (net of breakup charges of ₹ 15.46 crore) on account of interest receivable from the assignee of the defeased sales tax liability pertaining to the financial year 2009-10 ("the revisions") have been considered in the revised separate financial statements of the Company for the year ended March 31, 2010 and, consequently in the attached revised consolidated financial statements for the year ended

AUDITORS' REPORT

March 31, 2010. The effects of the revisions on the original consolidated financial statements for the year ended March 31, 2010 have been explained in detail in the said Note.

2. We have audited the revisions carried out in the original consolidated financial statements to prepare the attached revised consolidated financial statements comprising the revised consolidated balance sheet of the EOL Group as at March 31, 2010, and also the revised consolidated statement of profit and loss and the revised consolidated cash flow statement for the year ended on that date, both annexed thereto. The revised consolidated financial statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These revised consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these revised consolidated financial statements based on the audit report on the original consolidated financial statements and our audit of the revisions.

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

3. Based on the audit report on the original consolidated financial statements and our audit of the revisions, we report that the attached revised consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS 21, "Consolidated Financial Statements" and Accounting Standard AS 23, "Accounting for Investments in Associates in Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006.

4. As reported in the audit report on the original consolidated financial statements, attention is invited without qualifying this report to: -

   (a) Note B (4)(a) of Schedule XVI to the revised consolidated financial statements detailing the state of the Master Restructuring Agreement and the reasons for following the principles laid down in other internationally recognised financial reporting frameworks as well as Accounting Standard (AS 30), Financial Instruments – Recognition & Measurement, issued by the Institute of Chartered Accountants of India, in the absence of guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   (b) Note B (4)(c) of Schedule XVI to the revised consolidated financial statements with regard to following cash basis of accounting pursuant to the Court Order in respect of certain funded / accrued interest on debentures, pertaining to the Refinery Project under construction / trial runs and payable at various future dates as per the scheme of arrangement and compromise between the Company and its debenture holders.

   (c) Note B (10) of Schedule XVI to the revised consolidated financial statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Accounting Standard (IAS 17), Leases, in the absence of specific guidance available under the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 for recognition of leases in case the assets taken on lease are under construction.

   (d) Note B (3) of Schedule XVI revised consolidated financial statements regarding Managerial Remuneration pertaining to the year 2009-2010 paid to the Managing Director and the Executive Director which is subject to the approval of the Central Government as stated therein.

5. Based on the audit report on the original consolidated financial statements and our audit of the revisions, in our opinion and to the best of our information and according to the explanations given to us, the revised consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India and in respect of the matters described in paragraph 4(a) and 4(c) above where accounting principles generally accepted in India do not provide specific guidance, in conformity with the principles laid down in other internationally recognised financial reporting frameworks:

   (a) in the case of the revised consolidated balance sheet, of the state of affairs of the EOL Group as at March 31, 2010;

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

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)
R D Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

ABRIDGED REVISED CONSOLIDATED BALANCE SHEET

as at March 31, 2010

(₹ in crore)

Particulars	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS		
Shareholders' funds		
a) Share capital - equity	1,218.13	1,218.13
b) Advance towards issue of global depository shares	1,153.21	91.03
c) Advance towards issue of equity shares	-	19.25
d) Reserves and surplus		
Capital reserve	40.89	40.89
Securities premium account	2,729.01	2,729.01
Foreign projects reserve	-	0.45
Debenture redemption reserve	37.21	37.21
Foreign currency translation reserve	-	(0.14)
Loan funds		
a) Debentures	184.21	307.90
b) Secured loans	9,286.38	9,383.56
c) Unsecured loans	883.14	622.39
Minority interest	-	118.25
Deferred tax liability (net)	-	2.49
TOTAL	15,532.18	14,570.42
APPLICATION OF FUNDS		
Fixed assets		
a) Net block (original cost less depreciation)	12,309.35	12,989.47
b) Capital work-in-progress	4,318.75	3,060.68
Investments		
Other - unquoted	136.38	-
- quoted {Market value ₹ 120.62 crore (previous year ₹ 19.12 crore)}	100.00	19.01
Deferred tax asset (net)	0.57	-
Current assets, loans and advances		
a) Inventories	3,969.44	2,257.34
b) Debtors	2,033.30	1,165.35
c) Cash and bank balances	1,350.75	1,184.12
d) Other current assets	859.29	183.11
e) Loans and advances - others	694.71	640.34
	8,907.49	5,430.26
Less: Current liabilities and provisions		
a) Current liabilities	12,789.57	8,546.56
b) Provisions	22.81	25.69
	12,812.38	8,572.25
Net current assets	(3,904.89)	(3,141.99)
Debit balance in abridged revised consolidated statement of profit and loss	2,572.02	1,643.25
TOTAL	15,532.18	14,570.42

Annexure I forms an integral part of the abridged revised consolidated financial statements.

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

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

Mumbai, November 09, 2012

ABRIDGED REVISED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2010

(₹ in crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME		
Turnover (gross)	42,401.68	41,816.30
Less: Excise duty	5,083.20	3,761.62
Turnover (net)	37,318.48	38,054.68
Less : Sales tax	813.87	538.27
	36,504.61	37,516.41
Interest	89.65	124.86
Other income	786.15	63.60
	37,380.41	37,704.87
EXPENDITURE	-	-
Cost of goods consumed/sold		
(i) Opening stock	2,040.93	5,427.89
(ii) Purchase	35,945.15	30,815.64
Less: Closing stock	3,734.82	2,040.93
	34,251.26	34,202.60
Operating expenses	354.22	247.18
Managerial remuneration {Excluding ₹ 0.53 crore (previous year ₹ 0.43 crore) charged to EDC}	3.07	1.32
Employee costs	96.27	99.94
Selling and marketing expenses	380.70	354.77
Auditor's remuneration {Excluding ₹ 0.82 crore (previous year ₹ 0.30 crore) charged to EDC}	2.89	1.82
Provision for doubtful debts	-	0.07
General and administrative expenses	298.36	1,479.94
	35,386.77	36,387.64
Profit before interest, depreciation and amortisation, exceptional items and taxes	1,993.64	1,317.23
Less: Interest and other finance charges	1,195.17	1,120.30
Less: Depreciation and amortisation	736.04	671.91
Net profit / (loss) before exceptional items and taxes	62.43	(474.98)
Less: Exceptional items	961.40	1,139.20
Net loss before taxes	(898.97)	(1,614.18)
Taxes		
Current tax	4.19	7.12
Deferred tax credit	1.08	(29.04)
Fringe benefit tax	-	2.00
Net loss after taxes	(904.24)	(1,594.26)
Less : Loss on dilution / cessation of shareholding in subsidiaries	22.49	-
Add : Share of profit in associate	10.62	-
Less : Minority share in profit	13.11	27.77
Net loss after taxes and minority interest	(929.22)	(1,622.03)
Balance brought forward from previous year	(1,665.50)	(51.47)
Add: Amount transferred from foreign projects reserve	0.45	8.00
Balance carried forward	(2,594.27)	(1,665.50)
Out of above:		
Shown as deduction from general reserve	(22.25)	(22.25)
Shown as debit balance in abridged revised consolidated statement of profit and loss in the abridged revised consolidated balance sheet	(2,572.02)	(1,643.25)
	(2,594.27)	(1,665.50)

Annexure I forms an integral part of the abridged revised consolidated financial statements.

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

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

Mumbai, November 09, 2012

ABRIDGED REVISED CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2010

(₹ in crore)

	Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit/(loss) before tax and extraordinary items	(898.97)	(1,614.18)
	Adjustments for :		
	Depreciation / amortisation	736.04	671.91
	Income from lease rental	(0.34)	(0.84)
	Fixed assets written off	0.00*	0.21
	Income on account of arbitration claim (receivable)	(3.10)	(3.10)
	Interest on income tax refund	(1.21)	(15.95)
	Profit on Redemption of Mutual Fund	-	(1.23)
	Interest income from long term deposits	(1.42)	(4.10)
	(Profit) / loss on sale of fixed assets (net)	(0.01)	-
	Effect of De-subsidiarisation	(41.58)	-
	Unrealised exchange differences	(195.86)	56.17
	Interest	818.44	777.55
	Bad debts written off / doubtful debts provided for	2.44	0.07
	Waiver on settlement of a foreign currency loan / Old credit balances written back	(52.54)	(0.75)
	Operating profit before working capital changes	361.89	(134.24)
	Working capital changes		
	Adjustments for :		
	Changes in inventories	(1,712.47)	3,272.04
	Changes in receivables, advances and deposits	(1,792.62)	(2,511.36)
	Changes in payables	3,824.97	1,214.73
	Cash generated from operating activities	681.77	1,841.17
	Income tax refund / (payment) (net) (including interest)	6.88	(4.06)
	Net cash generated from operating activities (A)	688.65	1,837.11
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Additions to fixed assets / capital work in progress (including trial run)	(2,153.34)	(2,366.16)
	Sale of fixed assets	14.99	1.75
	Purchase of investments	0.00*	(129.30)
	Disposal / Sale of Investment in subsidiary	0.00*	111.52
	Changes in long term deposit (net)	12.39	(89.70)
	Interest received on long term deposits (other than margin deposits)	1.42	3.62
	Net cash used in investing activities (B)	(2,124.54)	(2,468.27)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from long term borrowings (including funding of interest (net))	1,199.22	259.91
	Repayment of long term borrowings	(1,069.68)	(389.76)

(₹ in crore)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Changes in short term borrowings (net)	527.28	(72.57)
Proceeds from issue of Equity	-	59.75
Proceeds towards GDS issued / to be issued (net of refund)	1,032.49	521.69
Interest paid	(932.88)	(815.36)
Changes in balance of bills of exchange accepted	700.11	909.08
Net cash generated from financing activities (C)	1,456.54	472.74
Net (decrease) / increase in cash and cash equivalents (A+B+C)	20.65	(158.42)
Cash and cash equivalents at the beginning of the year	197.30	355.72
Transferred due to Cessation of Subsidiary	2.97	-
Cash and cash equivalents at the end of the year	214.98	197.30
Net (decrease) / increase in cash and cash equivalents	20.65	(158.42)

Notes:

1 Non cash transactions:

During previous year, the Group had taken transit accommodation facility costing ₹ 10.25 crore on finance lease basis.

