ESSAR
OIL & GAS

Essar Oil Limited

Annual Report 2009 - 2010

BOARD OF DIRECTORS (As on 26th July, 2010)

Shashi Ruia	*Chairman*
Prashant Ruia	
Anshuman Ruia	
Naresh K. Nayyar	*Managing Director*
P. Sampath	*Director Finance*
Dilip J. Thakkar	
K. N. Venkatasubramanian	
K.V. Krishnamurthy	
Dr. G. Goswami	*Nominee of IDBI Ltd.*
V. K. Sinha	*Nominee of LIC of India*
Manju Jain	*Nominee of IFCI Ltd.*

COMPANY SECRETARY Sheikh S. Shaffi

BANKERS

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

AUDITORS

M/s. Deloitte Haskins & Sells, Mumbai

REGISTERED OFFICE

Khambhalia Post, Post Box No. 24
Dist. Jamnagar - 361 305, Gujarat
Tel.: 91-2833-66 1444
Fax: 91-2833-66 2929
Email: eolinvestors@essar.com

CORPORATE OFFICE

Essar House, Post Box No. 7945
11, Keshavrao Khadye Marg
Mahalaxmi, Mumbai - 400 034
Tel.: 91-22-66601100
Fax: 91-22-23544281 / 23540450
Website: http://www.essar.com

TRANSFER AGENTS

M/s. Datamatics Financial Services Ltd.
Unit: Essar Oil Limited
Plot No. A16 & A17, Part B Cross Lane
MIDC, Andheri (East), Mumbai - 400 093
Tel.: +91-22-66712151 to 66712156
Fax: +91-22-66712230
Email: eolinvestors@dfssl.com
Website: http://www.dfssl.com

SHARES LISTED AT

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 (E), Mumbai - 400 051

NOTICE

NOTICE is hereby given that the **Twentieth 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 Friday the **24th September, 2010 at 2:30 p.m.** to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2010, the Statement of Profit & Loss for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Prashant S Ruia who retires from office by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Naresh K Nayyar who retires from office by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri K N Venkatasubramanian who retires from office by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, having ICAI Registration number 117365W, be and are hereby appointed as the Auditors of the Company in place of M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company."

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Shri K V Krishnamurthy, who was appointed as an Additional Director by the Board of Directors pursuant to section 260 of the Companies Act, 1956 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 resolution as a Special Resolution:

   "RESOLVED THAT in partial modification of the resolution passed by the members at the Extraordinary General Meeting of the Company held on 18th December, 2007 and 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 and subject to such approval(s) from the Central Government or any other authority, as may be required, and subject to any conditions and/ or modifications as may be imposed and / or suggested by such authorities, while granting such approvals, approval of the Company be and is hereby given for the revision in the terms of remuneration payable to Shri Naresh Kumar Nayyar, Managing Director of the Company with effect from 1st April, 2009 for the remaining period of his term in office upon the terms 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 as may be agreed to between the Board of Directors and Shri Naresh Kumar Nayyar 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 resolution as a Special Resolution:

   "RESOLVED THAT in partial modification of the resolution passed by the members at the 19th Annual General Meeting of the Company held on 27th June, 2009 and 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, and subject to such approval(s) from the Central Government or any other authority, as may be required, and subject to any conditions and / or modifications as may be imposed and / or suggested by such authorities, while granting such approvals, approval of the Company be and is hereby given for the revision in the terms of remuneration payable to Shri P Sampath, Director Finance of the Company with effect from 1st April, 2009 for the period of his term in office upon the terms 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 as may be agreed to between the Board of Directors and Shri P Sampath, 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."

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to provisions of section 31 and other applicable provisions of the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions as may be required from the appropriate authorities, the Articles of Association of the Company be and are hereby altered as follows:

   i. In Article 2, the following sub-clauses be added after the existing sub-clause (xi) :

      (xi)(a) "**Base Refinery Facilities** means, collectively, all such existing facilities of the Company as are restructured or reconstituted in accordance with restructuring package approved by the CDR Empowered Group as set out in letter dated November 17, 2004 from the Corporate Debt Restructuring Cell, as amended from time to time, and all rupee term loans, foreign currency loans, LC facilities, guarantee facilities and deferred interest facilities extended to the Company, from time to time, for the purposes of the Base Refinery Project, as provided in accordance with the aforesaid restructuring package."

      (xi)(b) "**Base Refinery Lenders** means all lenders providing Base Refinery Facilities to the Company."

      (xi)(c) "**Base Refinery Project** means operation and maintenance of the existing facilities for refining 10.5 million tonnes of crude oil per annum at District Jamnagar in the State of Gujarat."

   ii. In Article 2, the following sub-clauses be added after the existing sub-clause (xiii):

      (xiii)(a) "**Expansion Project** means the de-bottlenecking and upgradation of the existing 10.5 MMTPA crude oil refinery by addition of delayed coker, hydrotreating units amongst others to increase the refinery capacity to 16 MMTPA."

(xiii)(b) "**Expansion Project Facilities** means all rupee term loans, foreign currency loans, LC/LOU facilities, guarantee facilities and deferred interest facilities extended to the Company, from time to time, for the purposes of the Expansion Project."

(xiii)(c) "**Expansion Project Lenders** means all lenders providing Expansion Project Facilities to the Company."

iii. In Article 2, the sub-clause (xiv) be substituted as follows:

(xiv) "**Facilities** means, collectively, the Base Refinery Facilities and the Expansion Project Facilities."

iv. In Article 2, the following sub-clause be added after the existing sub-clause (xiv):

(xiv)(a) "**Financing Documents** means all documents entered into between inter alia, the Company, the Promoters and the Lenders in relation to the financing of the Project."

v. In Article 2, the sub-clauses (xviii) and (xix) be substituted as follows:

(xviii) "**Project** means collectively, the Base Refinery Project and the Expansion Project."

(xix) "**Promoters** shall include any entity which has been disclosed as Promoter in Prospectus issued by the Company and any entity which has been disclosed as "group company" for the purposes of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 in the published Annual Report of the Company and holding or any of the subsidiary companies of such entities at the relevant time for ascertainment."

vi. Article 75 shall be substituted as follows:

75. Subject to the provisions of section 252 of the Act, the number of Directors, excluding any Debenture Directors and Special Directors, shall not be less than three (3) or more than seventeen (17).

vii. Article 75A(1) and (2) shall be substituted as follows:

75A. (1) Notwithstanding anything to the contrary contained in these Articles, so long as any monies/liabilities in relation to:

(a) any of the Base Refinery Facilities remain owing by the Company to the Base Refinery Lenders, the Base Refinery Lenders shall have a right, by a notice in writing addressed to the Company, duly signed by an authorized officer of any of the Base Refinery Lenders, to appoint from time to time any person or persons, as shall together, not exceed four (4) Directors, as Director or Directors (such directors hereinafter referred to as the "**Base Refinery Lenders' Nominee Director(s)**") on the Board of Directors of the Company (excluding the Debenture Directors appointed pursuant to Article 84(A)), and to remove from such office any person or persons so appointed and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise, of any such persons so appointed, to appoint any person to fill such vacancy; and

(b) any of the Expansion Project Facilities remain owing by the Company to the Expansion Project Lenders, the Expansion Project Lenders shall have a right, by a notice in writing addressed to the Company, duly signed by an authorized officer of any of the Expansion Project Lenders, to appoint from time to time any person, not exceeding one (1) Director, as Director (such directors hereinafter referred to as the "**Expansion Project Lenders' Nominee Director**") on the Board of Directors of the Company (excluding the Debenture Directors appointed pursuant to Article 84(A)), and to remove from such office any person or persons so appointed and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise, of any such persons so appointed, to appoint any person to fill such vacancy;

(collectively, the Base Refinery Lenders' Nominee Director(s) and Expansion Project Lenders' Nominee Director are referred as the "**Lenders' Nominee Director(s)**"). A Director so appointed by the Lenders shall neither be liable to retire by rotation nor be bound to hold any qualification shares.

(2) The Promoters shall have the right, by a notice in writing addressed to the Company, duly signed by the Promoters/ Directors or Chief Executives of the Promoters, to appoint such persons as shall together, at any time, not exceed Five (5) Directors of the Company (such directors hereinafter referred to as the "**Promoters Nominee Director(s)**") and to remove from such office any person or persons so appointed and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise, of any such persons so appointed, to appoint any person to fill such vacancy; provided that if Lenders decide to limit the number of Lenders' Nominee Directors which they are entitled to appoint to a maximum of four (three nominee directors to be appointed by Base Refinery Lenders and one nominee director to be appointed by Expansion Project Lenders), then the Promoters entitlement to appoint the Promoters' Nominee Directors shall also simultaneously be limited to a maximum of four. Subject to the provisions of the Act and Article 75A(1), Director so appointed by the Promoters shall neither be liable to retire by rotation nor be bound to hold any qualification shares.

viii. The following Article 96(1A) be added after existing Article 96(1):

96(1A) The Company and the members will cause the Company to comply with the provisions of the financing agreements entered into or to be entered with banks, financial institutions and other creditors providing fund based and non fund based financial assistance to the Company, from time to time, and shall not take any action that is inconsistent with or which contravenes the provisions of such financing agreements."

By Order of the Board of Directors

Mumbai
26th July, 2010

SHEIKH S. SHAFFI
Company Secretary

Registered Office:
Khambhalia Post, P. O. Box 24,
Dist. Jamnagar-361 305, Gujarat

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 22nd September, 2010.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 22nd day of September, 2010 to Friday, the 24th day of September, 2010 (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. 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.
6. Directors retiring by rotation:

   Shri Prashant S. Ruia is 41 years old. He was appointed as Director on our Board on 29th November, 2000. He is also the Vice-Chairman of Essar Energy Plc. Shri Ruia has been involved with the Essar Group's operations and management since 1985. He is actively involved in the Group's growth and diversification both within India and internationally.

   Shri Ruia was instrumental in structuring the Vodafone and Essar Partnership, commissioning the Company's Refinery in record time and involved in the acquisition of Algoma Steel in Canada. He has set new standards for adopting best practices in corporate governance, health, safety and environmental practices.

   Shri Ruia holds several key positions on various regulatory and professional boards and was recently appointed to the audit committee of the World Steel Association. He was also a member of the Prime Minister of India's advisory council on trade and industry in 2007. Shri Ruia is a member of the Energy Boardroom at the World Economic Forum.

   The other companies in which Shri Prashant S. Ruia is a director are: Essar Energy Plc, Essar Steel Ltd., Vodafone Essar Ltd., Kama Schachter Jewelry Private Ltd., Essar Steel Orissa Ltd. He is a member of the Investors' Relations Committee, Audit & Governance Committee, Banking & Finance Committee and Committee of Directors (Capital Issues). He does not hold any shares in the Company.

   Shri Naresh Nayyar is 57 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 15th October, 2007 as Managing Director.

   Prior to joining the Company, Shri 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. Shri 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 Shri Nayyar is a director are: Vadinar Power Company Ltd. (Managing Director), SNS Creations Pvt. Ltd., Matix Fertilizers and Chemicals Ltd., Kenya Petroleum Refineries Ltd. and Essar Power Ltd. He is a member of Investors' Relations Committee, Banking & Finance Committee and Committee of Directors (Capital Issues). He does not hold any shares in the Company.

   Shri K. N. Venkatasubramanian is 72 years old. He was appointed as Director on 29th November, 2000. He is a chemical engineer from A.C. College of Technology, Chennai and M.Tech from IIT, Kharagpur. He has 50 years of experience in the petroleum sector with several companies in the petroleum sector including Indian Petroleum Corporation Ltd. (IPCL), Indian Oil Corporation Ltd.(IOC) 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.

   The other companies in which Shri K. N. Venkatasubramanian is a director are: Gulf Carrosserie India Ltd., Gulf Oil Corporation Ltd., Imperial Corporate Finance & Services Pvt. Ltd., Mundra Port & SEZ Ltd., Royal Chemic Corporation Ltd., Time Technoplast Ltd. He holds 6,500 shares of the Company.
7. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed.
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 Company or the STA or can download the form from the Company's website www.essar.com. Members holding shares in electronic form are requested to approach their DPs for the nomination.

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 26th July, 2010.

Item No. 5

The retiring auditors M/s. Deloitte Haskins & Sells, Mumbai have expressed their inability to seek re-appointment as Auditors of the Company. Instead it is proposed to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as the Statutory Auditors in their place. Although the matter is not governed strictly by the provisions of sections 225(1) of the Companies Act, 1956 but by the provisions of section 224(2)(b) of the Act, which makes no reference to any special notice being given, by way of abundant caution, such a special notice has been received by the Company from a member proposing to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as Auditors of the Company. M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad have confirmed that if appointed, their appointment will be in accordance with the provisions of the Companies Act, 1956.

The Directors recommend the resolution at Item no. 5 for your approval.

None of the Directors is in any way concerned or interested in the resolution.

Item No. 6

Shri K V Krishnamurthy was appointed as an Additional Director of the Company on 22nd January, 2010. In terms of section 260 of the Companies Act, 1956 and Article 82 of Articles of Association of the Company, Shri K V Krishnamurthy would hold office as a Director upto the date of the ensuing Annual General Meeting.

Shri K V Krishnamurthy is a Chartered Accountant and fellow member of the Indian Institute of Bankers and has been a member of its Governing Board. He has over 33 years of experience in Public Sector Banking. His areas of specialization include both 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, leading nationalized banks. He has been the Chairman / Director of nationalized banks like Bank of India, Bank of Baroda, Syndicate Bank and other financial institutions like Indo Hong Kong International Finance Company Limited, Export Credit Guarantee Corporation of India and Agricultural Finance Corporation of India Limited.

Shri K V Krishnamurthy is a Director of FCH Centrum Direct Limited, Asset Reconstruction Company (I) Limited, Borosil Glass Works Ltd., Centrum Capital Ltd., Essel Propack Limited, Essar Steel Limited, Essar Shipping Ports & Logistics Ltd., KPIT Cummins Infosystems Ltd., Sundaram BNP Paribas Trustees Co. Ltd., Thirumalai Chemicals Ltd. and VVF Industries Ltd. He does not hold any shares in the Company.

The Directors recommend the resolution at Item No. 6 of the Notice for your approval.

Except for Shri K V Krishnamurthy none of the other Directors is in any way concerned or interested in the resolution at Item no. 6.

Item Nos. 7 & 8

Shri Naresh Kumar Nayyar was appointed as Managing Director of the Company for a period of 5 years with effect from 15th October, 2007. His appointment and terms thereof were approved by the shareholders at an Extraordinary General Meeting held on 18th December, 2007. Shri P Sampath was appointed as Director Finance of the Company for a period of 5 years with effect from 1st April, 2009. The shareholders at the 19th Annual General Meeting held on 27th June, 2009 approved the appointment and the terms thereof. The two directors are hereinafter collectively referred to as "wholetime directors".

Due to inadequacy of profits in the financial year preceding the year of appointment of the respective wholetime directors, the Company applied for and obtained approval of the Central Government in terms of section 198(4) read with schedule XIII of the Companies Act, 1956 for the appointment and payment of managerial remuneration to them.

Taking into consideration the increased business activities and the responsibilities cast on the wholetime directors and also the contribution made by the wholetime directors, the Board of Directors has deemed it fit to increase the remuneration of the wholetime directors with effect from 1st April, 2009 for the remaining period of their respective tenure in office.

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 10.5 MMTPA Oil Refinery of the Company commenced commercial production at full capacity with effect from 1st May, 2008.

(3) Financial performance:

(Rs. in crore)

Financial year ended on	31/3/2010	31/3/2009	31/3/2008
Profit / (loss) computed under section 198 of the Companies Act, 1956	(725.64)	(755.86)	(213.37)
Net profit/(loss) after tax as per Statement of Profit & Loss	29.46	(513.51)	(41.18)

(4) Export performance:

During the year ended 31st March, 2010, FOB value of exports (on accrual basis) was Rs. 8769.51 crore.

(5) Foreign investments and collaborations, if any:

Essar Energy Holdings Ltd. (formerly Prime Finance Company Ltd.), Foreign Promoter, has made investment of Rs. 4218 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) Shri Naresh Kumar Nayyar

Shri Naresh Nayyar is the Managing Director and is responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. A brief profile of Shri Nayyar is setout in notes to the Notice for this Annual General Meeting.

Under the leadership of Shri Nayyar the Refinery of the Company, at district Jamnagar, started commercial production from 1st May, 2008. The Refinery consistently operated above its name plate capacity of 10.5 MMTPA. A major turnaround was completed in a record time of 18 days in the first quarter of 2009 and subsequently the Company was able to improve its thruput to 14 MMTPA. The Company has achieved lowest Disabling Injury Index (DII) Certificate of Honour for completing 3 million man hours without accident and has won 3 Gujarat State Safety awards from Gujarat Safety Council for the year 2008.

Shri Nayyar has been instrumental in putting in place product supply agreements with Public Sector Undertakings (PSUs) and tie-up of supply arrangement with PSUs to the Company's Retail Outlets allowing pan India presence. In the Exploration & Production business, the Company under the leadership of Shri Nayyar with the finding of gas in Raniganj block is emerging as a major player in the CBM space in the country.

During the preceding financial year, Shri Naresh Nayyar received remuneration of Rs. 1.29 crore.

The revised particulars of the terms of remuneration payable to Shri Naresh Nayyar with effect from 1st April, 2009 for the remaining period of his term in office as Managing Director are: Salary in the range of Rs. 4,00,000 to Rs. 5,00,000 per month and allowances and perquisites including reimbursement of car operating, entertainment, telephone, professional pursuit, medical expenses, etc. as per Company rules and annual performance bonus depending on the performance of the Company and his performance assessed as per Company policy, all of which shall not exceed Rs. 11,00,000 per month. He will be covered under Company's Provident Fund / Gratuity / Hospitalisation / Group Personal Accident Scheme. 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. However, the total of salary / perquisites / allowances / other benefits and bonus as may be decided by the Board of Directors or the Remuneration Committee within such maximum amount, which will not exceed Rs. 2.00 crore per annum.

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 six 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.

In the event of loss or inadequacy of profits in any financial year during the period of the tenure in office of the Managing Director, the remuneration payable by way of salary, perquisites, allowances and other benefits shall be paid as minimum remuneration subject to the approval of Central Government, if any, required.

The remuneration proposed to be paid to the Managing Director is comparable with the remuneration being paid for similar assignments in the industry.

Shri Naresh Nayyar 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 of the Company.

(2) Shri P Sampath

Shri P Sampath is 55 years old. He is a Bachelor of Commerce from Madras University a fellow member of the Institute of Cost & Works Accountants of India and Institute of Company Secretaries of India with over 32 years of rich experience.

Shri Sampath started his career with Kothari Industries Ltd. He also worked for Blow Plast Ltd. and Amtrex Ambience Ltd. Thereafter, he moved to GHCL Ltd., where he worked for about 17 years and rose to become its Managing Director and Director of all global subsidiaries. Prior to joining Essar Group, he was with RPG Enterprises Ltd. as Management Board member and Group CFO where he was instrumental in integration of unit finance activities and fund raising for RPG Group.

Shri P Sampath is the Director Finance and is responsible for the finance, accounts and taxation matters including raising finance (both debt and equity) for the Refinery expansion project, E&P Business and other ventures, treasury and working capital management, term loans servicing, Accounts, Direct and Indirect taxation and Budgeting.

In the short period after taking over as Director Finance, Shri P Sampath has taken a number of measures for streamlining of the accounting system. Shri P Sampath is credited with tie-up of debt of Rs. 4600 crore for the Debottlenecking and Up-gradation Project for expanding the Refining capacity to 16 MMTPA, tie-up of working capital limits of Rs. 9,450 crore from a consortium of 14 Banks and renewal of working capital limits to Rs. 10,650 crore for the current year. He has been involved in developing institutional investor awareness both in India and overseas by continuous interactions through conference calls, meetings and presentations with various institutional investors. He has ensured that research of the Company was undertaken by top-notch research houses. He has also been instrumental in development and implementation of forex risk management policy for the Company to protect the Company from the downside of adverse currency movement.

Prior to joining the Company, Shri P Sampath was working with RPG Enterprises Ltd. where his salary was approximately Rs. Two crore per annum which included perquisites and allowances.

The revised particulars of the terms of remuneration payable to Shri P Sampath with effect from 1st April, 2009 for the remaining period of his term in office as Director Finance are: Salary which shall be in the range of Rs. 8,00,000 to Rs. 11,00,000 per month and reimbursement of car operating, entertainment, telephone, professional pursuits, medical expenses, food coupons, etc. as per Company rules and annual performance bonus depending on the performance of the Company and his performance assessed as per Company policy, all of which shall not exceed Rs. 15,00,000 per month. He will be covered under Company's Provident Fund / Gratuity / Hospitalisation / Group Personal Accident Scheme. 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. However, the total of salary / perquisites / allowances / other benefits and bonus as may be decided by the Board of Directors or the Remuneration Committee within such maximum amount, which will not exceed Rs. 3.30 crore per annum.

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.

In the event of loss or inadequacy of profits in any financial year during the period of the tenure in office of the Director Finance, the remuneration payable by way of salary, perquisites, allowances and other benefits shall be paid as minimum remuneration subject to the approval of Central Government, if any, required.

The remuneration proposed to be paid to the Director Finance is comparable with the remuneration being paid for similar assignments in the industry.

Shri P Sampath does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Director Finance of the Company.

III Other information:

(1) Reasons for loss / inadequacy of profit, if any.

The 10.5 MMTPA Refinery of the Company at District Jamnagar started commercial production from 1st May, 2008. The construction of the refinery was delayed due to a cyclone, which caused extensive damage to the Refinery site and resulted in high debt and consequential higher interest charges.

Immediately, post-commissioning, in the financial year 2008-09, the Company incurred a loss of Rs. 514 crore (PAT) mainly attributable to an unprecedented depreciation in the value of Rupee (Rupee moved from Rs. 41/US$ to Rs. 51/US$) coupled with abnormal and steep fall in the crude and petroleum products prices resulting in write down of inventory to net realizable value (crude prices moved from US$ 147/bbl to sub US$ 40/bbl levels in March 2009).

In the financial year 2009-2010, the global economic downturn affected business sentiments. Refinery industry witnessed lower Gross Refining Margins (GRMs). Despite economic turmoil, the Company performed well and was able to earn a net profit of Rs. 29 crore (PAT) which however was not adequate to cover the past losses.

(2) Steps taken or proposed to be taken for improvement.

The Refinery of the Company is functioning satisfactorily. The losses suffered by the Company during the financial year ended 31st March, 2009 were mainly on account of exceptional items, referred to above, due to turbulence in the international financial and oil & gas markets and not related to operations of the Company.

Since May 2009, the Company has optimized its refinery operations resulting in a crude processing capacity of upto 14 MMTPA. The Company has been able to achieve considerable improvement in performance during the financial year ended 31st March, 2010, among others, due to operating of Refinery at 129% over its name plate capacity of 10.5 MMTPA; upgradation of bottom end distillates of crude oil to value additive products like Bitumen; better and improved fiscal management; extensive budgetary controls and improved foreign exchange management.

(3) Expected increase in productivity and profits.

The Company is currently in the process of expanding its Refinery capacity from 10.5 MMTPA to 16 MMTPA by debottlenecking and upgradation which will enhance the refining capacity to 16 MMTPA and also improve its complexity from 6.1 to 11.8. This will enable the Company to process tougher and cheaper crudes. Post this expansion, the Company will start production of Euro IV and Euro V compliant fuels which is expected to generate higher GRM. Commercial production from the expansion is expected to commence within the next 12 months. In addition, post-expansion, the Company plans to further optimize by converting the Visbreaker Unit to process additional 2 MMTPA of heavy crude, which will take the total refining capacity to 18 MMTPA.

With global economy showing signs of revival and lesser volatility in crude oil and foreign exchange markets, the Company expects that its profits will not be adversely affected as it has happened in the preceding financial year.

The Company is expected to generate a gross revenue of approximately Rs. 39,000 crore during the financial year 2010-2011 depending on the international prices of petroleum products. The Company during current year has started processing the indigenously available Mangla crude and also proposes to use natural gas, which would help in improving the GRMs of the Company.

The above may be treated as an abstract of variation in terms of the agreements between the Company and Shri Naresh K Nayyar and Shri P Sampath respectively pursuant to section 302 of the Act.

Accordingly, the Directors recommend the resolution at Item No.7 & 8 of the Notice for your approval.

Save and except for Shri Naresh Nayyar and Shri P Sampath who are concerned/interested in the resolutions at Item No. 7 and 8 respectively, none of the other Directors of the Company is in anyway concerned or interested in the resolution.

Item No. 9

The Company is expanding the refining capacity of its Refinery at District Jamnagar from 10.5 MMTPA to 16 MMPTA and enhancing its complexity to attain a Complexity Index of 11.8 from the existing 6.1 (Expansion project). The debt for the Expansion project has been fully tied-up. The lenders to the Expansion project require the Company to increase the number of Lenders / Promoter nominees to 5 each (presently 4 each). This would necessitate increase in the maximum strength of the Board from 15 to 17 directors. Hence, to address these requirements and to make certain consequential amendments in the definitions, the Articles of Association of the Company need to be altered. Section 31 of the Companies Act, 1956 (Act) permits the Company to alter the Articles by passing special resolution. Further, section 259 of the Act provides that for increasing the maximum number of directors beyond twelve approval of the Central Government and members will be required.

The Directors accordingly recommend the resolution for your approval.

None of the Directors is in anyway concerned or interested in the above resolutions.