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

(₹ in crore)

	As at March 31, 2010	As at March 31, 2009
Cash on hand and balances with banks		
Cash and bank balances as per balance sheet	1350.75	1184.12
Less: Margin and long term fixed deposits #	1233.66	986.58
Add : Liquid Investment	100.00	-
Less : Effect of exchange rate changes	2.11	0.24
Cash and cash equivalents as restated	214.98	197.30

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

*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

ANNEXURE I - Notes to abridged revised consolidated financial statements.

The note number appearing in brackets "[ ]" are note number of part B of Schedule XVI as they appeared in the Complete Set of Revised Financial Statements

1 BASIS OF PREPARATION

These abridged revised consolidated financial statements have been prepared on the basis of the complete set of revised consolidated financial statements for the year ended March 31, 2010 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

(₹ in crore)

				Year ended March 31, 2010	Year ended March 31, 2009
2.[1]	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 1.36 crore (Previous year ₹ 1.48 crore) pertaining to joint ventures (Refer note B (13) (c) of schedule XVI)}			21,392.71	23,037.51
3.[2]	Contingent liabilities				
	a)	Income tax / sales tax and other demands of various years against which appeals have been filed by department / Group		37.91	48.61
	b)	Claim against the Group not acknowledged as debts :			
		(i)	In respect of custom duty / excise duty	34.48	3.31
		(ii)	In respect of encashment of performance guarantee	7.98	7.98
		(iii)	Others	128.17	198.29
			The above includes counter claims on the Group in certain arbitration matters ₹ 99.05 crore (Previous year ₹ 93.84 crore), demand of road tax on certain heavy equipment ₹ 10.51 crore (Previous year ₹ 10.45 crore), bank charges ₹ 7.47 crore (Previous year ₹ Nil), Gujarat entry tax ₹ 5.38 crore (Previous year ₹ 5.38 crore), other miscellaneous claims of ₹ 3.80 crore (Previous year ₹4.85 crore), litigation for additional compensation in land acquisition matter ₹ 1.96 crore (Previous year ₹ 8.48 crore), stamp duty on import of crude ₹ Nil (Previous year ₹ 57.45 crore), interest on a loan from bank since settled ₹ Nil (Previous year ₹ 17.84 crore).		
	c)	Interest not payable if certain funded interest facilities are prepaid {Refer note B 4(a) of schedule XVI}		417.47	268.45
	d)	In respect of custom duty / FEMA, where the department has gone in appeal		76.90	24.66
	e)	Guarantees given by the Group on behalf of others		498.57	272.39
		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.			

(₹ in crore)

		Year ended March 31, 2010	Year ended March 31, 2009
4.	Important performance ratios		
	Sales / total asset	1.65	1.94
	Operating profit (before Exceptional items) / capital employed	0.11	0.06
	Operating profit (after Exceptional items) / capital employed	0.03	(0.04)
	Return on net worth	-35.65%	-65.07%
	profit / sales	-2.19%	-3.88%
	Total Asset = Net fixed asset + CWIP + Investment + Deferred Tax Asset (net) + Current Assets		
	Operating profit (before Exceptional Items) = Profit before tax+Exceptional item + Interest and Finance charges		
	Operating profit (after Exceptional Items) = Profit before tax + Interest and Finance charges		
	Networth = Equity share capital + Reserve and surplus + Debit balances in abridged revised consolidated statement of profit and loss		
	Capital employed = Total Segment Assets-Total Segment Liabilities (Refer note 13.[24])		
	Sales = Gross Turnover (Refer note 11.[20])		

5.[4] 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 Group to prepay certain funded interest loans of ₹ 2,467.84 crore (Previous year ₹ 2,467.84 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 being 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 ₹ 2,140.56 crore (Previous year ₹ 2,190.62 crore) shown under secured loans (Refer schedule III) being the amount not payable as at consolidated balance sheet date, has been shown as deduction from the funded interest facilities of the financial institutions and the banks to reflect in substance the present obligation under the

ANNEXURE I - Notes to abridged revised consolidated financial statements.

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 consolidated balance sheet is treated as finance cost in the consolidated statement of profit and loss (Refer schedule XV).

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

b) Other income includes an amount of ₹ 41.48 crore (Previous year ₹ Nil) arising out of settlement of a foreign currency loan.

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

(1) Nil (Previous year 14,864,950) – 6% NCDs amounting to ₹ Nil (Previous year ₹ 33.17 crore) with repayment started from April 30, 2006 and fully paid as of March 31, 2010.

(2) Nil (Previous year 10,291,750) – 6% NCDs amounting to ₹ Nil (Previous year ₹ 30.88 crore) with repayment started from December 31, 2006 and fully paid as of March 31, 2010.

(3) Nil (Previous year 33,315,750) – 9.25% NCDs (including partly paid debentures) amounting to ₹ Nil (Previous year ₹ 59.64 crore) fully repaid as of March 31, 2010.

(4) 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 Group's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to ₹ 340.34 crore (Previous year ₹ 353.10 crore) as at March 31, 2010 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.

d) Term loans include interest funded for period up to September 30, 1998, for the period subsequent to December 29, 2003 and interest funded on April 1, 2010.

6.[6] Pursuant to the adoption by the Group of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Group has de-capitalized cost of fixed assets to the extent of gain on exchange differences amounting to ₹ 69.15 crore (Previous year loss capitalized ₹ 116.50 crore). On account of this, the profit for the year is lower by ₹ 69.15 crore (Previous year loss lower by ₹116.50 crore), with a corresponding impact on fixed assets which is lower by ₹ 69.15 crore (Previous year higher by ₹116.50 crore).

7.[8] The Group was granted a provisional registration for its Refinery at Vadinar under the Capital Investment Incentive to Premier / Prestigious Unit Scheme 1995-2000 of Gujarat State ("the Scheme"). As the commercial operations of the Refinery could not be commenced before the timeline under the Scheme due to reasons beyond the control of the Group viz. a severe cyclone which hit the Refinery Project site in June 1998 and a stay imposed by the Hon'ble Gujarat High Court on August 20, 1999 based on a Public Interest Litigation which was lifted in January 2004 when the Hon'ble Supreme Court of India gave a ruling in favor of the Group, representations were made by the Group to the State Government for extension of the period beyond August 15, 2003 for commencement of commercial operations of the Refinery to be eligible under the Scheme. As the State Government did not grant extension of the period as requested, the Group filed a writ petition in the Hon'ble Gujarat High Court which vide its order dated April 22, 2008, directed the State Government to consider the Group's application for granting benefits under the Scheme by excluding the period from July 13, 2000 to February 27, 2004 for determining the timeline of commencement of commercial production. Based on the order of the Hon'ble High Court, the Group started availing the benefits under the deferral option in the Scheme from May 2008 onwards and simultaneously defeased the sales tax liability covered by the Scheme to a related party. An amount of ₹ 1,474.05 crores was collected on account of the sales tax covered by the Scheme and defeased at an agreed present value of ₹ 441.14 crores resulting in a net defeasement income of ₹ 1,032.91 crores which was recognised during the financial year 2009-2010. The Group also recognised a liability of ₹ 44.22 crores towards a contribution to a Government Welfare Scheme which was payable being one of the conditions to be eligible under the Scheme.

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

The Group has since reopened its books of account for the financial years 2008-09 to 2010-11 and revised the financial statements for the said years for the limited purpose of reflecting a true and fair view of the sales tax incentives / liabilities, etc. concerning the Government of Gujarat consequent to 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 revision to the original consolidated financial statements for the year 2008-09 on the opening balances of the financial year 2009-10 have been summarised below:

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Other Current Assets	419.93	183.11	Offsetting of sales tax considered as recoverable ₹ 236.82 crore against sales tax liability
Current Liabilities	7,644.18	8,546.56	i) Recognition of Sales tax liability ₹ 1,279.65 crore after setting off sales tax recoverable of ₹ 236.82 crore ii) Reversal of liability in respect of defeasement amount payable to related party ₹ 331.78 crore. iii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 45.49 crore.
Debit balance in statement of profit and loss	504.05	1,643.25	Effect of exceptional items of 2008-2009 – ₹ 1,139.20 crore

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The details of the revisions to the original consolidated financial statements for the financial year 2009-2010 including impact for the previous year 2008-09 (wherever applicable) are given in the following table:

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

Particulars	Original financial statements	Revised financial statements	Remarks
Exceptional Item	-	961.40	i) Reversal of income on defeasance of sales tax liability ₹ 1,032.91 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore iii) Accrual of interest income on receivables from assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of estimated liability towards breakup charges of ₹ 15.46 crore).
Net profit / (loss) after taxes and minority interest	32.18	(929.22)	Effect of above adjustments

b) Consolidated Balance Sheet : (₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Reserve and surplus	2,836.57	2,807.11	Debenture Redemption Reserve of ₹ 29.46 crore created earlier now reversed in revised financial statements due to insufficient profits.
Other current asset:			
Other receivable	309.37	838.00	i) Amount paid to a related party ₹ 738.16 crore under defeasement agreement. ii) Accrual of interest income on receivable from the assignee of the sales tax liability of ₹ 27.29 crore for the year (net of estimated liability towards breakup charges of ₹ 15.46 crore), iii) Offsetting sales tax considered as recoverable ₹ 236.82 crore against sales tax liability.

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Current liabilities:			
Sundry creditors (others)	8,408.42	8,283.95	i) Reversal of liability in respect of defeasement amount payable to a related party ₹ 34.76 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 89.71 crore.
Other liabilties	236.19	2,989.89	Recognition of Sales tax liability ₹ 2,753.70 crore after setting off sales tax recoverable of ₹ 236.82 crore
Debit balance in consolidated statement of profit and loss	500.88	2,572.02	Effect of revision in Consolidated Statement of Profit and Loss for financial year 2008 – 09, reversal of debenture redemption reserve as detailed above and impact of (a) above.

c) Consolidated Cash Flow Statement : (₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
Net loss before Tax and extraordinary items	62.43	(898.97)	i) Reversal of income on defeasance of sales tax liability ₹ 1,032.91 crore. ii) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore iii) Accrual of interest income on receivables from assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of estimated liability towards breakup charges of ₹ 15.46 crore)
Changes in receivables, advances and deposits	(1,027.18)	(1,792.62)	i) Amount paid to related party ₹ 738.15 crore under defeasement agreement. ii) Accrual of interest income on receivables from assignee of the sales tax liability under the defeasance agreement of ₹ 27.29 crore (net of estimated liability towards breakup charges of ₹ 15.46 crore).
Changes in payables	2,098.13	3,824.97	i) Recognition of Sales tax liability ₹ 1,474.05 crore, ii) Amount paid to a related party ₹ 738.15 crore under defeasement agreement iii) Reversal of liability in respect of defeasement amount payable to a related party ₹ 441.14 crore. iv) Reversal of liability towards contribution to a Government Welfare Scheme ₹ 44.22 crore.

d) Notes 2, 8, 15(b), 17, 19, 24, 27 of Schedule XVI (B) have been modified in accordance with the revisions described above.