By Order of the Board of Directors

Mumbai
26th July, 2010

SHEIKH S. SHAFFI
Company Secretary

Registered Office:
Khambhalia Post, P. O. Box 24,
Dist. Jamnagar-361 305, Gujarat

DIRECTORS' REPORT

To the Members of Essar Oil Limited

Your Directors have pleasure in presenting the Twentieth Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. 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 and Tax	756.89	111.13
Less: Depreciation / Amortisation	728.31	654.85
Profit / (Loss) before Taxes	28.58	(543.72)
Less: Provision for Income Tax / Foreign Tax/		
Deferred Tax Liability / Fringe Benefit Tax	(0.88)	(30.21)
Net Profit / (Loss) after tax	29.46	(513.51)
Add: Balance brought forward from previous year	(556.96)	(51.45)
Less : Transfer to Debenture Redemption Reserve	29.46	0.00
Add: Transfer from Foreign Project Reserve	0.45	8.00
Total amount available for appropriations	(556.51)	(556.96)
Balance to be carried to Balance Sheet	(556.51)	(556.96)

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

COMPANY'S OPERATIONS

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

SHARE CAPITAL AND ISSUE OF SECURITIES

Pursuant to shareholders approval obtained at the Extraordinary General Meeting held on 22nd April, 2010, the Company has allotted in two tranches, on 27th April, 2010 and 28th May, 2010, 164,137,482 equity shares of Rs.10/- each to overseas depository on issue of Global Depository Shares (GDSs) aggregating to US $ 518.30 million to Promoters on preferential issue basis. The funds have been raised for part financing the cost of Refinery expansion project and for other general corporate purposes.

Further, pursuant to the said approvals, the Company has allotted Foreign Currency Convertible Bonds (FCCBs) in two tranches on 15th June, 2010 and 9th July, 2010 aggregating to US$ 262 million to Promoters for part financing expansion programmes.

Essar Energy Plc, subsidiary of ultimate holding company Essar Global Ltd., has in April 2010 raised US$1.95 billion through offer of its shares (listed on London Stock Exchange). Out of the issue proceeds, Essar Energy Plc has infused US$ 487 million in Essar Oil Ltd. The Company has already informed stock exchanges about inter se transfer of shareholding amongst promoter companies. The Company, within the meaning of section 4(6) of the Companies Act, 1956, continues to be an indirect subsidiary of Vadinar Oil, Mauritius, which along with its subsidiary holds 87.09% of the total share capital. Vadinar Oil in turn is a wholly owned subsidiary of Essar Energy Plc.

DIRECTORS

Shri K V Krishnamurthy joined the Board as Additional Director in January 2010. Further, in July 2010, IFCI Ltd. has nominated Smt. Manju Jain as its nominee on the Board in place of Shri R P Singh. Further, during the year, Shri R N Ruia, Vice Chairman, ceased to be director of the Company.

The Board wishes to place on record its appreciation for the guidance and valuable services rendered by Shri R N Ruia and Shri R P Singh during their tenure as members of the Board.

Shri P S Ruia, Shri Naresh Nayyar and Shri K N Venkatasubramanian retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment. Particulars of the directors being appointed/re-appointed, as required under clause 49 of the listing agreement with the Stock Exchanges, are given in Notice / Explanatory Statement convening the ensuing 20th Annual General Meeting, forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the accounts for the financial year ended 31st March, 2010, 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 profit / loss of the Company for that period;

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

(iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

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

PARTICULARS OF EMPLOYEES

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

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

FIXED DEPOSITS AND DEBENTURES

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

During the financial year, the Company repaid Rs. 123.69 crore to the debenture holders as per the terms of repayment under schemes of arrangement / compromise with the debenture holders.

SUBSIDIARY COMPANIES

During the year, Vadinar Power Company Limited and Essar Energy Overseas Limited ceased to be subsidiaries of the Company.

The Hon'ble High Court of Gujarat at Ahmedabad has sanctioned a Scheme of Amalgamation of Essar Oil Vadinar Limited with the Company vide orders passed on 3rd May, 2010. The merger is effective retrospectively from 1st April, 2008.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company, its subsidiaries (Vadinar Power Company Ltd. upto 9th September, 2009 and Essar Energy Overseas Ltd. upto 7th July, 2009) and associates, prepared in accordance with Accounting Standard AS-21 on Consolidated Financial Statements forms part of the Annual Report.

AUDITORS AND AUDITORS' REPORT

Your Company's auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai are due to retire at the ensuing Annual General Meeting. They have expressed their inability to continue and accordingly tendered their resignation. It is now proposed to appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as the auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting. M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, have informed the Company that if appointed their appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

The Auditors in their audit report have observed that the Company has used funds raised on short term basis to finance long term investments amounting to Rs.1528 crore (excluding short term liabilities of Rs.1836 crore mainly consisting of acceptances as at balance sheet date, relating to capital expenditure towards expansion of existing refinery which will eventually be converted into long term funds upon them becoming due in line with the loan agreements).

Your Company has since infused equity share capital of Rs.1026 crore (US $225 million) for working capital purposes and plans to progressively fund the balance short term funds through further equity, internal accruals and long term borrowings.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Mumbai — **S N RUIA**

26th July, 2010 — **CHAIRMAN**

Annexure A to the Directors' Report

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

A. CONSERVATION OF ENERGY

a) **Energy Conservation measures taken:**

In the Refinery at Jamnagar several initiatives have been taken for conservation of energy which has consistently improved the Company's energy consumption pattern. Refinery's fuel and loss has reduced considerably since its commissioning. This was possible due to series of energy saving measures that have been implemented by refinery. Energy audit and pinch study have been conducted by independent energy auditors and the recommendations are under implementation.

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

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

In the Refinery:

i. New facilities are being constructed for receipt and use of natural gas in the refinery. Once commissioned refinery's fuel consumption will reduce since Natural Gas has higher calorific value compared to the Fuel Oil that is being used at present. Use of natural gas will also reduce carbon emissions since it is a cleaner fuel.

ii. Under Clean Development Mechanism (CDM) nine projects are under registration at United Nations (UN). Once registered and implemented refinery will be able to earn Carbon Credits for the energy saving initiative that are under various stages of implementation.

iii. Gas turbines for power generation – New gas turbines are being installed under expansion plan of captive power plant. These turbines shall be operated on Natural gas which will reduce the carbon emission as compared to fuel oil and also reduce total fuel consumption.

In the development field at Mehsana studies are being carried out for use of dual fuel (gas/ diesel) operated Generator set.

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

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

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

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

FORM A

			2009-2010	2008-2009
A	**Power and Fuel Consumption:**		**2009-2010**	**2008-2009**
1	**Electricity**			
	(a)	**Purchased**		
		Unit ('000 KWH)	84,058.99	40,859.45
		Rate / Unit (including minimum demand charge)	6.59	8.06
		Total Amount (Rs. in Lakh)	5,538.71	3,294.41
	(b)	**Own Generation**		
		(i) Through Diesel Generator	N.A.	N.A.
		(ii) Through Steam Turbine/		
		Generator Unit ('000 KWH)	428,386.50	480,775.90
		KWH per litre of Fuel Oil/Gas	3.47	3.41
		Cost / Unit (Rs./KWH)	8.90	7.27
	(c)	**Electricity Consumed**		
		(a+b) ('000 KWH)	512,445.49	521,635.35
2	**Coal (specify quality and where used)**		N.A.	N.A.
3	**Furnace Oil / other Liquid fuels-Purchased**		N.A.	N.A.
4	**Others/From Internal Generation Fuel**			
	(i)	**Fuel Gas**		
		Unit (MTs)	201,854.72	230,221.00
		Total amount (Rs. in Lakhs)	37,284.86	33,130.74
		Average Rate (Rs./MT)	18,471.14	14,390.84
	(ii)	**Liquid Fuel-FO**		
		Unit (MTs)	402,264.10	408,987.19
		Total amount (Rs. in Lakhs)	64,671.17	51,378.61
		Average Rate (Rs./MT)	16,076.79	12,562.40
	(iii)	**Solid Fuel - FCC Coke**		
		Unit (MTs)	160,910.51	153,182.00
		Total amount (Rs. in Lakhs)	22,222.06	16,481.63
		Average Rate (Rs./MT)	13,810.19	10,759.51
5	**Total Liquid Fuel – Purchased + Own Generation (MT)**		402,264.10	408,987.19
	Total Fuel Gas, Liquid, Solid – Purchased + Own Generation		765,029.34	792,390.10

B	Consumption Per Unit of Production:	2009-2010	2008-2009
	(i) Actual Production (MTs) –	12,718,151	12,138,152
	(ii) Consumption per MT of Production		
	- Electricity (Purchased+Generated) KWH/MT	40.29	42.97
	- Liquid Fuel (FO/LSHS/NAPHTHA) (Purchased + Internal Generation) MT/MT	0.032	0.034
	- Fuel Gas MT/MT	0.016	0.019
	- FCCU coke MT/MT	0.013	0.013

TECHNOLOGY ABSORPTION

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

Form B

Research and development (R & D)

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

a) Bitumen Production without bitumen blowing unit was done by laboratory experiments and trials. Lab experiments were successful and bitumen could be produced without blowing unit.

b) Development of chemicals for online cleaning purpose. Costly chemicals were purchased by Company for online cleaning of exchangers and Air preheaters. Lab scale trials were done for development of these chemicals and new formulations were developed.

c) ATF colour improvement trials were carried out at lab scale. The trials were successful.

d) Other R&D activities carried out at the Refinery during the year, as per plans include: Refinery process optimization, Residue Stability Analysis (RSA), Advance Process Control (APC), implementation in CDU unit, Process models developed for all units in PetroSim. Plant change/ modification carried out for processing of high TAN crudes.

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

a) Bitumen production was successful and same was started on commercial scale.

b) Chemicals for online cleaning have been developed and field trials are being taken for the same.

c) ATF colour improvement scheme was developed and implemented successfully. This has enabled refinery to process ATF with variety of crudes which was earlier not possible

d) Maximization of distillate yields and reduction in heavy ends through refinery process optimization.

e) RSA (Residue Stability Analysis) helping in evaluation of new crudes.

f) APC helping in process optimization and reduction in utility consumption.

g) Process models are very much helpful in plant efficiency monitoring, analysis and troubleshooting.

h) Refinery is now capable of processing high TAN crudes.

3) Future plan of action

At the Refinery, further trials for different grades of bitumen production are being undertaken. Implementation of Advanced Process Control (APC) for FCCU unit.

In the Mehsana field studies are in progress for use of dual fuel (gas/ diesel) operated Generator set.

4) Expenditure on R & D :

a) Capital – Rs.5 Lakh

b) Recurring – Rs.386.21 Lakh

c) Total – Rs 391.21 Lakh

d) Total R & D expenditure as a percentage of total turnover – 0.01%

Technology, absorption, adaptation and innovation

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

a) Switch over of refinery fuel oil to natural gas has been planned and is under implementation. This will help in reduction of fuel and loss as well as reduce emission of green house gases.

b) Gas turbines for power generation are being installed which will help in power generation with higher efficiency due to use of natural gas as fuel. Overall emission levels will also come down due to this.

c) Advance Process Control (APC) implementation in Crude Distillation Unit (CDU) and Fluidized Catalytic Cracker Unit (FCCU). APC has already been implemented in CDU and under implementation in FCCU. APC will provide better control of refinery operation and hence improve refinery margins by improving products quality and maximizing yields.

d) In the Mehsana Block, down hole annulus heater treater technology has been adopted.

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

a) Yields maximization and product quality improvement

b) Improvement in refinery margins

c) Reduction of emissions will be there after natural gas receiving facilities are commissioned.

d) Lower fuel and loss

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

a) Technology imported

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

i) Crude/Vacuum Distillation Unit : ABB Lummus Crest, Netherlands

ii) Visbreaker Unit : Axens, France

iii) Catalytic Reforming Unit : Axens, France

iv) Diesel Hydro-desulphurization Unit : Axens, France

v) Fluidized Catalytic Cracking Unit : Stone & Webster, USA

vi) Technovacuum technology from Russia was imported and implemented in DHDS unit for removal of moisture from Diesel product. This technology has replaced steam jet ejectors with vacuum pumps and has resulted in energy savings in terms of Steam consumption.

vii) Amipur Technology for purification of Amine in Amine Regeneration Unit which has resulted in reducing costly Amine loss.

b) Year of import

i) Serial No I to V : The technologies were selected during the different phases of the project implementation and the units were started up during 2006-2007 and 2007-2008.

ii) Technovacuum - 2009

iii) Amipur – 2009

c) Has technology been fully absorbed

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

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

Not applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Exports of high value products such as Naphtha and Gasoil have increased compared to the last year.

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

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

Annexure B to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Outlook

After a global recession last year, the economic picture seems to be changing for the better at the end of the year. There are distinct signs of economic revival though recessionary pressures still exist. The path of oil prices over the last two years has been remarkable. We saw a US$100/bbl crash in the oil price: From a July 2008 peak of US$147/bbl (barrel) it went as low as US$33/bbl within a period of 5 months and from there it began recovering to US$80/bbl-US$84/bbl in March 2010.

For the better part of 2009-2010, oil prices fluctuated within a band of US$60-US$80 per barrel, volatility being driven mostly by sentiments. About 1.5 million barrels per day of demand destruction was witnessed. Demand destruction seemed to have bottomed out in the first quarter of 2009-2010 and we have seen growth since then. It is forecast that 2010-2011 may witness a revival in demand of around 1.3 million barrels per day.

On the supply side, Organisation of Petroleum Exporting Countries (OPEC) has been playing a balancing role and has cut production by around 2.7 million barrels per day in line with demand destruction. However, compliance with agreed quotas has declined to around 57% by mid March 2010. OPEC has spare capacity of 5.5 million barrels per day and demand increase is not expected to have any major effect on prices. During the year, about 2 million barrels per day of refining capacity was added mainly in China and India and about 1.5 million barrels of refining capacity has been shut down permanently / semi-permanently worldwide.

This year the prices have been in "contango" (present prices being lower than future prices) incentivizing storage of crude oil and products. An estimated quantity of 40 million barrels of crude oil and about 80 million barrels of refined products are floating as on 1 March, 2010. Refining margins have been under pressure staying for most part of the year under the US$2/bbl mark. However, we have seen improved Gross Refining Margins (GRM) in the last quarter of the year.

Indian Scenario

In India, we can say that the recession is behind us. Ninety of India's leading companies have posted a healthy 20 per cent increase in their advance tax payments for 2009-10 over the previous year. The Sensex is ruling strong in the backdrop of robust corporate earnings in the fourth quarter of 2009-10 because of improvement in industrial productivity, especially manufacturing. Car and two wheeler sales are in top gear even though the Government rolled back the fiscal stimulus package and increased excise duty in the recent (February 2010) budget. Consumption of petroleum products in the country remained healthy. At 138.2 MT (million tonnes), there was a growth of 3.56% in 2009-2010 compared to the previous year. Consumption of High Speed Diesel (HSD) and Motor Spirit (MS) has shown a high growth with a rise of 9% and 13.87% respectively over the previous year. At the same time in the heavy end, Fuel Oil has shown decline in consumption by 6.8% because of Natural Gas from D-6 replacing Fuel Oil in fertilizer and power companies. However, Bitumen and Pet Coke showed a growth of 4.5% and 15%, respectively. Aviation Turbine Fuel (ATF) recorded a positive growth rate of 3.86% compared to last year's negative growth. The redeeming feature has been that with the drop in international prices, retail business has got a slight momentum and the government subsidy has declined in the beginning of the year. But the second half of the year saw increase in crude oil prices and custom duty reimposed on crude oil from zero to 5%.

India continues to be heavily dependent on imports for meeting its crude oil requirements. The marginal increase in domestic crude oil production against a spur in domestic demand has increased crude oil imports to around 82% of the nation's total requirement. The domestic production of crude oil during 2009-2010 stood at around 33.68 MT while imports were almost of the order of 153.25 MT.

The Government of India continues to encourage exploration activity in this region to increase the production of oil & gas. The New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) rounds have met with success. The NELP-VIII that was launched during the beginning of the year, offered 70 exploration blocks—the highest ever-covering an area of about 1,63,535 sq. km. However, tax benefits under section 80-IB for profits from exploration & production business may not be available post implementation of the proposed Direct Tax Code. Though Natural Gas attracts a lower sales tax in most states vis-à-vis other fuels, this advantage would be lost if the proposed Goods and Service Tax (GST) rate is applied to Natural Gas without any reduction in rates.

At the end of 2009-2010, refining capacity in India stood at 179 MTPA (million tonnes per annum). With a consumption of around 138.17 MTPA in 2009-2010, the country continues to have surplus refining capacity. While this surplus refining capacity is expected to increase in the near future with more public sector refineries being commissioned and the expansion of your Company's refining capacity, in the medium term, there will be deficit of some major products considering the rapid pace at which these are growing.

The Vadinar Refinery

The refining business of your Company has done well during 2009-10. The Vadinar refinery at District Jamnagar operated substantially above its rated capacity of 10.5 MMTPA. A turnaround was planned in the first quarter and completed in a record 18 days. The turnaround has allowed the refinery to process crude upto 14 MMTPA, as well as carry out jobs aimed at improving reliability. The refinery has achieved a throughput of 13.5 MMT in FY 2009-10, at a capacity utilization of 129%. Fuel and loss of 6.08% and refining costs of US$ 0.77 per barrel of crude processed are significantly lower than the previous year figures and are important operational hallmarks. As many as 23 new crudes have been processed and the proportion of ultra-heavy crudes that we have processed during the year has increased to 22% from 15% last year as a result of the commendable efforts of the refinery team. The refinery was ably supported by the International Supply and Trading (IST) desk. IST, in conjunction with the Economic Planning and Supply (EPS) group ensured a level of certainty in the supply of crude by stabilizing the crude basket. Almost 4.4 million barrels per month (50% of requirement) was tied up on term contracts with producers.

Quality Assurance

We have commenced the production of BS-III gasoline and BS-III and BS-IV diesel in line with the new auto fuel specifications that are prevalent from this financial year. ATF has been successfully produced from the current crude mix and efforts are being made to conform to viscosity-grade bitumen specifications.

Several administrative and systems improvement initiatives were undertaken this year, such as implementation of the Essar Refinery Integrated Management System (ERIMS) that conforms to ISO 9001–2008, ISO 14001–2004 and OHSAS 18001-2007 certified by DNV.

Marketing

The Marketing team has turned in a commendable performance in this financial year. The total retail sales of 673 Kilo Tonnes (KT) of

HSD and 126 KT of MS have been the highest in all the years that the Company has been in the retail business. The Company would surely have clocked higher sales, had we not been slowed down by rising crude prices later in the year. Even though the environment was not always conducive to retail, your Company has kept its medium-term goals in mind and has gone ahead with its programme to augment the retail network. Effective 26 June 2010, the Ministry of Petroleum and Natural Gas deregulated the MS Retail Selling Price, while increasing HSD prices by Rs 2/litre with a stated intent to fully deregulate the latter in the near term. Your Company now has 1,340 operational retail outlets as on 31st March, 2010, with 159 having been added in the year. Efforts have been made to increase our non-fuel revenues by tying up with a number of service providers, as well as infrastructure and FMCG companies. These tie-ups complement our retail sales and form a support system for our franchises in times of diminished sales of petro products. New products like Compressed Natural Gas (CNG) and Auto LPG are widening our retail product portfolio in the current year.

In tune with the higher production from the refinery, the Company has sold 7.5 MMT of products to the PSUs in FY 2009-10, up from 7.12 MMT in FY 2008-2009. This surge is primarily because of higher sales of kerosene, LPG and gasoline. This year, we have converted our MoU with Indian Oil Corporation Ltd. (IOCL) into a long-term agreement to sell products. This agreement also provides us access to the products from IOCL's various supply locations in the country. This year also saw higher direct sales of black oils at 1.33 MMT (against last year's 683 KT) with bitumen sales in particular witnessing phenomenal growth of more than 300% over last year's figures. Bulk bitumen has been supplemented by the addition of the packed product which the Company has started selling using multiple channels such as its own retail outlets and network of traders. Rail transportation of packed bitumen has been used to access markets as far as the north-east of the country. Your Company now has a market share of 7.5% in Fuel Oil and 13% in bulk bitumen. Your Company also received permission from Airports Authority of India (AAI) for putting up mobile ATF refueling facilities at three airports: Ahmedabad, Jaipur and Udaipur.

Refinery upgradation and expansion project

After successfully running the 10.5 MMTPA refinery at Vadinar above its rated capacity, your Company has initiated expansion of the capacity in two phases. The first phase will ramp up the refinery capacity to 16 MMTPA, while the second phase of expansion will add another 18 MMTPA refining capacity.

In the first phase of expansion, the refinery will attain a Complexity Index of 11.8 from 6.1 currently and will be able to process heavier crude oil of 24.80 API and 3% sulphur content, resulting in higher GRM. The expanded refinery will produce Euro IV & V grade products. The refinery expansion units are designed in such a way that production of distillates is maximized. Also the expanded refinery will be one of the most energy efficient refineries in the world with full bottoms conversion facilities.

In the first phase, in addition to existing units, new Delayed Coker Unit (DCU), VGO Hydrotreater Unit, Diesel Hydrotreater Unit, Isomerization Unit, Hydrogen Manufacturing Unit and Sulphur Recovery Unit are being added along with requisite Outside Battery Limits (OSBL) facilities. Also existing Crude Distillation Unit, Fluidized Catalytic Cracking Unit and Diesel Hydro Desulphurizing Unit are being revamped to enable the refinery process more crude oil. In addition, the Visbreaker Unit, which would become redundant after commissioning of DCU, will be converted to process additional 2 MMTPA of heavy crude, in addition to the 16 MMTPA of CDU capacity post expansion. State-of-the-art technologies from world renowned licensors like UOP, CB&I, Haldor Topsoe, Jacobs, etc. will be employed in all these units. All pre-project statutory clearances are in place from various regulatory authorities. All required OSBL and ancillary facilities are also well planned and on track to support the operations of the expanded refinery and the increased crude and product movements. A commissioning team is in place to recruit experienced manpower, train operating personnel and ensure safe start-up of the new units of the expanded refinery. In addition, a dedicated team works on preparing operating manuals, SOPs, etc. to ensure complete preparedness for operating the expanded refinery.

Preparations of Basic Engineering packages are complete. For Detailed Engineering, eminent engineering consultants, like Technip KTI, Technip India, Aker Solutions, PDIL, Toyo, etc., are contracted. Also services of the in-house engineering setup, viz., Essar Engineering Services Ltd, are being utilized to engineer OSBL facilities. As of 31st March, 2010, 89% of the Detailed Engineering is complete. Procurement of all equipment and items are being done through an e-bidding process, which brings complete transparency and speed to the procedure. About 58% of the procurement activities have been completed. Essar's construction arm, Essar Projects (India) Ltd is spearheading the construction of the refinery expansion. About 36% of the total construction has been completed. As of March 31, 2010, about the 53% of the overall refinery expansion project was completed. The first phase expansion is likely to cost Rs. 7,810 crore and commercial production is expected to commence within the next 12 months.

Upstream Activities

Large discoveries and concerns about the polluting effects of liquid fuels have made natural gas an important fuel in today's world. Your Company is emerging as a leader in Coal Bed Methane (CBM). While focusing on enhancement of its reserves, the Company is changing its portfolio from predominantly exploration assets to a mix of exploration and production assets comprising both oil and gas and Coal Bed Methane. Your Company has continued production of crude oil from the Mehsana block and will make efforts to augment the production with new discoveries that have happened this year. With the permission of the Ministry of Petroleum & Natural Gas, we will also look to exploit the potential of CBM gas in this block.

In the last one year, your Company has taken major strides in the CBM space. The Government of India has recently awarded four CBM exploration blocks to the Company under the CBM-IV bidding round. The addition of these blocks has given us an additional acreage of 2,233 sq. km and in place prospective resources of over 10 trillion cubic feet (tcf) of CBM gas, according to the gas inplace resource estimates contained in the information documents issued by the Directorate General of Hydrocarbons (DGH) at the time of bidding. With addition of these blocks in our portfolio, we now have the largest CBM acreage in the country.

At our Raniganj CBM block, drilling activities for the second phase have been resumed and gas production from the 15 test wells drilled last year has started ramping up with the progressive dewatering of these wells. The ground infrastructure and the pipeline for evacuation of the gas are being set up. Customers for the initial gas have already been tied up and a long-term contract for sale of 2.8 mmscmd of gas has been signed. Major production and sales will begin in the coming year. A pipeline is proposed from the production centre to Kolkata. However, delay in getting the statutory approvals and in the acquisition of land required for drilling/setting up of facilities in the Raniganj block could result in a delay in revenue generation from the block.

Your Company is making continuous efforts to obtain the long-awaited final approval from the Government of India for the Production Sharing Contract (PSC) for the "Ratna and R Series discovered fields", where your Company has a 50% share (ONGC has 40% and Premier Oil 10%). The PSC is expected to be signed in 2010-2011.

Financial Highlights

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 Rs. 42,402 crore. The earnings before interest, taxes, depreciation and amortization (EBITDA) was Rs.1,938 crore and the GRM was US$ 4.38 /bbl. For the above period, the Company reported a Net Profit after Tax (NPAT) of Rs. 29 crore. This is first time your Company has reported net profit since commissioning its Vadinar refinery in Gujarat on 1st May, 2008.

Internal control system and internal audit

Your Company has adequate internal control systems and procedures that are commensurate with the size and nature of its business. All areas of the Company's operations are covered by such internal control systems, including revenues from sale of petroleum products (both export and domestic); purchase of crude oil; fixed assets and other equipment; treasury management; compliances; expenditures such as payroll, travel; insurance; and other operating expenses. Your Company has upgraded SAP to ECC 6.0 system to support increased operations. Your Company continues to review the compliance of Standard Operating Procedures and Delegation of Authority.

In addition, we have a comprehensive Management Information System involving daily MIS reporting, monthly and quarterly performance reviews and an annual business plan that includes opex and capex budget plan. Your Company has implemented a Fund Management System through which each department's expenditure against plan/targets are closely monitored. Internal audits are conducted regularly at all locations. It is an independent, objective and assurance function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes. The Management Audit committee has considered their reports and accepted their recommendations, wherever feasible.

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

Human Resources

Our employees are our most precious assets and we value their commitment in building Essar Oil. In the Oil & Gas industry attracting, developing, deploying and retaining talent is critical and your Company has defined and implemented various talent management initiatives that are in line with industry best practices. The Human Resources group has charted out a roadmap for developing talent, including ensuring a leadership pipeline, succession planning, executive training and career paths that will make the company an "Employer of Choice". In turn the Company will provide "quality workspace and lifespace" to its people.