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8.[10] The Group has adopted the accounting policy of recognising finance lease (as lessee) upon "commencement" of the lease in accordance with International Accounting Standard 17 - Leases, as there is no specific guidance available under Indian Accounting Standard (AS -19) Leases, for recognition in case the assets taken on lease are under construction.

9.[15] a) During the year, the Group transferred ₹ 0.45 crore (Previous year ₹ 8.00 crore) from foreign project reserve created up to 2003-04 (Previous year 2002-03) 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.

10.[16] The Group has following export obligations as at consolidated balance sheet date:

(₹ in crore)

Obligation under	As at March 31, 2010	As at March 31, 2009
Exports Promotion Capital Goods Scheme (EPCG)	1,045.33	767.60
Advance License Scheme	670.06	-
TOTAL	**1,715.39**	767.60

Based on past performance, market conditions and business plans, the Group 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 ₹ 162.15 crore (Previous year ₹ 95.95 crore) on the related imports of crude and capital equipment as at consolidated balance sheet date.

11.[20] Turnover (gross) includes sale of goods net of trade discount, duty draw back income, recoverable sales tax from customers, hedging loss/gain on product / cracks and excise duty.

12.[23] The Group has changed the cost formula for valuing the inventory of raw materials (crude) from "Weighted Average" to "FIFO". The impact of the change on the statement of profit and loss and closing stock is insignificant.

13.[24] Segment Reporting:

(₹ In crore)

Sr. No.	Particulars	Period ended March 31, 2010	Period ended March 31, 2009
1	**Information about primary segment - business:-**		
	Segment revenue		
	Refining including expansion and marketing	37,218.72	37,577.37
	Exploration and production activities	13.65	1.29
	Others	0.55	0.60
	Unallocated	5.29	-
	Total segment revenue	**37,238.21**	37,579.26
	Add : Interest income (including interest arising from arbitration award and Interest on Income tax refund)	89.65	124.86
	Add : Write back of old liabilities	52.54	0.75
	Total Group revenue	**37,380.40**	37,704.87
2	**Segment result before interest, extra ordinary items and tax**		
	Refining including expansion and marketing	(74.86)	(912.66)
	Exploration and production activities	5.97	(0.70)
	Others	0.53	(0.70)
	Unallocated	(109.74)	(50.19)
	TOTAL	**(178.10)**	(964.25)
	Less : Interest expense	863.06	777.54
	Add : Interest income	89.65	124.86
	Add : Write back of old liabilities	52.54	0.75
	Profit / (Loss) before tax	(898.97)	(1,616.18)
	Less : Taxes	5.27	(21.92)
	PROFIT / (LOSS) AFTER TAX	**(904.24)**	(1,594.26)
3	**Segment assets**		
	Refining including expansion and marketing	24,757.79	20,568.71
	Exploration and production activities	626.67	453.86
	Others	113.23	89.65
	Unallocated	274.84	383.77
	Total Group assets	**25,772.53**	21,495.99
4	**Segment liabilities**		
	Refining including expansion and marketing	14,081.13	9,256.48
	Exploration and production activities	235.93	293.97
	Others	2.78	8.02

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(₹ In crore)

Sr. No.	Particulars	Period ended March 31, 2010	Period ended March 31, 2009
	Unallocated	97.97	272.07
	TOTAL	**14,417.81**	9,830.54
	Add : Loan funds	10,888.83	11,245.27
	Less : Reduction in the amount of funded interest i.e. amount not payable as at consolidated balance sheet date {Refer note (3)(a)}	2,140.56	2,190.62
	Total Group liabilities	**23,166.08**	18,885.19
5	**Additions to Fixed Assets**		
	Refining including expansion and marketing	348.81	13,256.63
	Exploration and production activities	20.69	40.28
	Unallocated	10.03	0.08
	TOTAL	**379.53**	13,296.99
6	**Depreciation / Amortisation**		
	Refining including expansion and marketing	734.97	686.92
	Exploration and production activities	0.77	1.65
	Unallocated	0.30	0.57
	TOTAL	**736.04**	689.14
7	**Significant non-cash expenses other than depreciation**		
	Refining including expansion and marketing	236.29	53.35
	Exploration and production activities	12.04	-
	Unallocated	0.07	2.82
	TOTAL	**248.40**	56.17

Notes:

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

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

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

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

5) The Group operates in two geographical segments namely "within India" and "outside India"

Particulars	Within India	Outside India	
		UAE	Other Countries
	As at March 31, 2010	As at March 31, 2010	As at March 31, 2010
Segment revenue	28,486.73	4,130.12	4,621.36
Carrying amount of segment assets	25,517.14	28.35	227.04
Additions to fixed assets and intangible assets	379.53	-	-

14.[25] The information regarding principal and interest pertaining to micro and small enterprises based on available details is as under:

(₹ in crore)

	Particulars	As at March 31, 2010	As at March 31, 2009
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid by the Group in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	0.02	0.06
4	Payment made beyond the appointed day during the year	3.92	3.14
5	Interest due and payable for the period of delay	-	-
6	Interest accrued and remaining unpaid as at March 31, 2010	-	-
7	Amount of further interest remaining due and payable in succeeding year	-	-

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15.[27] Related party disclosures :

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Equity share (including Global Depository Shares- GDS) issued	**-**	**-**	**-**	**-**
(Previous year - EEHL - ₹ 555.44 crore - GDS Issued, EPOL ₹ 90.48 crore - Equity Share Issued)	(555.44)	(90.48)	-	-
Advance received against equity shares	**-**	**371.00**	**-**	**-**
(EPOL - ₹ 371.00 crore) (Previous year EPOL - ₹ 19.25 crore)	-	(19.25)	-	-
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holdings Ltd.)	**1,200.47**	**-**	**-**	**-**
(Advance received - EEHL - ₹ 1,200.47 crore {against GDS }) (Previous year advance received EEHL - ₹ 120.72 crore {₹ 91.03 crore against GDS})	(120.72)	-	-	-
Loans / advances taken	**-**	**0.62**	**-**	**1,013.81**
(EIL - ₹ 1,031.81 crore) (Previous year - EIL - ₹ 171.52 crore, ESTL - ₹ 245.00 crore)	-	(249.91)	-	(171.52)
Purchase of fixed assets/intangible assets (including CWIP)	**-**	**636.31**	**-**	**13.29**
(EPIL - ₹ 529.20 crore) (Previous year - EPIL - ₹ 57.72 crore)	-	(58.03)	-	(1.19)
Sale / return of fixed assets	**-**	**-**	**-**	**-**
(Previous year ESHL-SEZ - ₹ 15.00 crore - Sale of asset, ESTL - ₹ 28.83 crore- return of asset)	-	(43.83)	-	-
Loans / advances given / assigned	**0.14**	**8.33**	**-**	**-**
(EPIL - ₹ 3.06 crore, EEXPIL - ₹ 5.27 crore) (Previous year EEXPL - ₹ 10.96 crore, EEXPSEAL - ₹ 8.48 crore, EEHL - ₹ 20.00 crore)	(20.00)	(19.44)	-	-
Advances given on capital account	**-**	**923.61**	**-**	**-**
(EPIL - ₹ 907.31 crore) (Previous year EPIL - ₹ 844.77 crore)	-	(850.85)	-	-
Advance received on capital account as participating interest	**-**	**-**	**-**	**-**
(Previous year EEXPL - ₹ 105.20 crore)	-	(105.20)	-	-
Deposits-given by the Group	**-**	**106.00**	**-**	**5.77**
(VOTL - ₹ 28.00 crore, VPTL - ₹ 50.00 crore, EPGL - ₹ 28.00 crore) (Previous year EIL - ₹ 25.00 crore, EPOL - ₹ 50.00 crore)	-	(50.00)	-	(43.51)
Present value of sales tax liability assigned	**-**	**-**	**-**	**441.21**
(EHL - ₹ 441.21 crore) (Previous year EHL - ₹ 331.78 crore)	-	-	-	(331.78)
Sale of goods and scrap (including sales tax)	**-**	**106.71**	**-**	**2.36**
(EPIL - ₹ 57.23 crore, ELL - ₹ 19.60 crore, ESHL-SEZ - ₹ 11.34 crore) (Previous year EBTL - ₹ 9.31 crore, EPIL - ₹ 19.13 crore, ESHL-SEZ - ₹ 7.07 crore, ESTL - ₹ 17.87 crore)	-	(61.84)	-	(0.97)
Sale of Equity Shares	**-**	**0.00***	**-**	**-**
(Shares of VPCL to EPOL - ₹ 60)(Previous year - ₹ Nil)	-	-	-	-
Interest income	**-**	**3.38**	**-**	**28.46**
(EHL - ₹ 27.29 crore) (Previous year EPOL - ₹ 3.05 crore, EIL - ₹ 0.49 crore)	-	(3.57)	-	(0.49)
Lease income (including lease tax)	**-**	**0.32**	**0.02**	**0.01**
(VOTL - ₹ 0.25 crore, ESTL - ₹ 0.07 crore) (Previous year VOTL - ₹ 0.25 crore, ESTL - ₹ 0.63 crore)	-	(0.89)	-	(0.01)
Rendering of services	**-**	**21.54**	**0.09**	**0.01**
(VOTL-₹ 20.04 crore) (Previous year VOTL - ₹ 18.25 crore, EPMCL - ₹ 3.64 crore)	-	(23.60)	-	-
Purchase of goods/license fees / supply of material	**-**	**0.32**	**-**	**-**
(ESTL - ₹ 0.32 crore) (Previous year EPIL - ₹ 200.32 crore)	-	(201.13)	-	(14.71)
Receiving of services	**26.23**	**580.75**	**82.93**	**125.87**
(VOTL - ₹ 468.19 crore, VPCL - ₹ 82.93 crore) (Previous year VOTL - ₹ 451.03 crore, EESL - ₹ 151.51 crore)	(27.10)	(696.44)	-	(111.49)
Interest / financial charges paid/funded	**-**	**11.03**	**-**	**31.29**
(EHL - ₹ 5.78 crore, EIL - ₹ 25.51 crore, VOTL - ₹ 11.03 crore) (Previous year VOTL - ₹ 11.38 crore)	-	(12.22)	-	(0.58)

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(₹ in crore)

Nature of transactions	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Advances written off / reversal of advances written off	**-**	**-**	**-**	**-**
(Previous year EPLL - ₹ 0.02 crore - reversal of advance written off)	-	-	-	(0.02)
Lease rent charged to Group	**-**	**-**	**-**	**15.27**
(VPL - ₹ 15.27 crore) (Previous year VPL - ₹ 14.20 crore)	-	-	-	(14.20)
Cenvat / VAT charged by party	**-**	**2.04**	**0.02**	**-**
(VOTL - ₹ 2.04 crore) (Previous year EPIL - ₹ 8.50 crore)	-	(8.50)	-	-
Guarantees given on behalf of the Group	**1,050.00**	**10.46**	**-**	**1,406.88**
(EIL - ₹ 1,406.88 crore, EGL - ₹ 1,050.00 crore) (Previous year EIL - ₹ 4,775.00 crore, EGL - ₹ 2,500.00 crore)	(2,524.00)	(14.80)	-	(4,775.00)
Guarantees given by the Group	**-**	**2.41**	**-**	**-**
(VOTL - ₹ 2.41 crore) (Previous year - ₹ Nil)	-	-	-	-
Transactions with other classes of related parties				
a) Key management personnel (remuneration)	**-**	**-**	**-**	**3.61**
(Shri Naresh Nayyar - ₹ 1.66 crore, Shri P Sampath - ₹ 1.92 crore) (Previous year Shri Naresh Nayyar - ₹ 1.29 crore, Shri Suresh Mathur - ₹ 0.30 crore)	-	-	-	(1.75)
b) Individuals having significant influence/control on the Group (Directors' sitting fees)	**-**	**-**	**-**	**0.00***
(Shri P.S.Ruia - ₹ 47,500) (Previous year Shri A.S. Ruia - ₹ 7,500, Shri P.S. Ruia - ₹ 85,000, Shri S.N.Ruia - ₹ 7,500)	-	-	-	(0.01)

* Amount is less than ₹1 Lac

II. Balances with related parties :

Nature of Balances	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Debit balances				
Deposits	**-**	**-**	**-**	**53.42**
(EHL - ₹ 20.27 crore, EITL - ₹ 12.04 crore, FUTURA - ₹ 10.41 crore, VPL - ₹ 8.00 crore) (Previous year EHL - ₹ 28.27 crore, EIL - ₹ 25.00 crore, EPOL - ₹ 50.00 crore, FUTURA - ₹ 13.90 crore)	-	(50.00)	-	(84.15)
Investments #	**-**	**-**	**136.38**	**-**
(Equity shares of VPCL - ₹ 136.38 crore) (Previous year ₹ Nil)	-	-	-	-
Debtors	**-**	**12.60**	**0.02**	**0.31**
(EPIL - ₹ 7.82 crore, ESHL-SEZ - ₹ 1.64 crore, ESHL - ₹ 1.26 crore) (Previous year EPIL - ₹ 11.73 crore, ESTL - ₹ 5.07 crore, ESHL-SEZ - ₹ 15.40 crore, EBTL - ₹ 4.92 crore)	-	(37.22)	-	(0.21)
Other receivable	**-**	**-**	**-**	**765.44**
(EHL - ₹ 765.44 crore) (Previous year ESTL - ₹ 28.83 crore)	-	(28.83)	-	-
Advances	**20.07**	**205.65**	**-**	**4.25**
(EPIL - ₹ 156.75 crore, EEXPL - ₹ 24.45 crore) (Previous year EESL - ₹ 24.03 crore, EPIL - ₹ 145.94 crore, EEHL – ₹ 19.92 crore)	(19.92)	(169.97)	-	(5.68)
Credit balances				
Deposits (Including retention money)	**-**	**5.16**	**-**	**-**
(EESL - ₹ 4.98 crore) (Previous year EESL - ₹ 3.72 crore, ESTL - ₹ 1.82 crore, VOTL - ₹ 10.00 crore)	-	(15.54)	-	-

ANNEXURE I - Notes to abridged revised consolidated financial statements.

Nature of Balances	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Loans and advances	**-**	**106.68**	**-**	**670.48**
(EIL - ₹ 602.23 crore, VOTL - ₹ 106.68 crore) (Previous year EIL - ₹ 61.02 crore, VOTL - ₹ 112.85 crore, VPL (Finance Lease) - ₹ 72.38 crore)	-	(119.60)	-	(133.40)
Creditors and other liabilities	**9.74**	**461.11**	**17.05**	**22.96**
(EPIL - ₹ 178.84 crore, EESL - ₹ 55.10 crore, EEXPL - ₹ 93.62 crore, VOTL - ₹ 52.31 crore) (Previous year EPIL - ₹ 201.39 crore, EEXPL - ₹ 114.49 crore)	(30.75)	(416.03)	-	(21.24)
Advances received (Including global depository shares advances from Essar Energy Holdings Ltd.)	**1,153.21**	**-**	**-**	**-**
(EEHL - ₹ 1,153.21 crore) (Previous year EEXPL - ₹ 102.90 crore, EEHL - ₹ 91.03 crore)	(91.03)	(122.15)	-	-
Remuneration payable to key management personnel	**-**	**-**	**-**	**-**
(Previous year Shri Naresh Nayyar – ₹ 0.06 crore)	-	-	-	(0.06)
Other balances				
Outstanding guarantees given on behalf of the Group	**3,074.00**	**497.90**	**-**	**11,961.68**
(EIL - ₹ 11,961.68 crore, EGL - ₹ 3,050.00 crore) (Previous year EIL - ₹ 9,979.80 crore, EGL - ₹ 2,500.00 crore)	(2,520.40)	(490.83)	-	(9,979.80)
Outstanding guarantees given by the Group	**-**	**274.80**	**223.77**	**-**
(VPCL - ₹ 223.77 crore, VOTL - ₹ 274.80 crore) (Previous year VOTL - ₹ 272.39 crore)	-	(272.39)	-	-

Includes share of profit in associate

Notes :

1) Names of related parties and description of relationship:

Holding Companies	Essar Global Limited (Ultimate Holding Company)
	Essar Energy Holdings Limited (Intermediate Holding Company)
	Vadinar Oil (Immediate Holding Company)
Associate	Vadinar Power Company Limited (VPCL) (w.e.f. September 9, 2009)
Key management personnel	Shri Naresh Nayyar, Managing Director
	Shri P. Sampath, Director Finance (From April 1, 2009)
	Shri K.B.Makadia,Whole Time Director (w.e.f. August 5, 2009 till cessation of subsidiary)
Individuals having significant influence on the Group (Promoters)	Shri S. N. Ruia, Chairman
	Shri R. N. Ruia, Vice Chairman (Director - Upto March 30, 2010)
	Shri P. S. Ruia, Director
	Shri A. S. Ruia, Director
Fellow Subsidiaries	Aegis Limited (Earlier known as Aegis BPO Services Limited) (AEGIS), Aegis BPO Services(Gurgaon) Limited (AEGIS-G), Bhander Power Limited (BPOL), Essar Bulk Terminal Limited (EBTL), Essar Engineering Services Limited (EESL), Essar Exploration & Production (I) Limited (EEXPIL), Essar Exploration & Production Limited(EEXPL), Essar Exploration & Production Southeast Asia Limited (EEXPSEAL), Essar Gujarat Petrochemicals Limited (EGPL), Essar Logistics Limited (ELL), Essar Oilfield Services Limited (EOFSL), Essar Oilfields Services (India) Limited(EOFSIL), Essar Offshore Subsea Limited (EOSL), Essar Power Gujarat Limited (EPGL), Essar Projects India Limited (EPIL)(Formerly known as Essar Construction (India) Limited. (ECIL)), Essar Project Management Consultants Limited (EPMCL), Essar Power Limited (EPOL), Essar Power (MP) Limited-(EPL-MP) Essar Steel Hazira Limited (ESHL), Essar Sez Hazira Limited (ESHL-SEZ), Essar Shipping Ports & Logistics Limited (ESL), Essar Shipping & Logistics Limited (ESLL), Essar Steel Limited (ESTL), Essar Steel Orissa Limited (ESTLOL), Hazira Pipe Mill Limited (PIPE), Hazira Plate Limited (PLATE), Teletech Investments (India) Ltd(TIL), Vadinar Oil Terminal Limited (VOTL), Vadinar Ports and Terminals Limited(VPTL).

ANNEXURE I - Notes to abridged revised consolidated financial statements.

Companies in which promoters have significant influence/control:	Arkay Holdings Limited (ARKAYHPL), Asia Motor Works Ltd (AMW), Essar Agrotech Limited (EATL), Essar Energy Services Limited (EESL(EIL)), Essar Heavy Engineering Services Limited (EHESL), Essar House Limited (EHL), Essar Investments Limited (EIL), Essar Infrastructure Services Limited(EISL), Essar Information Technology Limited (EITL), Essar Pipelines Limited (EPLL)(Merged with Essar Investments Ltd), Essar Properties Limited (EPRL), 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), Sinter-Keramos & Composites Private Limited (SKCPL), The Mobile Stores Limited (TMSL), 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.

16.[28] Following subsidiary companies and associates have been considered in the preparation of consolidated financial statements:

Sr. No.	Name of the Group	Country of incorporation	Proportion of ownership Interest (%) As at March 31, 2010	Proportion of ownership Interest (%) As at March 31, 2009
1	Vadinar Power Company Limited (From 09.09.2009)*@	India	26.01%	53.24%
2	Essar Oil Vadinar Limited (Merged with Essar Oil Limited vide order dated May 3, 2010)	India	-	100%
3	Essar Energy Overseas Limited (Up to 06.07.2009)**@	Mauritius	0.00%	100%

* Earlier subsidiary company became an associate during the year.

** Ceased to be subsidiary

@ Consolidated based on Audited Accounts.

17.[32] Figures of previous year have been regrouped / rearranged, wherever necessary, to conform with those of the current year.

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary

Suresh Jain
Chief Financial Officer

Mumbai, November 09, 2012

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 highlilghts

- 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

L.K.Gupta
Managing Director & CEO

Naresh Nayyar
Deputy Chairman

Mumbai, November 09, 2012

AUDITORS' REPORT ON ABRIDGED REVISED FINANCIAL STATEMENTS

To,

The Members of Essar Oil Limited

We have examined the abridged revised balance sheet of Essar Oil Limited ('the Company') as at March 31, 2011, the abridged revised statement of profit and loss and the abridged revised cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged revised financial statements"). These abridged revised financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and Clause 32 of the Listing Agreement and are based on the revised accounts of the Company for the year ended March 31, 2011 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report dated November 09, 2012 to the members of the Company which report is attached.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, November 09, 2012

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 ₹ 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 ₹ 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 ₹ 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 ₹ 1,219.93 Crores, reversal of liability of ₹ 54.34 Crores towards contribution to the welfare scheme and recognition of interest income of ₹ 82.16 Crores (net of breakup charges of ₹ 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.