The Company has invested in this essential asset by way of training and other development tools, talent management initiatives like Executive Development Reviews (EDR), Coaching Summit, MEP (tie-up with IIM under Essar's corporate university), Leadership Speak, etc. Essar Essentials for capability development have been undertaken to provide a platform for Employee Assistance Programmes, family bonding activities, initiatives for greater socio-cultural integration, etc. to promote a stress free environment so that employees can enhance their efficiency and productivity. Your Company concluded the year 2009-10 with 1,337 employees on the rolls, most of whom are qualified professionals.

HSEF

One of the Company's key commitments is creating a safe and healthy work environment for all their personnel within and outside the Company's facilities. Your Company implemented and enhanced safety, health and fire management systems throughout the year. It is a matter of pride for us that the Vadinar refinery achieved 729 days (nearly 2 years) of LTI (Lost Time Incidents) free refinery operations, which is equivalent to 13.19 million safe man-hours. This is a testimony to the excellent safety standards we have maintained. Our efforts on Safety, Health and Environment has also been recognized by the Industry forum of Confederation of Indian Industries (CII- Western Region) awarding us the second position in the CII-SHE (Safety, Health & Environment) Award 2009, in the Manufacturing (Large) category. The Refinery also won the Gujarat State Safety Award conferred by the Gujarat Safety Council for 2008 (the award was declared in 2009), receiving:

a) Winners Shield for safety performance

b) A Certificate for achieving the lowest Disabling Injury Index (DII) amongst Petroleum, Gas Generation & Distribution and Petrochemicals Industries

c) Certificate of Honour for completing 3 million man hours without accident.

Further, our Chairman has declared 2010 as the "YEAR OF SAFETY".

The Vadinar refinery has also maintained a greenbelt of about 700 acres that helps maintain ecological balance at the refinery site. Other than regular environmental audits, your Company has ensured a very high standard of compliance. Oil Catchers in the refinery and Crude Oil Tankages (COT) area will be operational in the rainy season thus eliminating the risk of oil spillage outside the refinery limits. National Safety Day celebration and other activities like safety quiz as well as poster competition, hazard identification contests are regularly organized at the refinery site.

Community Development Programme

As a part of its social obligation, your Company understands its responsibility to contribute to the communities and economies of the area (be it the district, state or country) in which it operates. Your Company is committed to creating a positive and lasting social impact by developing successful partnerships built on mutual trust and respect, ultimately, raising the standard of living and the stability of the communities in which it operates. The Company provides valuable contributions in many ways, through payment of tax revenues to governments, investing in education and training and improving employment opportunities, providing medical, sports, agricultural and educational facilities to the local communities. Some major initiatives are mentioned below:

- Providing drinking water through tankers to adjacent villages.
- Contributing fodder to village Gaushalas surrounding the refinery.
- Operating 24-hour Essar Community Health Centre, Mobile Clinic, Mother & Child Care and OPD centres.
- Extending financial assistance to improve infrastructure in primary schools of surrounding villages.
- Extending financial assistance to surrounding villages towards villagers' contribution for WASMO scheme (Water and Sanitation Management Organization).
- Providing assistance to District Panchayat Health Department for Pulse Polio Campaign and sponsorships for various activities organized by NGOs.

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.

Annexure C to the Directors' Report

AUDITORS' CERTIFICATE

To
The Members of Essar Oil Limited

We have examined the compliance of conditions of Corporate Governance by Essar Oil Limited ("the Company"), for the year ended 31st March, 2010 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. There was a delay in appointing a new independent director in place of a director withdrawn by a lender as mentioned under heading no. 2 of the Corporate Governance Report.

4. Subject to our remarks in paragraph 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.

5. 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: 117366W)

Khurshed Pastakia
Partner
Membership No. 31544

Mumbai, July 26, 2010

CORPORATE GOVERNANCE REPORT

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

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

2. **Board of Directors:**

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

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

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

* Nominees appointed by Lenders.

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

1 Appointed as Independent Director with effect from 22nd January, 2010.

2 Resigned with effect from 18th May, 2009.

3 Resigned with effect from 30th March, 2010.

The Nominee Director of ICICI Bank Ltd. was withdrawn on 4th March, 2009 and the Company requested the Bank to appoint a new Nominee Director in his place. Since, the Company did not receive any nomination; the Company initiated steps of identifying an Independent director and appointed Shri K V Krishnamurthy on 22nd January, 2010. This resulted in a delay in replacement of Independent director beyond a period of 180 days, as required under clause 49(I)(C)(iv) of the Listing Agreement.

Four Board Meetings were held during the financial year 2009-2010 on 18th May, 2009; 20th July, 2009; 31st October, 2009; and 22nd January, 2010.

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

Shri Prashant S Ruia, Shri Naresh K Nayyar and Shri K N Venkatasubramanian retire by rotation and being eligible seek re-appointment at the ensuing Twentieth Annual General Meeting (AGM). None of the Directors is related to any other director except for Shri Prashant S Ruia and Shri Anshuman S Ruia, sons of Shri Shashikant N Ruia, Chairman. Further, Shri Ravikant N Ruia, Vice Chairman, brother of the Chairman was a Board member till 30th March, 2010.

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

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

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

4. **Audit & Governance Committee:**

The Audit & Governance Committee comprised of 4 members viz: Shri D J Thakkar, Shri Prashant S Ruia, Shri K N Venkatasubramanian and the nominee of Life Insurance Corporation of India, Shri V K Sinha. The Committee was reconstituted in July 2009 with the induction of the nominee of Life Insurance Corporation of India, Shri V K Sinha. All the members of the Committee are financially literate. Shri D J Thakkar, a qualified Chartered Accountant, chairs the meetings of the Committee. The constitution and terms of reference of the Committee are set out in compliance with the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

During the financial year 2009-2010, the Committee met four times. Shri D J Thakkar attended all meetings, Shri K N Venkatasubramanian attended three meetings and Shri V K Sinha attended two meetings. The Statutory Auditors, Internal Auditors, the Managing Director, the Director Finance and the Vice-President (Accounts) are invited to attend the meetings of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

5. **Remuneration Committee:**

The Remuneration Committee has 3 non–executive, Independent Directors as members viz: Shri K N Venkatasubramanian, Shri D J Thakkar and the Nominee Director of IDBI Ltd., Dr. G Goswami.

Two meetings were held during the year 2009-2010. Shri K N Venkatasubramanian, Shri D J Thakkar and Dr. G Goswami attended both the meetings. Shri K N Venkatasubramanian generally chairs the meetings. The terms of reference of Remuneration Committee include review, determination, increase / decrease and approval of remuneration, determination of terms of appointment, Company's policy for specific remuneration packages, 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 paid sitting fees at the rate of Rs. 7,500/- for attending each meeting of the Board of Directors and Rs. 5,000/- for attending each meeting of Committees thereof. The sitting fees paid to the Directors for the year ended 31st March, 2010 are as follows: Shri Prashant S Ruia: Rs. 47,500/-; Shri D J Thakkar: Rs. 2,00,000/; Shri K N Venkatasubramanian: Rs. 47,500/-; Shri K V Krishnamurthy: Rs. 7,500/-; Dr. G Goswami: Rs. 40,000/-; Shri V K Sinha: Rs. 32,500/- (paid to LIC of India) and Shri R P Singh: Rs. 15,000/- (out of which Rs. 7,500/- paid to IFCI Ltd.).

During the year, Shri K N Venkatasubramanian has been paid professional charges of Rs. 35,000/- for acting as Chairman and conducting the Court convened meeting of Equity Shareholders held pursuant to the order dated 15th September, 2009 passed by the Hon'ble Gujarat High Court, for seeking approval of members for the Scheme of Amalgamation of Essar Oil Vadinar Limited with the Company.

Executive Directors

During the financial year 2009-2010 remuneration paid to the Executive Directors was as under:

(Amount in Rs.)

	Shri Naresh K Nayyar Managing Director	Shri P Sampath Director Finance
Basic Salary	4,815,000	9,630,000
Allowances & Perquisites	7,447,200	8,431,200
Retirement benefits	577,800	1,155,600
Performance Bonus	3,750,000	-
Total	16,590,000	19,216,800
Service contract	5 years from 15.10.2007	5 years from 01.04.2009
Notice period	6 months	3 months
Severance fee	N.A.	N.A.

The resolutions appointing these directors do not provide for stock option. In terms of the applicable provisions of the Companies Act, 1956, due to inadequacy of profits during the financial years in which the wholetime directors were appointed approvals have been obtained from the Central Government for appointment and payment of remuneration.

The Company has further sought approval of the Central Government for increase in remuneration with effect from 1st April, 2009 payable to the wholetime directors.

As on 31st March, 2010, Shri D J Thakkar, Shri K N Venkatasubramanian and Shri V K Sinha held 300 shares, 6500 shares and 20 shares in the Company respectively. None of the other directors hold any shares in the Company.

6. **Investors' Relations Committee:**

The Investors' Relations Committee comprised of 4 members viz: Shri Prashant S Ruia, Shri Naresh K Nayyar, Shri D J Thakkar and Shri P Sampath. Shri D J Thakkar generally chairs the meetings. The Committee was reconstituted in May 2009 with the induction of Shri P Sampath.

During the financial year 2009-2010, the Committee had 26 meetings. Shri D J Thakkar was present at all meetings, Shri Prashant S Ruia attended 5 meetings, Shri Naresh K Nayyar attended 20 meetings and Shri P Sampath attended 20 meetings.

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

There were 26 complaints from share / debenture holders pending at the beginning of the financial year. During the financial year, 3848 complaints were received and 3851 complaints were replied to / resolved. As of 31st March, 2010, 23 complaints were pending, which were replied to / resolved within a period of one month.

As on 31st March, 2010, 31 requests involving transfer of 3600 shares and no requests involving transfer of debentures were pending to be processed. These pending requests are less than eight days old.

7. **General Body Meetings**

(a) Annual General Meetings

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

Financial Year	Date	Time	Venue	Special resolutions passed
2008-2009	27th June, 2009	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	2
2007-2008	27th September, 2008	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	NIL
2006-2007	29th September, 2007	11:30 a.m.	Khambhalia Post, Dist. Jamnagar	1

In addition to the above, following Extraordinary General Meetings (EGMs) have been held in the last three years:

Date	Time	Venue	Special resolutions passed
22nd April, 2010	2:00 p.m	Khambhalia Post, Dist. Jamnagar	1
28th February, 2008	12:30 p.m	Khambhalia Post, Dist. Jamnagar	1
18th December, 2007	12:30 p.m.	Khambhalia Post, Dist. Jamnagar	2

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

(b) Postal ballot

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

8. **Disclosures:**

i. The Company does not have any material related parties' transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note no. (B) 35 of Schedule XVI to the Balance Sheet of the Company forming part of the Annual Report.

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

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

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

v. In respect of compliance with the non-mandatory requirements, the Company has constituted a Remuneration Committee details whereof are given under the heading: Remuneration Committee. The quarterly and annual financial results are put up on the Company's website, besides being available on www.corpfiling.co.in and being published in English and Gujarati newspapers. The auditors' observations / suggestions have been adequately explained wherever necessary in the Directors' Reports and are self explanatory.

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

vii. The Managing Director and the Director Finance have certified to the Board of full compliance as per clause 49(V) of the listing agreement for the financial year ended 31st March, 2010.

9. **Means of Communication:**

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

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

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

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

10. **General Shareholder Information:**

i.	AGM date, time and venue		24th September, 2010 at 2:30 p.m. at the Registered Office of the Company at Khambhalia Post, Dist. Jamnagar - 361305
ii.	Tentative financial calendar	Approval of the results for the quarter ending 30th June, 2010; 30th September, 2010; 31st December, 2010; and 31st March, 2011.	Within 45 days of the quarter ending
		Audited annual results for the year ending 31st March, 2011	Before 31st July, 2011
iii.	Date of Book closure		22nd September, 2010 to 24th September, 2010 (both days inclusive)
iv.	Dividend payment date		N. A.

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

The equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The shares are available for trading in the Futures and Options (F&O) segment by NSE. The Company has paid the annual listing fees for the financial years 2009-2010 and 2010-2011 to BSE and NSE.

vi. **Stock Codes**:

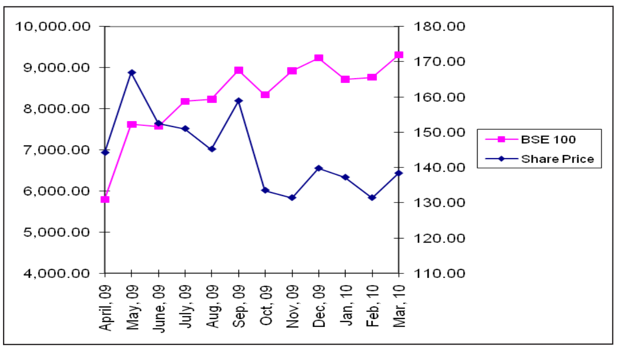
Equity shares	
Trading Symbol	
Bombay Stock Exchange Limited	500134
National Stock Exchange of India Limited	ESSAROIL
ISIN with NSDL and CDSL	INE011A01019
Non - Convertible Debentures	
12.50% Secured Non Convertible Debentures of Rs.105/-each redeemable on 23.07.2018	INE011A07073

vii. **Stock Market price data for the financial year 2009-2010:**

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 31st March, 2010 are as under:

Month	Year	NSE				BSE			
		(in Rs. per share)			(in lakh)	(in Rs. per share)			(in lakh)
		High	**Low**	**Close**	**Volume**	**High**	**Low**	**Close**	**Volume**
April	2009	168.05	76.05	144.25	127.45	168.05	75.85	144.20	55.87
May	2009	178.90	131.75	165.15	73.76	178.80	131.65	166.90	27.51
June	2009	187.10	151.70	152.55	135.44	187.00	151.80	152.50	74.65
July	2009	156.55	119.60	151.00	72.04	156.80	119.55	151.00	27.56
August	2009	155.80	128.60	145.10	52.61	155.80	128.70	145.20	22.01
September	2009	163.50	145.70	159.00	71.80	163.45	145.75	158.90	30.79
October	2009	171.90	133.50	133.40	54.35	171.90	133.50	133.50	22.69
November	2009	140.40	122.20	131.45	30.65	140.50	122.40	131.40	12.72
December	2009	145.45	133.60	139.35	40.66	145.40	133.65	139.75	17.31
January	2010	160.25	131.95	137.30	67.90	160.20	132.30	137.20	24.50
February	2010	142.40	128.75	131.50	29.47	142.40	129.20	131.40	12.60
March	2010	149.90	131.35	138.20	32.41	149.00	133.45	138.35	13.21

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



ix. **Share Transfer Agent:** M/s. Datamatics Financial Services Ltd. was appointed as the Share Transfer Agent with effect from 1st June, 2009. The Share Transfer Agent acknowledges and executes transfers of securities and arranges for issue of interest/

redemption warrants. The Share Transfer Agent also accepts, deals with and resolves requests, queries and complaints of share / debentureholders.