AUDITORS' REPORT

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

ANNEXURE TO THE AUDITORS' REPORT

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 (₹ In crore)	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, 1944	Excise duty, interest and penalty	15.57	November-06 to November-08	Commissioner of 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 ₹ 6,168.97 Crores (including ₹ 4,565.10 Crores as at March 31, 2011). The Company has deposited ₹ 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.*

ANNEXURE TO THE AUDITORS' REPORT

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 ₹ 3,159 Crores (excluding net increase in the current liabilities by ₹ 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

ABRIDGED REVISED BALANCE SHEET

as at March 31, 2011

(₹ in crore)

Particulars	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS		
Shareholders' funds		
a) Share capital - equity	1,382.27	1,218.13
b) Advance towards issue of global depository shares	-	1,153.21
c) Reserves and surplus		
(i) Capital Reserve	40.89	40.89
(ii) Securities Premium Account	4,928.45	2,729.01
(iii) Debenture Redemption Reserve	37.21	37.21
Loan funds		
a) Debenture	184.21	184.21
b) Secured loans	12,090.21	9,286.38
c) Unsecured loans	2,272.51	883.14
TOTAL	**20,935.75**	**15,532.18**
APPLICATION OF FUNDS		
Fixed assets		
a) Net block (original cost less depreciation)	11,744.09	12,309.35
b) Capital work-in-progress	8,423.04	4,318.75
Investments - Others		
- unquoted	103.00	103.00
- quoted (previous year Market value ₹ 120.62 crore)	-	100.00
Deferred tax asset (net)	-	0.57
Current assets, loans and advances		
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 - others	737.88	728.37
	13,489.38	**8,941.15**
Less: Current liabilities and provisions		
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 abridged revised statement of profit and loss	2,857.09	2,605.40
TOTAL	**20,935.75**	**15,532.18**

Annexure I forms an integral part of the abridged revised financial statements.

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

ABRIDGED REVISED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2011

(₹ in crore)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME		
Turnover (gross)	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	917.12	813.87
	46,988.21	**36,504.61**
Interest	140.68	86.25
Other income	213.32	785.68
	47,342.21	**37,376.54**
EXPENDITURE		
Cost of goods consumed/sold		
(i) opening stock	3,734.82	2,040.58
(ii) purchases	44,616.04	35,945.15
Less: closing stock	5,415.03	3,734.82
	42,935.83	34,250.91
Operating expenses	735.66	413.52
Managerial remuneration {Excluding ₹ 0.69 crore (previous year ₹ 0.54 crore) charged to EDC}	2.61	3.05
Employee costs	117.06	94.45
Selling and marketing expenses	409.14	381.26
Auditor's remuneration {Excluding ₹ 0.72 crore (previous year ₹ 0.82 crore) charged to EDC}	1.60	2.84
General and administrative expenses	360.82	292.69
	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	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	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	-	0.45
Balance carried forward	**(2,879.34)**	**(2,627.65)**
Out of above:		
Shown as deduction from general reserve	(22.25)	(22.25)
Shown as debit balance in abridged revised statement of profit and loss in abridged revised balance sheet	(2,857.09)	(2,605.40)
	(2,879.34)	**(2,627.65)**

Annexure I forms an integral part of the abridged revised financial statements.

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

ABRIDGED 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 profit 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)	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 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	-	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

ANNEXURE I - Notes to abridged revised financial statements.

The note number appearing in brackets "[ ]" are note number of part B of Schedule XVI as they appeared in the Complete Set of Revised Financial Statements

1. BASIS OF PREPARATION

These abridged revised financial statements have been prepared on the basis of the complete set of revised financial statements for the year ended March 31, 2011 in accordance with the requirements of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

(₹ in crore)

Sr. No	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
2.[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.		
3.[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 crore (Previous year ₹ Nil), bank charges ₹ Nil (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

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Sr. No	Particulars		Year ended March 31, 2011	Year ended March 31, 2010
		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.		
4	**Important Performance Ratios**			
	a)	Sales / total asset	1.57	1.65
	b)	Operating profit (before Exceptional items) / capital employed	0.14	0.10
	c)	Operating profit (after Exceptional items) / capital employed	0.06	0.02
	d)	Return on net worth	-7.13%	-36.22%
	e)	Profit / sales	-0.47%	-2.20%
		Total Asset = Net fixed asset + CWIP + Investment + Deferred tax asset (net) + Current Assets		
		Operating profit (before Exceptional Items) = Profit before tax+Exceptional items + Interest and finance charges		
		Operating profit (after Exceptional Items) = Profit before tax + Interest and finance charges		
		Networth = Equity share capital + Reserve and surplus + Debit balances in abridged revised statement of profit and loss		
		Capital employed = Total Segment Assets-Total Segment Liabilities (Refer note 15.[30])		
		Sales = Turnover (Refer note 14.[27])		
5.[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

ANNEXURE I - Notes to abridged revised financial statements.

6.[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.[7] a) Quantitative and other information with regard to products/crude traded 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	-	-	2,081,599.16	1,964.20	2,081,599.16	2,089.29	-	-
	(4,711.09)	(12.44)	(542,903.52)	(1,705.74)	(547,486.50)	(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.[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.

9.[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

ANNEXURE I - Notes to abridged revised financial statements.

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.

10.[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).

11.[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:

ANNEXURE I - Notes to abridged revised financial statements.

(₹ 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 ₹ 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.

ANNEXURE I - Notes to abridged revised financial statements.

b) Balance Sheet :

(₹ in crore)

Particulars	Original financial statements	Revised financial statements	Remarks
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) The note nos. 2, 16, 22 (b), 24, 26, 30, 33 of Schedule XVI (B) have been modified in accordance with the revisions described above.

ANNEXURE I - Notes to abridged revised financial statements.

12.[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.

13.[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.

14.[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.

15.[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)**
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**

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Sr. No.	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
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	-	-

16.[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	-	-

ANNEXURE I - Notes to abridged revised financial statements.

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

ANNEXURE I - Notes to abridged revised financial statements.

(₹ in crore)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
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)	-	-
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.

ANNEXURE I - Notes to abridged revised financial statements.

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.

18.[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

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

NOTICE

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the members of **ESSAR OIL LIMITED** will be held at the Registered Office of the Company at Khambhalia Post (39th km. stone on Jamnagar-Okha Highway), Dist. Jamnagar - 361305, Gujarat on Thursday, December 20, 2012 at 2:30 p.m. to transact, with or without modifications, as may be permissible, the following business:

1. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution :

   "RESOLVED THAT the Balance Sheets of the Company as at March 31, 2009, 2010 and 2011, the Statement of Profit and Loss for the three years ended on those dates and Directors' Reports thereto, laid before and adopted by the Members at the 19th, 20th and 21st Annual General Meetings of the Company held on June 27, 2009; September 24, 2010 and August 12, 2011 respectively be reopened and revised and that the reopened accounts for above mentioned periods together with the Auditors' Report thereon and amendments to the Directors Reports for the respective financial years be and are hereby received, considered, approved and adopted."

2. To consider and, if thought fit, to pass the following Ordinary Business namely to receive, consider, approve and adopt the Balance Sheet as at March 31, 2012, the Statement of Profit & Loss for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.

3. To consider and, if thought fit, to pass the following Ordinary Business namely to appoint a Director in place of Mr. Naresh Kumar Nayyar who retires from office by rotation and being eligible, offers himself for reappointment.

4. To consider and, if thought fit, to pass the following Ordinary Business namely to appoint a Director in place of Mr. Dilip J Thakkar who retires from office by rotation and being eligible, offers himself for reappointment.

5. To consider and, if thought fit, to pass the following Ordinary Business namely to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, having ICAI Registration number 117365W, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

6. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

   "RESOLVED THAT Mr. L K Gupta, who was appointed as an Additional Director by the Board of Directors with effect from December 2, 2011 pursuant to section 260 of the Companies Act, 1956 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

7. To consider and, if thought fit, to pass the following Special Business as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, approval of the Company be and is hereby given to the appointment of Mr. L K Gupta as Managing Director & CEO of the Company for a period of 5 years with effect from December 2, 2011 and for payment of remuneration during his tenure in office as Managing Director & CEO upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (which term shall include the Remuneration Committee constituted by the Board of Directors) to alter and vary the terms and conditions including period in office as may be agreed to between the Board of Directors and Mr. L K Gupta, in the best interest of the Company."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

8. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

   "RESOLVED THAT Mr. C Manoharan, who was appointed as an Additional Director by the Board of Directors with effect from March 29, 2012 pursuant to section 260 of the Companies Act, 1956 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

9. To consider and, if thought fit, to pass the following Special Business as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, approval of the Company be and is hereby given to the appointment of Mr. C Manoharan as Director (Refinery) of the Company for a period of 3 years with effect from March 29, 2012 and for payment of remuneration during his tenure in office as Director (Refinery) upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (which term shall include the Remuneration Committee constituted by the Board of Directors) to alter and vary the terms and conditions including period in office as may be agreed to between the Board of Directors and Mr. C Manoharan, in the best interest of the Company."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

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10. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

    "RESOLVED THAT Mr. Prashant S Ruia, who was appointed as an Additional Director by the Board of Directors with effect from August 14 ,2012 pursuant to section 260 of the Companies Act, 1956 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

11. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

    "RESOLVED THAT Mr. Philip Aiken, who was appointed as an Additional Director by the Board of Directors with effect from August 14, 2012 pursuant to section 260 of the Companies Act, 1956 and who holds office upto the date of the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company."

12. To consider and, if thought fit, to pass the following Special Business as a Special Resolution:

    "RESOLVED THAT in partial modification to the resolution passed by the shareholders at the Twenty first Annual General Meeting held on August 12, 2011 approving the introduction of Essar Oil Employee Stock Option Scheme – 2011 (Scheme), the maximum number of equity shares of ₹ 10/- each to be allotted on exercise of the options granted to any employee in a year under the Scheme be and are hereby enhanced from 1,50,000 to 10,00,000, provided that all other terms and conditions governing the Scheme shall remain unchanged."

    "RESOLVED FURTHER THAT the amendment shall also be applicable to the options granted/to be granted by the Remuneration Committee under the Scheme from the conclusion of the 21st Annual General Meeting held on August 12, 2011 upto the date of the 22nd Annual General Meeting."

    "RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors, including any Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem fit, necessary, desirable, expedient or proper for such purpose and with authority to settle any issues, questions, difficulties or doubts that may arise in this regard or any other matter incidental or consequential thereto and its decision shall be final and binding on the members without requiring the Board to secure any further consent or approval of members of the Company."

13. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

    "RESOLVED THAT pursuant to the provisions of section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded for creating mortgages and / or charges, hypothecation, pledge and / or any other encumbrances on such terms and conditions and at such time(s) and in such form and manner as the Board of Directors (hereinafter referred to as "the Board" which term shall include any committee(s) constituted / to be constituted by the Board and / or any person(s) authorised by the Board for exercising the powers conferred on the Board by this resolution) may determine on all or any of the movable and / or immovable properties of the Company, wheresoever situated, both present and future or the whole or substantially the whole of any one or more of the Company's undertaking(s) in favour of all or any of the financial institutions, banks, lenders, financiers, trustees, investing agencies, bodies corporate, corporations, foreign institutional investors, any other person(s) / entities, or any combination of the above to secure rupee loans, foreign currency loans, debentures, bonds, securities, convertible loans, fully / partly paid convertible / non-convertible bonds, financial assistances / any borrowings or any other securities / instruments (by private placement basis or otherwise) of an equivalent aggregate amount not exceeding ₹ 50,000 crore (Rupees Fifty Thousand Crore only) in Indian Rupees and / or in equivalent Foreign Currency together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, debentures / security trustee remuneration, costs, charges, expenses including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company to the aforesaid parties or any of them under the agreements entered into / to be entered into by the Company in respect of the said loans, debentures, bonds, securities, financial assistances, borrowings and / or other instruments."

    "RESOLVED FURTHER THAT the mortgages and / or charges, hypothecation, pledge and / or any other encumbrances to be created by the Company as aforesaid may rank pari passu with the mortgages and / or charges, hypothecation, pledge and / or any other encumbrances already created and / or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors and as may be agreed to between the concerned parties."

    "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any or all of the aforesaid parties the documents, agreements, undertakings, bonds and writings for creating the mortgages / charges / hypothecation / pledge and / or any other encumbrances and accepting or making any alterations, changes, variations to or in the terms and conditions, and to

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do all such acts, deeds, matters and things and to execute all such documents, agreements, undertakings, bonds and writings as it may consider necessary, proper, desirable, appropriate or expedient for the purpose of giving effect to this resolution and to resolve any question, query, doubt or difficulty relating thereto or otherwise considered by the Board of Directors to be in the best interest of the Company."

14. To consider and, if thought fit, to pass the following Special Business as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and Articles 96 and 99 of the Articles of Association of the Company, the Company hereby accords its consent for borrowing or continuing to borrow any sum or sums of money, from time to time, from any one or more of the Company's bankers and / or financial or investment institutions and / or from anyone or more other persons, firms, entities, bodies corporate, companies, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured, and if secured by mortgage, charge, hypothecation or lien or pledge or any other encumbrances of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) including uncalled capital and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 50,000 crore (Rupees Fifty Thousand Crore only) over and above the aggregate of the paid up share capital of the Company and its free reserves."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise all the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, securities, etc. as it may consider fit in the interest of the Company and to execute all agreements, deeds, undertakings, etc. and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary, desirable or expedient for giving effect to this Resolution."

By Order of the Board of Directors

SHEIKH S. SHAFFI
Company Secretary

Registered Office:
Khambhalia Post, P. O. Box 24
Dist. Jamnagar-361 305, Gujarat

Mumbai
November 09, 2012

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, i.e. before 2:30 p.m. of December 18, 2012.**

2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 18th day of December 2012 to Thursday, the 20th day of December 2012 (both days inclusive).

3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting.

4. Members / proxies should bring the attendance slip duly filled in for attending the meeting.

5. The Company had applied to the Central Government for extension of time for holding of the AGM for the year 2012 beyond September 30, 2012 for 3 months and the Registrar of Companies has approved extension of time for holding of AGM by 3 months i.e. by December 31, 2012.

6. Members desiring any information with regard to Accounts / Reports are requested to write to the Company at least ten days before the date of the meeting, so as to enable the management to keep the information ready.

7. Directors retiring by rotation:

   Mr. Naresh Nayyar is 60 years old. He is a Chartered Accountant and an alumnus of Indian Institute of Management, Ahmedabad and has over 35 years of experience in the oil & gas industry. He joined the Company on October 15, 2007 as Managing Director. He resigned from the position on December 2, 2011 to focus on wider responsibilities of the Energy business portfolio of Essar Group. He continues on the Board as Non Executive Director and has been assigned the newly created role of Deputy Chairman.

   Prior to joining the Company, Mr. Naresh Nayyar was with ONGC Mittal Energy Ltd. a joint venture between ONGC and Mittal Investments of Arcelor Mittal Steel, where he was instrumental in steering its growth through mergers and acquisitions.

Earlier he was with Indian Oil Corporation Ltd. (IOC) since 1975 where he rose to become its Director (Planning & Business Development) on the Board in October 2002, after having handled several key assignments. Mr. Naresh Nayyar has been a nominee of IOC on the Board of reputed companies like ONGC, IBP and Petronet LNG and also Chairman of Lanka IOC Ltd., Sri Lanka and Indian Oil Panipat Power Consortium Ltd.

The other companies in which Mr. Naresh Nayyar is a director are: Essar Power Ltd., Essar Energy Plc., Kenya Petroleum Refineries Ltd., SNS Creations Pvt. Ltd. and Essar Energy Services (UK) Ltd. He is a member of Investors' Relations Committee, Banking & Finance Committee, Committee of Directors (CDR Exit) and Committee of Directors (Capital Issues). He does not hold any shares in the Company. Mr. Naresh Nayyar retires by rotation at the Annual General Meeting and offers himself for reappointment.

Mr. D J Thakkar is 75 years old. He is a practicing Chartered Accountant with 51 years experience in Taxation and FEMA matters. The other companies in which Mr. D J Thakkar is a Director are: Ameya Logistics Pvt. Ltd., Blueberry Trading Company Pvt. Ltd., Essar Ports Ltd., Garware Polyester Ltd., Hamlet Constructions India (P) Ltd., Himatsingka Seide Ltd., Skidata (India) Pvt. Ltd., Indo Count Industries Ltd., Modern India Ltd., Magus Estates and Hotels Ltd., PAE Ltd., Panasonic Energy India Co. Ltd., Poddar Developers Ltd., Premier Ltd., Rajasvi Properties Holdings Pvt. Ltd., Starrock Investments & Trading Pvt. Ltd., The Ruby Mills Ltd., Township Real Estate Developers Pvt. Ltd., Walchandnagar Industries Ltd. and Windmere Hospitality (India) Pvt. Ltd. He is Chairman of the Audit & Governance Committee and member of Investors' Relations Committee, Banking & Finance Committee, Remuneration Committee, Committee of Directors (CDR Exit) and Committee of Directors (Capital Issues).of the Board. He holds 300 shares in the Company. Mr. D J Thakkar retires by rotation at the Annual General Meeting and offers himself for reappointment.

8. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market for transfer / transmission / transposition of securities and deletion of name. Members holding shares in physical form are requested to submit their PAN details to the Company / Share Transfer Agents (STA), M/s. Datamatics Financial Services Ltd. Members holding shares in electronic form have to submit the PAN details to their DPs.

9. Facility for making nominations is available to individuals holding shares in the Company. Members holding shares in physical form may obtain the prescribed nomination form 2B from the STA. Members holding shares in electronic form are requested to approach their DPs for the nomination.

10. Pursuant to sections 205C of the Companies Act, 1956 all unclaimed principal amount on debentures remaining unpaid or unclaimed for a period of seven years from the date they became due for payment during the financial year 2004-05, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

11. A statement containing the salient features of the Audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss and Cashflow Statement for the year ending on that date and Auditors' Report on the Abridged Financial Statements along with Auditors Report on the full financial statements is being sent to members. Any member interested in obtaining a copy of the full Annual Report may write to the Share Transfer Agents. Copy of the full financial statements have been made available for inspection at the registered office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 setting out all material facts relating to special business mentioned in accompanying Notice dated November 9, 2012.

Item No. 1

The Company, had registered under the Capital Investment Incentive Premier/ Prestigious Unit Scheme - 1995-2000 (Scheme) of the Gujarat Government since it was implementing a refinery project at District Jamnagar. Under the Scheme, the Company was eligible for claiming deferment of payment of sales tax. The Gujarat Government declined to grant benefits under the Scheme on account of delay in commissioning of the refinery. The Gujarat High Court by orders passed on April 22, 2008 directed the Gujarat Government to consider the request of the Company to be made eligible for availing benefits under the Scheme. The Company accordingly, started collecting and retaining the sales tax as per the scheme.

The Company assigned this sales tax liability to a third party. The Company was to pay the assignee the net present value of the deferred tax liability and the assignee would in turn pay the liability to the Gujarat Government on behalf of the Company when it becomes due for payment. Accordingly, the Company has accounted the sales tax benefit as the difference between gross sales tax liability and assignment value in the books of account as income.

The Gujarat Government preferred an appeal against the High Court Order before the Supreme Court. The Supreme Court did not grant any interim relief and directed the State Government not to take any coercive action against the Company. The Company continued to collect the sales tax and retained it. However, the

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Supreme Court by orders passed on January 17, 2012 allowed the appeal of the Gujarat Government. Hence, the sales tax collected and retained by the Company will become repayable and the profits booked on assignment of sales tax liability need to be reversed. The Company, accordingly, proposes to reopen and revise the books of account for the financial years 2008-09, 2009-10 and 2010-11 to meet the technical requirements of taxation laws and to reflect true and fair view of sales tax incentives, liabilities, exemptions, etc. concerning the Government of Gujarat.

Section 210 of the Companies Act, 1956 provides for placing of the Balance Sheet and Profit and Loss Account, by the Board of Directors, before the Company in General Meeting, for adoption. Revision in annual accounts would accordingly require the approval of members at a General Meeting. The Ministry of Corporate Affairs has clarified vide circular dated January 13, 2003 that companies can reopen and revise their accounts even after their adoption at the annual general meeting in order to comply with technical requirements of taxation and other laws. Further, the Ministry of Corporate Affairs has approved reopening of the accounts of the Company for the financial years 2008-09, 2009-10 and 2010-11.