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

xi. **Distribution of shareholding as on 31st March, 2010 :**

No. of Shares	No. of Shareholders	%	No. of Shares	%
Upto 500	375853	96.16	45982850	3.83
501- 1000	9457	2.42	7382369	0.61
1001 - 2000	3227	0.83	4855356	0.40
2001- 3000	845	0.22	2187193	0.18
3001- 4000	321	0.08	1160574	0.10
4001 - 5000	295	0.08	1398864	0.12
5001 - 10000	398	0.10	2923562	0.24
10001 and above	459	0.11	1135638836	94.52
TOTAL	390855	100.00	1201529604	100.00

Shareholding pattern as on 31st March, 2010 :

Sl. No.	Category	No. of shares	Percentage
I	**Promoters**		
a.	Promoter and Promoter Group	21,79,81,874	18.14
b.	Depository for GDSs	84,63,85,290	70.44
	Sub-total	**106,43,67,164**	**88.58**
II	**Non-Promoters**		
a.	FIs and Banks	10,165,250	0.85
b.	Mutual Funds and UTI	15,797,000	1.31
c.	Foreign Institutional Investors	2,51,59,495	2.09
d.	Private Corporate Bodies	1,82,62,831	1.52
e.	Indian Public	6,46,25,144	5.38
f.	NRIs and OCBs	3,152,720	0.26
	Sub-total	**13,71,62,440**	**11.42**
	TOTAL*	**120,15,29,604**	**100.00**

*Note: Post 31st March, 2010, the Company raised additional funds by issue of Global Depository shares (GDSs) in two tranches. Accordingly, the paid-up capital of the Company has increased to 1,365,667,086 equity shares upon allotments of 92,844,531 fully paid equity shares represented by 606,827 GDSs on 27th April, 2010 and further allotment of 71,292,951 fully paid equity shares represented by 465,967 GDSs on 28th May, 2010.

xii. **Dematerialisation of shares:** As on 31st March, 2010, 98.25 % of the Company's total shares, i.e. 1,180,532,555 shares were held in dematerialized form and 1.75% i.e. 20,997,049 shares were held in physical form.

xiii. **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** 55,31,930 Global Depository Shares (GDSs) represented by 84,63,85,290 equity shares were outstanding as on 31st March, 2010. Each GDS represents one hundred fifty three (153) equity shares. There were no warrants or other convertible instruments outstanding as at the year end.

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

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

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

Declaration by Managing Director

I, Naresh K Nayyar, Managing Director, of Essar Oil Limited hereby declare that all the Board Members and Senior Executives one level below the Executive Directors including all Functional Heads have affirmed for the financial year ended 31st March, 2010, compliance with the Code of Conduct of the Company laid down for them.

Naresh K Nayyar
Managing Director

26th July, 2010

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

Sr. No.	Name of Body Corporate	Sr. No.	Name of Body Corporate
1	Essar Energy Holdings Limited	6	Essar Steel Limited
2	Vadinar Oil	7	Essar Shipping Ports & Logistics Limited
3	Essar Investments Limited	8	Imperial Consultants & Securities Pvt. Ltd.
4	Teletech Investments (India) Limited	9	Essar Biofuels Ltd.
5	Hazira Steel 2		

AUDITORS' REPORT

TO THE MEMBERS OF ESSAR OIL LIMITED

1. We have audited the attached Balance Sheet of Essar Oil Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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.
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.
4. Without qualifying our report, we invite attention to: -
   i) Note B (11) (a) of schedule XVI to the 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 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 (16) of schedule XVI to the financial statements detailing the state of litigation in respect of availment of sales tax deferral scheme and presentation of assignment of deferred sales tax liability in the Statement of Profit and Loss.
   iv) Note B (18) of schedule XVI to the financial statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Financial Reporting 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.
   v) 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. Further to our 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 Balance Sheet, Statement of Profit and Loss and 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, in our opinion, and according to the information and explanations given to us, the Balance Sheet, Statement of Profit and Loss and 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) In our opinion and to the best of our information and according to the explanations given to us, the said 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(iv) 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
      (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the directors other than 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 31st March, 2010 from being appointed as director under section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Khurshed Pastakia
Partner
Membership No. 31544

Mumbai, July 26, 2010

Annexure to the Auditors' Report to the members of Essar Oil Limited

[referred to in paragraph (3) thereof]

In our opinion 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), (x), (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 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 31st March, 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 31st March, 2010 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (Rs. in crores)	Period to which the Amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty, Interest and Penalty	33.38	November 06 to July 07	Central Excise & Service Tax Appellate Tribunal (CESTAT), Ahmedabad
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 2007 to March 2007	Commissioner of Customs (Appeals) Rajkot.
Kerala General Sales Tax Act, 1963	Sales Tax	8.06	2004-2005	High Court (Kerala)
Gujarat Value Added Tax, 2003	Sales Tax	0.20	2007-2008	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.

8. 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.

9. 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.

10. 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.

11. *According to the information and explanations given to us and on an overall examination of the 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 the short term liabilities of Rs.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) *amounting to Rs.1,528 crores for long-term investment.* We have been informed that the equity share capital of Rs.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.

12. 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.

13. 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. 117366W)

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

Membership No. 31544

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	As at March 31 , 2010 Rs. in Crore	As at March 31 , 2009 Rs. in Crore
Sources of funds			
Shareholders' funds			
a) Share capital	I	**1,218.13**	1,218.13
b) Advance towards issue of global depository shares		**1,153.21**	91.03
c) Reserves and surplus	II	**2,836.57**	2,807.56
Loan funds			
a) Secured loans	III	**9,470.59**	9,419.15
b) Unsecured loans	IV	**883.14**	612.56
	TOTAL	**15,561.64**	14,148.43
Application of funds			
Fixed assets	V		
a) Gross block		**13,802.50**	13,364.74
b) Less: Accumulated depreciation and amortisation		**1,493.15**	758.90
c) Net block		**12,309.35**	12,605.84
Capital work-in-progress	V	**4,318.75**	1,913.90
Investments	VI	**203.00**	103.05
Deferred tax asset (net)		**0.57**	0.57
(Refer note B (27) of schedule XVI)			
Current assets, loans and advances	VII		
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		**330.66**	419.92
e) Loans and advances		**694.71**	912.27
		8,378.86	5,923.10
Less: Current liabilities and provisions	VIII		
a) Current liabilities		**10,160.34**	6,907.40
b) Provisions		**22.81**	25.34
		10,183.15	6,932.74
Net current assets		**(1,804.29)**	(1,009.64)
Debit balance in statement of profit and loss		**534.26**	534.71
	TOTAL	**15,561.64**	14,148.43
Significant accounting policies and notes to financial statements	XVI		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Schedule	For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
Income			
Turnover (gross) (Refer note B (28) of schedule XVI)		**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 (Refer note B (16) of schedule XVI)		**813.87**	538.27
		36,504.61	37,516.41
Other income	IX	**871.93**	183.74
		37,376.54	37,700.15
Expenditure			
Purchase of traded petroleum products		**1,705.74**	650.93
Consumption of raw materials (Refer note B (37) of schedule XVI)		**32,855.98**	32,560.27
(Increase) / Decrease in stock	X	**(310.81)**	991.75
Operating expenses	XI	**414.08**	368.28
Employee costs	XII	**97.50**	96.88
Selling and marketing expenses	XIII	**380.70**	354.77
General and administrative expenses	XIV	**295.53**	1,474.66
		35,438.72	36,497.54
Profit before interest, depreciation and amortisation and taxes		**1,937.82**	1,202.61
Less: Interest and other finance charges	XV	**1,180.93**	1,091.48
Less: Depreciation and amortisation		**728.31**	654.85
Net profit loss before taxes		**28.58**	(543.72)
Taxes			
Current tax		**(0.88)**	-
Deferred tax credit		**-**	(32.10)
Fringe benefit tax		**-**	1.89
Net profit loss after taxes		**29.46**	(513.51)
Balance brought forward from previous year		**(556.96)**	(51.45)
Add: Amount transferred from foreign projects reserve (Refer note B (23)(a) of Schedule XVI)		**0.45**	8.00
Less: Amount transferred to debenture redemption reserve (Refer note B (23)(b) of schedule XVI)		**29.46**	-
Balance carried forward		**(556.51)**	(556.96)
Out of above:			
Shown as deduction from general reserve (refer schedule II)		**(22.25)**	(22.25)
Shown as debit balance in statement of profit and loss in the balance sheet		**(534.26)**	(534.71)
		(556.51)	(556.96)
Earnings per share			
(face value Rs. 10 per share)			
(Refer note B (25) of schedule XVI)			
- Basic (Rs.)		**0.25**	(4.30)
- Diluted (Rs.)		**0.24**	(4.30)
Significant accounting policies and notes to financial statements	XVI		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Particulars	For the year ended March 31, 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
A	**Cash flow from operating activities**		
	Net profit/(loss) before tax and extraordinary items	**28.58**	(543.72)
	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	**1,323.29**	895.09
	Working capital changes		
	Adjustments for :		
	Changes in inventories	**(1,712.47)**	3,273.55
	Changes in receivables, advances and deposits	**(1,027.18)**	(2,756.87)
	Changes in payables	**2,098.13**	505.61
	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))-(Refer note B (11) (a) of schedule XVI)	**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)
	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 (Refer Note B(13) of schedule XVI)

(b) During previous year, the company had taken transit accommodation facility costing Rs. 10.25 crore on finance lease basis. (Refer note B (19) of schedule XVI)

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

	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
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-(Refer schedule VI)	**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 Rs. 0.01 crore

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - I		
SHARE CAPITAL		
Authorised		
5,000,000,000 (Previous year 5,000,000,000) equity shares of Rs. 10 each	**5,000.00**	5,000.00
Issued and subscribed		
1,263,455,604 (Previous year 1,263,455,604) equity shares of Rs.10 each	**1,263.46**	1,263.46
Paid up		
1,201,529,604 (Previous year 1,201,529,604) equity shares of Rs. 10 each fully paid up	**1,201.53**	1,201.53
Add : Forfeited shares - 61,926,000 (Previous year 61,926,000) equity shares of Rs. 10 each	**16.60**	16.60
TOTAL	**1,218.13**	1,218.13

Notes:- Of the above equity shares :

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

b) 846,385,290 (Previous year 846,385,290) equity shares are represented by 5,531,930 (Previous year 5,531,930) global depository shares (GDS). GDS issued during the year Nil (Previous year 181,516) are represented by Nil (Previous year 27,771,948) equity shares.

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

d) 770,930 GDSs represented by underlying 117,952,290 equity shares and 74,729,437 equity shares (previous year 770,930 GDSs represented by underlying 117,952,290 equity shares and 74,708,237 equity shares) of Rs. 10 each are held by Essar Energy Holdings Ltd., Mauritius, subsidiary of the ultimate holding company.

e) 100,080,083 (Previous Year 28,640,916) Equity Shares of Rs. 10 each are held by Teletech Investments (India) Limited, subsidiary of ultimate holding company.

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

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

h) 100 (Previous Year 100) Equity Shares of Rs. 10 each are held by Hazira Steel 2, subsidiary of ultimate holding company.

i) Nil (Previous Year 100) Equity Shares of Rs. 10 each are held by Essar Global Limited, Cayman Islands, the ultimate holding company.

j) Nil (Previous Year 100) Equity Shares of Rs.10 each are held by ETHL Global Capital Limited subsidiary of ultimate holding company.

k) Nil (Previous Year 21,000) Equity Shares of Rs.10 each are held by Essar Steel Holdings Limited, subsidiary of ultimate holding company.