The statements containing the salient features of the reopened and revised Audited Balance Sheets, Statements of Profit and Loss, Cash flow Statements and Auditors Reports on the full and abridged reopened and revised financial statements for the financial years 2008-09, 2009-10 and 2010-11 along with the Amendments to the Directors' Reports for the respective financial years are being sent to members along with the Notice. Any member interested in obtaining the revised full financial statements may write to the Share Transfer Agents of the Company. The revised full financial statements are available for inspection of the members at the Registered office of the Company on all working days except Saturdays, Sundays and bank holidays between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting.

The Directors accordingly recommend the resolution at Item no. 1 of the Notice for your approval.

None of the Directors is in anyway concerned or interested in the resolution.

Item Nos. 6 to 9

Mr. L K Gupta was appointed by the Board of Directors as Additional Director and thereafter as Managing Director & CEO of the Company for a period of 5 years with effect from December 2, 2011.

In terms of section 260 of the Companies Act, 1956 (Act) and Article 82 of the Articles of Association of the Company, Mr. L K Gupta would hold office of Director upto the date of the ensuing Annual General Meeting. Under section 257 of the Act, Mr. L K Gupta's appointment to the office of director requires approval of the shareholders at General Meeting. Accordingly, the resolution at item no. 6 of the Notice is being proposed.

In terms of section 269 read with Schedule XIII of the Act, the appointment and remuneration payable to Mr. L K Gupta as Managing Director & CEO is subject to approval of shareholders in General Meeting. Accordingly, approval of shareholders is being sought by passing resolution no. 7 of the Notice.

The Board of Directors appointed Mr. C Manoharan as Additional Director and thereafter as Director (Refinery) of the Company for a period of 3 years with effect from March 29, 2012. Pursuant to the provisions of section 260 of the Act and Article 82 of the Articles of Association of the Company, Mr. C Manoharan holds office of Director till the date of the ensuing Annual General Meeting. Approval of shareholders is required under section 257 of the Act for appointment of Mr. Manoharan as Director liable to retire by rotation. Hence, the resolution at Item no. 8 is being proposed for approval of shareholders.

The appointment and remuneration payable to Mr. C Manoharan as Director (Refinery) is subject to approval of shareholders pursuant to section 269 read with Schedule XIII of the Act. Approval of the shareholders is sought by passing resolution at item no. 9 of the notice. The two directors are hereinafter collectively referred as Wholetime Directors.

There is absence of profits, for the financial year ended March 31, 2012 as per provisions of section 198 read with sections 309, 348 and 350 of the Act. Accordingly, approval of members in general meeting is required in terms of section 269 read with schedule XIII of the Act for payment of managerial remuneration to the wholetime directors for the financial year ended March 31, 2012 and for their tenure in office. However, approval of central government will not be required for the appointment of and payment of remuneration to the wholetime directors since they are professionals possessing specialized knowledge in the field of their respective professions and they do not have any interest in the capital of the Company nor are they interested in/related to directors/promoters of the Company.

Information required to be given to members as per Schedule XIII of the Companies Act, 1956 is as under:

I General Information:

(1) Nature of Industry

The Company belongs to the oil and gas industry. It is an existing company engaged in exploration and production of oil and gas, refining of crude oil and marketing of petroleum products.

(2) Expected date of commencement of commercial production:

The Company is an operating entity. Its refinery at District Jamnagar has recently expanded its capacity in two stages. The refinery expansion project commenced commercial production in March, 2012 enhancing the refinery capacity to 18 MMTPA. Thereafter, the Optimization project was commissioned in June 2012 further enhancing the refining capacity to 20 MMTPA.

NOTICE

(3) Financial performance:

(₹ in crore)

Financial parameters	Financial year ended March 31		
	2010	2011	2012
Gross sale from operations	42,401.68	53,119.10	63,339.52
Net profit / (loss) (as computed u/s 198)	*(2,826.06)	* (3,081.54)	* (4,367.08)
Net profit/(loss) after tax as per Statement of Profit & Loss	(931.94)	(251.69)	(1,285.48)

*includes loss for the preceding financial year/s.

(4) Export performance:

During the year ended March 31, 2012, FOB value of exports (on accrual basis) was ₹19,915.33 crore.

(5) Foreign investments and collaborations, if any:

Essar Energy Holdings Ltd. (formerly Prime Finance Company Ltd.), Foreign Co-Promoter, has made investment of ₹ 4,218 crore in the Company and presently holds 178,858,624 (13.10%) equity shares and 1,843,724 Global Depository Shares represented by 282,089,772 (20.66%) underlying equity shares of the Company.

II Information about the wholetime directors

(1) Mr. L K Gupta

Mr. L K Gupta is 52 years old. A rank holder Chartered Accountant, Mr. L K Gupta is also a Company Secretary and holds a Bachelors Degree in Commerce (Gold Medalist) from Jiwaji University, Gwalior. Mr. Gupta has 31 years of leadership experience in core sectors of Energy (Oil & Gas), Utilities (Power) and Steel. He was CEO and Joint Managing Director of JSW Energy Ltd from June 2010, where he was heading the integrated business of Power Generation, Transmission and Trading of more than 3500 MW Power Plants. Prior to this from May 2006 he was Director (Finance) with Mangalore Refinery & Petrochemicals Ltd., an ONGC subsidiary. At MRPL he was responsible for Finance, Taxation, Insurance, Legal and Commercial function as well as International Trade including Crude Procurement Strategy and Strategic Management of major Expansion projects. He was recognised by CNBC TV18 as the Best Performing CFO in the Indian Oil & Gas sector in 2008-2009.

Mr. L K Gupta is the Managing Director & CEO and will be responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. He has extensive experience in the Oil and Gas and Power industries as stated above. Mr. L K Gupta with his expertise is considered well suited to handle this challenging responsibility.

Prior to joining the Company, Mr. L K Gupta was working with JSW Energy Ltd. where his salary including perquisites and allowances was approximately ₹ 2.9 crore per annum. In addition he was also entitled to ESOP benefits.

The particulars of remuneration payable and the terms of the appointment of Mr. L K Gupta at the time of joining is ₹ 3.43 crore comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of vehicle operating, entertainment, telephone, professional perquisite, leave travel allowance, medical expenses as per Company rules, annual performance bonus depending on performance of the Company and his performance assessed as per Company policy. He will also be covered under Company's Provident Fund / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. The total of salary / perquisites / allowances / other benefits and bonus as may be decided by the Board of Directors or the Remuneration Committee during his tenure in office of 5 years period, will not exceed ₹ 4 crore per annum. He would also be paid one time lump sum amount of ₹ 70,00,000 on joining the Company. The perquisite value of the facilities / benefits / allowances and bonus shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed thereunder. The Employee Stock Options granted / to be granted to Mr. L K Gupta from time to time are not to be included for the purpose of computation of overall ceiling of remuneration.

In the event of termination of employment, except in circumstances of fraud or gross misconduct on his part, he will be entitled to be paid remuneration for a maximum period of three months.

Subject to as aforesaid, he shall be governed by such of the existing service rules of the Company as may be in force from time to time.

The remuneration proposed to be paid to the Managing Director & CEO is comparable with the remuneration being paid for similar assignments in the industry.

Mr. L K Gupta does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Managing Director & CEO of the Company.

The above may be treated as an abstract of the agreement between the Company and Mr. L K Gupta pursuant to section 302 of the Act.

Mr. L K Gupta is also Managing Director of Vadinar Power Company Ltd. He does not hold any shares in the Company. He is a member of the Investors' Relations Committee, Banking & Finance Committee, Committee of Directors (CDR Exit) and the Committee of Directors (Capital Issues) of the Company

(2) Mr. C Manoharan

Mr. C Manoharan is 58 years old. He is a Graduate in Chemical Engineering from Calicut University, Kerala. He joined the Company as Head of Refinery in May 2008 from Indian Oil Corporation Limited (IOCL). Since then the Company's Refinery has made significant progress in terms of Safety and Reliability. Under his leadership the Company was able to increase the thru' put of the refinery from 10.5 MMTPA to 14 MMTPA and recently expanded the refining capacity to 20 MMTPA.

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Mr. C Manoharan started his career as Engineer Trainee in 1977 at Indian Oil Corporation Limited (IOCL), Gujarat Refinery, Baroda. He handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director. He had the privilege of associating with the construction and commissioning of various Refinery Projects including the first FCC unit in IOCL and first Hydrocracker Unit in the Country. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member of Indian Oil Technologies Limited from May 2004 and as Chairman of the Board from January 2007 to March 2008. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A.

Mr. C Manoharan is the Director (Refinery) and will be responsible for all the operations of the Refinery at Vadinar, District Jamnagar. As stated above, Mr. C Manoharan with his expertise is considered well suited to handle the responsibility.

During the financial year ended March 31, 2012 Mr. C Manoharan was paid salary of approximately ₹ 1.50 crore per annum which included perquisites and allowances.

The particulars of remuneration payable and the terms of the appointment of Mr. C Manoharan at the time of appointment is ₹ 1.80 crore comprising of basic salary, allowances and perquisites including house rent allowance / company provided accommodation, special allowance, reimbursement of vehicle operating, entertainment, telephone, professional perquisite, leave travel allowance, medical expenses as per Company rules, annual performance bonus depending on performance of the Company and his performance assessed as per Company policy. He will also be covered under Company's Provident Fund / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. The total of salary / perquisites / allowances / other benefits and bonus as may be decided by the Board of Directors or the Remuneration Committee during his tenure in office of 3 years period, will not exceed ₹ 2.1 crore per annum. The perquisite value of the facilities / benefits / allowances and bonus shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed there under. The Employee Stock Options granted / to be granted to Mr. C Manoharan from time to time are not to be included for the purpose of computation of overall ceiling of remuneration.

In the event of termination of employment, except in circumstances of fraud or gross misconduct on his part, he will be entitled to be paid remuneration for a maximum period of three months.

Subject to as aforesaid, he shall be governed by such of the existing service rules of the Company as may be in force from time to time.

The remuneration proposed to be paid to the Director (Refinery) is comparable with the remuneration being paid for similar assignments in the industry.

The above may be treated as an abstract of the agreement between the Company and Mr. C Manoharan pursuant to section 302 of the Act.

Mr. C Manoharan does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as Director (Refinery) of the Company. He does not hold any shares in the Company.