SCHEDULE - II

RESERVES AND SURPLUS

Particulars		As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Capital reserve			
Balance as per last balance sheet		**40.89**	40.89
	(A)	**40.89**	40.89
Securities premium account			
Balance as per last balance sheet		**2,729.01**	2,201.34
Add : Premium on issuance of GDS		**-**	527.67
	(B)	**2,729.01**	2,729.01
Foreign projects reserve			
Balance as per last balance sheet		**0.45**	8.45
Less: Transferred to statement of profit and loss (Refer note B (23)(a) of schedule XVI)		**0.45**	8.00
	(C)	**-**	0.45
General reserve			
Balance as per last balance sheet		**22.25**	22.25
Less: Debit balance in statement of profit and loss (to the extent of balance in general reserve)		**22.25**	22.25
	(D)	**-**	-
Debenture redemption reserve			
Balance as per last balance sheet		**37.21**	37.21
Add : Transferred from statement of profit and loss (Refer note B (23)(b) of schedule XVI)		**29.46**	-
	(E)	**66.67**	37.21
TOTAL	(A+B+C+D+E)	**2,836.57**	2,807.56

SCHEDULE - III

SECURED LOANS

Particulars		As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Debentures			
(Refer note B (11)(c) of schedule XVI)			
Non convertible debentures		**177.64**	301.33
12.5% Non convertible debentures		**6.57**	6.57
	(A)	**1 84.21**	307.90
Term loans and funded interest facilities			
Term loans (Refer note B (11)(d) of schedule XVI)			
From banks {Including interest accrued and due Rs. Nil (Previous year Rs. 9.02 crore)}		**5,427.92**	5,726.59

Particulars		As at March 31, 2010 Rs. in Crore		As at March 31, 2009 Rs. in Crore
From financial institutions		**1,718.87**		1,760.93
Funded interest facilities				
(Comprising funding of interest for the period October 01, 1998 to December 29, 2003)				
(Refer note B (11) (a) of schedule XVI)				
From banks	**1,865.32**		1,865.32	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026 / 2031	**1,497.84**	**367.48**	1,532.22	333.10
From financial institutions	**809.37**		809.37	
Less: Amount not payable as of balance sheet date in respect of funded interest payable in the year 2026	**642.72**	**166.65**	658.39	150.98
(B)		**7,680.92**		7,971.60
Short term loans from banks (C)		**1,605.44**		1,118.64
Bank overdraft (D)		**0.02**		21.01
TOTAL (A+B+C+D)		**9,470.59**		9,419.15

Notes :

Debentures

Rs. 177.64 crore (Previous year Rs. 301.33 crore) debentures are secured / to be secured by first ranking security interests, on all movable and immovable assets, present and future and first ranking security interests by pledge of certain shares of the Company held by its promoters / associates of promoters or of the company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities.

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

a) Rs. 9,805.87 crore (Previous year Rs. 10,141.80 crore) of term loans, funded interest facilities and debentures of Rs. 6.57 crore (Previous year Rs. 6.57 crore) are secured / to be secured by first ranking security interests on all immovable assets (except certain leased out assets), all movable assets other than current assets and second ranking security interests on current assets, present and future, pledge of certain shares of the Company held by its promoters / associates of the promoters or of the Company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities. A term loan of Rs. 134.44 crore (Previous year Rs. 137.83 crore) {(including funded interest facilities of Rs. 30.44 crore) (Previous year Rs. 33.83 crore)} is also secured by a corporate guarantee and certain assets of a group Company.

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

c) Rs. 15.60 crore (Previous year Rs. 20.40 crore) of a term loan from a Bank is secured by hypothecation of current assets of an oilfield, bank escrow accounts for certain receivables and a corporate guarantee provided by a group Company.

Short term loans from banks

Rs. 1,491.80 crore (Previous year Rs. 1,118.64 crore) short term loans from banks are secured / to be secured by first charge on all the current assets excluding that of exploration division, second charge by way of mortgage of land and building and plant and machinery and other assets excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by a group Company and other collaterals being second charge on pledge of assets of group company, pledge of certain shares of the Company and that of a group Company held by promoters and second charge by way of mortgage over a property of Group Company.

Rs. 63.64 crore (Previous year Rs. Nil) secured /to be secured against guarantee by a group Company and Pari passu first charge on immovable and movable fixed assets(both present and future) of the Project (base refinery and expansion of base refinery to 16MMTPA), all rights on Project related documents, insurance contracts, bank accounts, all amounts owing to & received by Company including uncalled capital, securities, contractor guarantees, performance bonds, letters of credit in favour of the Company, pledge of Company's shares/GDS and second charge on current assets of the Project.

Rs. 50.00 crore (Previous year Rs. Nil) secured against corporate guarantee by group Company and Pari passu first charge on three land rigs and other drilling equipments owned by exploration division of the Company.

Bank overdraft of Rs. 0.02 crore (Previous year Rs. 21.01 crore) from a bank is secured by fixed deposits.

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - IV		
UNSECURED LOANS		
Conditional grant from a bank	**6.30**	6.88
(Refer note B (20) of schedule XVI)		
Term loans		
From a bank in foreign currency	**-**	365.53
(Refer note B (11)(b) of schedule XVI) {Including interest accrued and due Rs. Nil (Previous year Rs. 108.52 crore)}		
Short term loan from a bank	**100.00**	-
Other loans		
From others	**706.44**	165.47
{Including interest accrued and due Rs. Nil (Previous year Rs. 2.04 crore)} {Including payable within one year Rs. 18.19 crore (Previous year Rs. 54.35 crore)}		
Finance lease obligation	**70.40**	74.68
(Refer note B (19)(a) of schedule XVI)		
TOTAL	**883.14**	612.56

SCHEDULE - V

FIXED ASSETS

(Rs. in Crore)

	Description of the Assets	Gross block (at cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
		As at April 01, 2009	Additions *	Deductions/ write Offs / adjustments	As at March 31,2010	As at April 01, 2009	During the year	Deductions/ write Offs / adjustments	As at March 31,2010	As at March 31,2010	As at March 31,2009
A)	**Tangible assets**										
	Land	60.11	80.30	-	**140.41**	-	-	-	**-**	**140.41**	60.11
	Building	283.03	43.16	-	**326.19**	33.04	23.12	-	**56.16**	**270.03**	249.99
	Plant and machinery	12,658.66	276.92	-	**12,935.58**	629.08	680.24	-	**1,309.32**	**11,626.26**	12,029.58
	Producing properties	180.01	8.11	-	**188.12**	1.32	0.33	-	**1.65**	**186.47**	178.69
	Furniture and fixtures	7.38	7.85	-	**15.23**	5.38	1.47	-	**6.85**	**8.38**	2.00
	Office equipments	35.77	8.63	0.01	**44.39**	22.84	5.09	0.01	**27.92**	**16.47**	12.93
	Vehicles	8.06	0.72	0.13	**8.65**	2.94	1.61	0.13	**4.42**	**4.23**	5.12
	Aircraft	-	10.00	-	**10.00**	-	0.07	-	**0.07**	**9.93**	-
	Total (A)	**13,233.02**	**435.69**	**0.14**	**13,668.57**	**694.60**	**711.93**	**0.14**	**1,406.39**	**12,262.18**	12,538.42
B)	**Intangible assets**										
	Softwares and licenses	33.45	2.21	-	**35.66**	10.38	6.77	-	**17.15**	**18.51**	23.07
	Total (B)	**33.45**	**2.21**	**-**	**35.66**	**10.38**	**6.77**	**-**	**17.15**	**18.51**	23.07
C)	**Assets taken on lease**										
	Land	0.17	-	-	**0.17**	-	-	-	**-**	**0.17**	0.17
	Building	72.73	-	-	**72.73**	34.69	15.22	-	**49.91**	**22.82**	38.04
	Plant and machinery	5.62	-	-	**5.62**	0.41	0.26	-	**0.67**	**4.95**	5.21
	Furniture and fixtures	0.88	-	-	**0.88**	0.17	0.16	-	**0.33**	**0.55**	0.71
	Office equipments	0.67	-	-	**0.67**	0.45	0.05	-	**0.50**	**0.17**	0.22
	Total (C)	**80.07**	**-**	**-**	**80.07**	**35.72**	**15.69**	**-**	**51.41**	**28.66**	44.35
D)	**Assets given on lease**										
	Plant and machinery	18.20	-	-	**18.20**	18.20	-	-	**18.20**	**-**	-
	Total (D)	**18.20**	**-**	**-**	**18.20**	**18.20**	**-**	**-**	**18.20**	**-**	-
	Total (A + B + C + D)	**13,364.74**	**437.90**	**0.14**	**13,802.50**	**758.90**	**734.39**	**0.14**	**1,493.15**	**12,309.35**	12,605.84
	Previous Year	551.68	12,896.18	83.10	13,364.74	121.60	672.07	34.77	758.90	12,605.84	
	Capital work-in-progress Capital Work-in-Progress (including Rs. 841.35 crore taken over on amalgamation {Refer note B (13) of schedule XVI}) Capital work-in-progress {including advances on capital account Rs. 1,646.67 crore (Previous year Rs. 795.71 crore) and expenditure during construction pending allocation Rs. 777.13 crore (Previous year Rs. 352.14 crore)} {(Refer note B (10), B (11) (a) and B (36) of schedule XVI)}									**4,318.75**	1,913.90
	* Rs. 79.04 crore taken over on amalgamation (Refer note B (13) of schedule XVI)										

NOTES:

1 Total depreciation / amortisation / depletion for the year - Rs. 734.39 crore (Previous year Rs. 672.07 crore) is charged / allocated as under :

(i) Rs. 728.31 crore (Previous year Rs. 654.85 crore) to statement of profit and loss;

(ii) Rs. 4.62 crore (Previous year Rs.16.23 crore) to expenditure during construction / trial runs;

(iii) Rs. 1.46 crore (Previous year Rs. 0.99 crore) to capital work-in-progress (exploration activities);

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

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

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

5 Additions to plant and machinery includes exchange gain of Rs. 111.02 crore (Previous year exchange loss Rs. 200.83 crore) on long term monetary items.

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

7 Capital work-in-progress includes exchange gain of Rs. 3.64 crore (Previous year exchange loss Rs. 4.43 crore).

8 Capital work-in-progress (including advances on capital account) and expenditure during construction includes Rs. 3,802.61 crore (Previous year Rs. 1,308.35 crore) for refinery expansion project, Rs. 329.26 crore (Previous year Rs.212.62 crore) for exploration and production project, Rs.113.21 crore (Previous year Rs. 31.76 crore) for petrochemical project and Rs. 73.68 crore (Previous year Rs. 361.17 crore) for base refinery and other projects.

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - VI		
INVESTMENTS		
Investment in Subsidiary (fully paid - up)(Long term, unquoted)		
Non-trade investment		
Nil (Previous year 50,000) equity shares of Rs. 10 each of Essar Oil Vadinar Limited (EOVL) (Face value Rs. 10) (Refer note B (13) of schedule XVI)	-	0.05
Nil (Previous year 1) equity share of USD 1 of Essar Energy Overseas Limited (EEOL) (Face value USD 1) (Refer note B (38) of schedule XVI)	-	0.00*
*Amount less than Rs. 1 lac		
Investment in Associate (fully paid - up)(Long term, unquoted)(Refer note B (38) of schedule XVI)		
Trade Investment		
102,999,994 (Previous year 103,000,000) equity shares of Rs. 10 each of Vadinar Power Company Limited (VPCL) (Face value Rs. 10) (Refer note 1 below)	**103.00**	103.00
Other Investments		
(Long term, unquoted)		
Non trade investment		
13,000,000 (Previous year 13,000,000) equity shares of Rs. 10 each of Petronet VK Limited (Face value Rs. 10) (Refer note 2 below)	**13.00**	13.00
1,584,000 (Previous year 1,584,000) equity shares of Rs. 10 each of Petronet CI Limited (Face value Rs. 10) (company under liquidation)	**1.58**	1.58
10,000,000 (Previous year 10,000,000) equity shares of Rs. 10 each of Petronet India Limited (Face value Rs. 10)	**10.00**	10.00
(Current, unquoted)		
Non Trade Investments		
83,381,972.817 units (Previous year Nil) of Rs. 10 each of SBI Premier Liquid Fund-Super Institutional Growth	**100.00**	-
	227.58	127.63
Less : Provision for diminution in value of investments	**24.58**	24.58
TOTAL	**203.00**	103.05

Notes:-

1) 51% of the total shares are pledged with the lenders of VPCL against the loans disbursed to VPCL.
2) All the shares are pledged with a lender against the loan disbursed to the Company.
3) Details of investments purchased and sold during the year :-

Particulars	Cost of Acquisiton (Rs. in Crore)
- 468,084,375 Units (and 722 fractions) of Rs. 10 each in LICMF Floating rate fund - Short Term Plan - Growth Plan	701.59
- 807,061,940 Units (and 444 fractions) of Rs. 10 each in LICMF Liquid Fund - Growth Plan	1,351.00
- 45,139,572 Units (and 222 fractions) of Rs. 10 each in LICMF Saving Plus Fund - Growth Plan	65.01
- 146,227,199 Units (and 645 fractions) of Rs. 10 each in SBI Premier Liquid Fund-Super Institutional Growth	211.00