III Other information:

(1) Reasons for loss / inadequacy of profit, if any:

The Company has incurred losses in the financial year ended March 31, 2012 mainly on account of the following exceptional items:

a) By virtue of an order of Honorable Supreme Court of India dated January 17, 2012 setting aside the order of the Honorable Gujarat High Court, the Company became ineligible to the deferment of payment of Sales tax under the Capital Investment Incentive Premier / Prestigious Unit Scheme - 1995-2000 issued by the Government of Gujarat. Since, the Company was assigning the deferred sales tax liability to a related third party and recognising the income arising out of such assignment in its income statement, the Company reversed the entire income along with other related provisions/accruals recognized/ made during the financial years 2011-12 (April 2011 to December 2011) in the current year as an exceptional item amounting to ₹ 861 crore.

b) Further, the Company has provided ₹ 376 crore (including depreciation of ₹ 26 crore) against the CDR exit proposal submitted by the Company which has subsequently been approved to the CDR Core Group.

(2) Steps taken or proposed to be taken for improvement:

The Company has recently commissioned its Refinery Expansion Project in March, 2012 enhancing the refining capacity to 18 MMTPA and improving the complexity from 6.1 to 11.8. In addition, an Optimization project for converting a redundant Visbreaker unit into a CDU was completed and commissioned four months ahead of schedule in June 2012 thereby enhancing the refining capacity to 20 MMTPA. The commissioning of these projects, gives the Refinery the capability to process much heavier low cost crude oil. The share of ultra heavy crude, which currently constitutes 20% of crude basket, is expected to go up to 60%; and as a result the overall share of heavy and ultra heavy crude is likely to go up to 80% of the refinery's total crude basket. In terms of product yield, the Refinery now has the flexibility to produce higher value, high-quality products, including petrol and diesel conforming to Euro IV and V norms that have growing acceptance in both domestic and international markets. The above are expected to have a positive effect on the cash flows of the Company.

The Company has also implemented / is implementing a number of cost reduction, cost optimisation and Gross Refinery Margin (GRM) boosting measures to improve the profitability. Further, there are plans to replace high cost debts with low cost debts.

(3) Expected increase in productivity and profits:

The commissioning of the Refinery Expansion and Optimisation projects and improvement in complexity will enhance the volume of production, improve the product profile and increase ability to process low cost sour and tough crudes, thus significantly improving the margins, profitability and cash flows.

The Board of Directors is of the opinion that the appointment of Mr. L K Gupta as Managing Director & CEO and Mr. C Manoharan as Director (Refinery) of the Company and payment of the proposed remuneration to them would be in the interest of your Company. Accordingly, the Directors recommend the resolutions at Item Nos. 6 to 9 of the Notice for your approval.

Mr. L K Gupta and Mr. C Manoharan are interested in the respective resolutions relating to them. None of the other Directors is concerned or interested in the resolutions at Item nos. 6 to 9.

Item No.10

Mr. Prashant S Ruia, Promoter Director was appointed as an Additional Director of the Company on August 14, 2012. In terms of section 260 of the Companies Act, 1956 and Articles 82 of Articles of Association of the Company, Mr. Prashant S Ruia would hold office as Director upto the date of the ensuing Annual General Meeting.

Under section 257 of the Act, Mr. Prashant S Ruia's appointment to the office of director requires approval of the shareholders at General Meeting.

Mr. Prashant S Ruia is 43 years old. He has been actively involved with Essar Group's operations and management since 1985 and spearheads the Group's growth and diversification both within India and internationally. He is known for his project execution skills, financial expertise and people management capabilities. He was instrumental in commissioning of the Company's Vadinar refinery in record time and the acquisition of Algoma Steel in Canada.

He holds several key positions on various regulatory and professional boards. He was recently appointed on the Audit Committee of World Steel Association. He is a member of the Energy Board Room at the World Economic Forum. He has also served as Chairman of the Hydrocarbons Committee of the Confederation of Indian Industries in 2008 and as member of the Prime Minister of India's Advisory Council on Trade & Industry in 2007.

He is Chairman of Essar Energy plc that was listed on the London Stock Exchange in May 2010. He is also a director on the Board of Kama Schachter Jewelry Private Limited. Mr. Ruia does not hold any shares in the Company.

The Directors recommend the resolution at Item No. 10 of the Notice for your approval.

None of the other directors is concerned or interested in the resolution except for Mr. Prashant S Ruia.

Item No. 11

Mr. Philip Aiken, Nominee of promoter company, Essar Oil & Gas Limited, was appointed as an Additional Director of the Company on August 14, 2012. In terms of section 260 of the Companies Act, 1956 and Articles 82 of the Articles of Association of the Company, Mr. Philip Aiken would hold office as a Director upto the date of the ensuing Annual General Meeting. Under section 257 of the Act, Mr. Philip Aiken's appointment to the office of director requires approval of the shareholders at General Meeting.

Mr. Aiken is 63 years old. He has done his Bachelor of Engineering (Chemical) from Sydney University. He has over 35 years of experience in industry and commerce. Mr. Aiken is currently Senior Independent Director of Essar Energy plc and Kazakhmys plc, a Non-Executive Director of National Grid plc and was recently appointed Chairman of the AVEVA Group. He has held senior positions with BTR and the BOC Group in the UK and Australia. Previous appointments include Group President Energy, BHP Billiton and President BHP Petroleum, Chairman of the 2004 Sydney World Energy Congress and a board member of Governor of Guangdong International Consultative Council, World Energy Council, and Monash Mt Eliza Business School. Mr. Aiken does not hold any shares in the Company.

The Directors recommend the resolution at Item no.11 of the Notice for your approval.

None of the other directors is concerned or interested in the resolution except for Mr. Philip Aiken.

Item No.12

The shareholders at the Twenty first Annual General Meeting held on August 12, 2011 (21st AGM), approved introduction of Essar Oil Employee Stock Option Scheme 2011 (Scheme). The Explanatory Statement to the shareholders approval stipulated that the maximum number of options granted to any employee in a year will not exceed 1,50,000 equity shares.

The Company's share price has reduced since the time the Scheme was approved by the shareholders. Accordingly, under the terms of the Scheme individual employees will be eligible to receive higher number of options. The Company, therefore, proposes to enhance the maximum number of options to be granted per employee per financial year from 1,50,000 to 10,00,000.

It is proposed to amend the terms under which the Scheme was approved by the shareholders at the 21st AGM. Accordingly, the Directors recommend the resolution at Item no.12 of the accompanying Notice for your approval.

Mr. L K Gupta, Managing Director & CEO and Mr. C Manoharan, Director (Refinery) of the Company may be treated as concerned or interested in this resolution to the extent of benefits they may derive from the Scheme. None of the other directors is concerned or interested in the resolution

NOTICE

Item Nos.13 and 14

Presently, the Board of Directors can borrow an amount not exceeding ₹ 40,000 crore and create security in the form of mortgages and / or charges, hypothecation, pledge or any other encumbrances on the assets of the Company upto ₹ 40,000 crore.

The amount already borrowed and the funds to be borrowed in future, is expected to exceed the above limit. To meet the various operational requirements of the Company including increase in working capital requirements, raising finance to pay the sales tax obligations to Gujarat State Government, expanding marketing network, refinancing of debt and other business purposes, it is necessary to increase the limit up to ₹ 50,000 crore.

In terms of section 293(1)(a) of the Companies Act, 1956, the members' approval is required to create mortgages and / or charges, hypothecation, pledge or any other encumbrances on the assets of the Company. The resolution at item no.12 of the accompanying Notice will enable the Company to create security in respect of borrowings for an amount not exceeding ₹ 50,000 crore.

Further, section 293(1)(d) of the Companies Act, 1956 stipulates that approval of members is required for borrowing in excess of paid-up share capital and free reserves of the Company. In view of the funds requirements of the Company, the Board of Directors proposes to enhance the limit.

The Directors accordingly, recommend resolutions at Item Nos.13 and 14 to the accompanying Notice for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolutions.

By Order of the Board of Directors

SHEIKH S. SHAFFI
Company Secretary

Registered Office:
Khambhalia Post, P. O. Box 24
Dist. Jamnagar-361 305, Gujarat

Mumbai
November 09, 2012

The Ministry of Corporate Affairs has taken a Green initiative in Corporate Governance by allowing paperless compliance by companies. Accordingly, companies can now send various documents electronically to those shareholders who register their email addresses. To receive all communications, including Annual Reports by e-mail:

- Holders of shares in physical form are requested to fill up the e-mail registration form made available on the Company's website www.essar.com and send it to the Share Transfer Agents, M/s. Datamatics Financial Services Ltd.
- Members holding shares in demat form may register their e-mail IDs with the Company or the Depository Participant.

NOTES

TEAR HERE

ESSAR OIL & GAS

Essar Oil Limited

ATTENDANCE SLIP

Registered Office: Khambhalia Post, Post Box No. 24, Dist. Jamnagar - 361 305, Gujarat

22ND ANNUAL GENERAL MEETING - 20TH DECEMBER, 2012 AT 2:30 P.M.

DP Id*	
Client Id*/ Regd. Folio No.	
No. of Shares held	

NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company at the Registered Office at Khambhalia Post (39th Km. stone on Jamnagar-Okha Highway), Dist. Jamnagar - 361 305, Gujarat on Thursday, the 20th December, 2012, at 2:30 p.m.

....
Member's/Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

Essar Oil Limited

FORM OF PROXY

Registered Office: Khambhalia Post, Post Box No. 24, Dist. Jamnagar - 361 305, Gujarat

22ND ANNUAL GENERAL MEETING - 20TH DECEMBER, 2012 AT 2:30 P.M.

I/We ....

of.. in the district of ....

being a member/members of ESSAR OIL LIMITED hereby appoint ....

of.. in the district of ....

or failing him Shri ....of ....

.... in the district of ....

as my/our proxy to vote for me/us on my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 20th December, 2012, at 2:30 p.m. at the Registered Office of the Company at Khambhalia Post (39th Km. stone on Jamnagar-Okha Highway), Dist. Jamnagar - 361 305, Gujarat and at any adjournment thereof.

Signed this .... day of 2012

DP Id*	
Client Id*/ Regd. Folio No.	
No. of Shares held	

Signature .... Affix 15 paise Revenue Stamp ....

Note: This form of proxy in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

BOOK-POST

If undelivered, please return to:

M/s. Datamatics Financial Services Ltd.
Unit: **Essar Oil Limited**
Plot No. B-5, Part B Cross Lane
MIDC, Marol, Andheri (East)
Mumbai - 400 093
INDIA

concept, content and design at aicl (info@aicl.in)