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - VII		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw material {including material in transit Rs. 961.53 crore (Previous year Rs. 333.75 crore)}	**2,520.48**	1,137.05
Work-in-progress	**844.99**	614.22
Traded / Finished goods	**369.35**	289.31
Stores and spare parts {including material in transit Rs. 6.68 crore (Previous year Rs. 3.31 crore)}	**216.87**	184.04
Other consumables { including material in transit Rs. Nil (Previous year Rs. 0.66 crore)}	**17.75**	26.31
	3,969.44	2,250.93
Sundry debtors (Unsecured) (Refer note B (17) of schedule XVI)		
Over six months		
- Considered good	**76.01**	82.65
- Considered doubtful	**0.03**	0.08
Others - considered good	**1,957.29**	1,082.70
	2,033.33	1,165.43
Less : Provision for doubtful debts	**0.03**	0.08
	2,033.30	1,165.35
Cash and bank balances		
Cash on hand	**0.27**	0.28
Balances with banks in:		
i) Current accounts	**116.82**	155.16
ii) Deposit and escrow accounts (Deposit accounts comprises of margin deposits mainly placed for letters of credit facilities, guarantees and other term deposits)	**1,233.66**	1,019.19
	1,350.75	1,174.63
Other current assets		
Other receivables (Refer note B (17) of schedule XVI)	**309.37**	394.98
Interest accrued on deposits	**21.29**	24.94
	330.66	419.92
(A)	**7,684.15**	5,010.83

Particulars		As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Loans and advances			
(Unsecured and considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received (Refer note B (17) of schedule XVI)			
- Considered good		286.76	203.54
- Considered doubtful		2.08	3.00
Advance given to a subsidiary Company towards equity (Refer note B (13) of schedule XVI)		-	420.83
Deposits			
With government and semi-government bodies / departments		252.48	200.61
Others		56.53	45.62
- Considered doubtful		0.35	0.35
Advance income tax / Tax deducted at source {Net of provisions of Rs. 21.33 crore (Previous year Rs. 21.33 crore)}			
- Considered good		36.50	41.45
- Considered doubtful		1.26	1.26
Advance fringe benefit tax {Net of provisions of Rs. 11.87 crore(Previous year Rs. 10.07 crore)}		0.35	0.22
Bills Receivable		62.09	-
		698.40	916.88
Less : Provision for doubtful advances		3.69	4.61
	(B)	694.71	912.27
TOTAL	(A+B)	8,378.86	5,923.10

SCHEDULE - VIII

CURRENT LIABILITIES AND PROVISIONS

Particulars		As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Current liabilities			
Bills payable		1,443.75	330.81
Sundry creditors			
- Dues to micro and small enterprises (Refer note B (33) of schedule XVI)		1.21	-
- Dues to subsidiary companies		-	17.68
- Others		8,408.42	6,015.51
{Including Rs. 6,707.35 crore (Previous year Rs.4,569.23 crore) covered under letters of credit}			
Unclaimed debenture interest and principal (secured)* (For security details refer note under schedule III)		35.65	21.18
Other liabilities (Refer note B (22) of schedule XVI)		236.19	446.16
Temporary overdrawn bank balances as per books of account		1.64	41.41
Interest accrued but not due on loans		33.48	34.65
	(A)	10,160.34	6,907.40
Provisions			
Compensated absences		21.28	25.27
Gratuity		0.53	0.07
Site restoration		1.00	-
	(B)	22.81	25.34
Total	(A+B)	10,183.15	6,932.74

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

SCHEDULE ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

Particulars		For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
SCHEDULE - IX			
OTHER INCOME			
Interest			
{including tax deducted at source Rs. 10.15 crore (Previous year Rs. 27.66 crore)}			
a) On deposits		81.21	100.09
b) Others (Refer note B (29) of schedule XVI)		5.04	21.27
		86.25	121.36
Profit on sale of fixed assets		0.01	-
Profit on redemption of current investments		0.49	-
Lease rentals		0.34	0.85
Exchange differences (net) (Refer note B (14) of schedule XVI)		660.79	-
Miscellaneous income		124.05	61.53
TOTAL		871.93	183.74
SCHEDULE - X			
(INCREASE) / DECREASE IN STOCK			
Opening stock:			
Finished goods*		276.87	668.76
Work-in-progress*		614.22	1,195.53
Traded goods		12.44	30.99
	(A)	903.53	1,895.28

Particulars		For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
Closing stock:			
Finished goods		**369.35**	276.87
Work-in-progress		**844.99**	614.22
Traded goods		**-**	12.44
	(B)	**1,214.34**	903.53
(Increase) / Decrease in stock	(A) - (B)	**(310.81)**	991.75

*As on May 1, 2008 in previos year being the date of capitalisation of refinery {refer note B(10) of schedule XVI}

SCHEDULE - XI

OPERATING EXPENSES

Consumption of stores and spare parts	**52.45**	38.91
Intermediate material handling charges	**19.41**	15.45
Power and fuel	**202.37**	159.21
{Net of consumed out of own production Rs. 646.71 crore (Previous year Rs. 479.29 crore)		
Excise duty (Difference between excise duty on opening* and closing stock)	**3.07**	(12.00)
Other operating expenses	**136.78**	166.71
TOTAL	**414.08**	368.28

*As on May 1, 2008 in previos year being the date of capitalisation of refinery {refer note B(10) of schedule XVI}

SCHEDULE - XII

EMPLOYEE COSTS

Salaries, wages and bonus	**87.32**	89.01
Contribution to / provision for provident and other funds	**5.54**	3.79
Staff welfare expenses	**4.64**	4.08
TOTAL	**97.50**	96.88

Particulars	For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
SCHEDULE - XIII		
SELLING AND MARKETING EXPENSES		
Terminalisation charges	**6.05**	9.89
Rent for retail outlets	**11.82**	13.43
Commission	**26.45**	48.06
Product handling charges	**296.77**	233.08
Others	**39.61**	50.31
TOTAL	**380.70**	354.77

SCHEDULE - XIV

GENERAL AND ADMINISTRATIVE EXPENSES

Rates and taxes	**1.65**	2.95
Insurance	**25.53**	12.06
Professional fees	**89.16**	61.13
Rent	**10.20**	15.29
Repairs and maintenance		
a) Buildings	**7.47**	5.00
b) Plant and machinery	**37.33**	16.17
c) Others	**13.10**	10.15
Sundry expenses	**111.09**	90.49
Exchange differences (net) (Refer note B (14) of schedule XVI)	**-**	1,261.42
TOTAL	**295.53**	1,474.66

SCHEDULE - XV

INTEREST AND OTHER FINANCE CHARGES

Interest		
a) On debentures	**59.22**	61.35
b) On fixed loans	**689.59**	652.59
c) On others	**69.64**	34.82
Change in present obligation of certain loans (Refer note B 11 (a) of schedule XVI)	**50.05**	42.11
Other finance charges	**312.43**	300.61
TOTAL	**1,180.93**	1,091.48

SCHEDULE XVI

Significant accounting policies and notes to financial statements.

A. Significant accounting policies:

1. **Basis of accounting**

The financial statements of Essar Oil Limited (the Company) are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India ("GAAP"). GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

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

2. **Use of estimates**

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

3. **Revenue recognition**

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

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

4. **Government grants**

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

5. **Fixed assets and depreciation**

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

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

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

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

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

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

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

6. **Intangible assets and amortisation**

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

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

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

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

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

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

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

8. **Impairment of assets**

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

9. **Valuation of inventories**

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

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

10. **Foreign currency transactions**

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

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

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

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

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

Premia or discounts arising on forward exchange contracts entered into for the purpose of hedging currency risk, are recognized in the Statement of Profit and Loss or Expenditure during Construction, as applicable, over the life of the contract.

The impact of exchange rate differences between the rates prevailing on the date of forward exchange contracts and the rate prevailing on the balance sheet date or on the dates of settlement of forward exchange contracts whichever is earlier, is recognised in the Statement of Profit and Loss or Expenditure during Construction, as applicable.

11. Derivative instruments (other than forward exchange contracts)

Commodity derivatives

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

Others

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

12. Lease

Operating lease

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

Finance lease

As lessee:

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

As lessor:

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

13. Employee benefits

i. Post-employment benefit plans

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

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

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

ii. Short-term employee benefits

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

iii. Long-term employee benefits

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

14. Valuation of investments

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

15. Borrowing costs

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

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

16. Taxation

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

17. Provisions, contingent liabilities and contingent assets

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

B. NOTES TO THE FINANCIAL STATEMENTS

		Year ended March 31, 2010 Rs. in crore	Year ended March 31, 2009 Rs. in crore
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including Rs.1.36 crore (Previous year Rs. 1.48 crore) pertaining to joint ventures (Refer note B (21) (c) of schedule XVI)}	**21,392.71**	5,628.52
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 Rs. 99.05 crore (Previous year Rs. 93.84 crore), demand of road tax on certain heavy equipment Rs. 10.51 crore (Previous year Rs. 10.45 crore), bank charges Rs. 7.47 crore (Previous year Rs. Nil), Gujarat entry tax Rs. 5.38 crore (Previous year Rs. 5.38 crore), other miscellaneous claims of Rs.3.80 crore (Previous year Rs. 4.85 crore), litigation for additional compensation in land acquisition matter Rs. 1.96 crore (Previous year Rs. 8.48 crore), stamp duty on import of crude Rs. Nil (Previous year Rs. 57.45 crore), interest on a loan from bank since settled Rs. Nil (Previous year Rs. 17.84 crore).		
	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) Deferred sales tax liability assigned {Refer note B (16) of schedule XVI}	**2,990.52**	1,516.47
	f) 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.		

		Year ended March 31, 2010 Rs. in crore	Year ended March 31, 2009 Rs. in crore
3	CIF value of imports (on accrual basis) {(including goods in transit) (including imports during trial runs Rs. Nil [Previous year Rs. 3,381.28 crore included in expenditure during construction]}		
	a) Raw materials - crude oil	**33,750.47**	33,448.43
	b) Components and spare parts (including other consumable spares)	**79.00**	101.63
	c) Capital goods	**323.92**	58.40
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
5	a) Consumption of raw materials		
	Raw material consumed - crude oil - including during trial runs		
	(i) Quantity consumed (in ‘000 MT) {Including trial run Qty. Nil(Previous year Qty. 964.36)}	**13,501.81**	12,913.45
	(ii) Value - Gross		
	(1) Imported {Including trial run - Rs. Nil (Previous year Rs. 3,423.45 crore)}	**32,855.72**	35,983.72
	(2) Indigenous	**0.26**	-
	(iii) Percentage		
	(1) Imported	**100.00%**	100.00%
	(2) Indigenous	**0.00%***	-
	(*Percentage is less than 0.01 %)		
	b) Consumption of stores and spare parts		
	(i) Value - Gross		
	(1) Imported {Including trial run - Rs. Nil (Previous year Rs. 3.77 crore)}	**17.77**	7.50
	(2) Indigenous {Including trial run - Rs. Nil (Previous year Rs. 5.99 crore)}	**34.68**	41.17
	(ii) Percentage		
	(1) Imported	**33.88%**	15.41%
	(2) Indigenous	**66.12%**	84.59%
	(In absence of separate records allocated in the ratio of purchases)		

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

6	Particulars	Opening stock		Production	Sales		Closing stock	
		Quantity in '000 MT	Rs. in crore	Quantity in '000 MT	Quantity in '000 MT	Rs. in crore	Quantity in '000 MT	Rs. in crore
	Refined petroleum products (including trial runs)	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)	-	-

7	Particulars	Opening stock		Purchases		Sales		Closing stock*	
		Quantity in KL	Rs. in crore	Quantity in KL	Rs. in crore	Quantity in KL	Rs. in crore	Quantity in KL	Rs. in crore
	Traded products	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)

Particulars	Opening stock		Extraction	Sales		Closing stock	
	Quantity in BBL	Rs. in crore	Quantity in BBL	Quantity in BBL	Rs. in crore	Quantity in BBL	Rs. in crore
Extracted products	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.

		Year ended March 31, 2010 Rs. in crore	Year ended March 31, 2009 Rs. in crore
8	a) Expenditure in foreign currency (on accrual basis) - including for trial runs / expenditure during construction		
	(i) Interest	**57.37**	83.01
	(ii) Travelling expenses	**1.70**	2.59
	(iii) For professional / consultancy fees	**4.31**	12.17
	(iv) For services	**81.85**	118.53
	(v) On commodity hedging	**412.89**	1,240.19
	(vi) Demurrage	**25.00**	62.81
	(vii) Others	**37.68**	54.53
	b) Earnings in foreign currency (on accrual basis) - including for trial runs / expenditure during construction		
	(i) Interest	**0.02**	3.22
	(ii) FOB value of exports	**8,769.51**	10,968.69
	(iii) On commodity hedging	**232.77**	1,304.21
	(iv) Others	**0.02**	0.05
9	Managerial remuneration		
	(i) Salary	**1.44**	0.98
	(ii) House rent allowance / rent	**0.87**	0.32
	(iii) Employer's contribution to provident fund and superannuation fund	**0.17**	0.05
	(iv) Others*	**1.10**	0.24
		3.58	1.59

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

* Others includes performance incentive and LTA for the year.

Consequent to inadequacy of profits, remuneration paid to directors is in excess of the limits specified in section 198 of the Companies Act, 1956 read with schedule XIII of the said Act. In respect of excess remuneration of Rs. 0.33 crore paid to directors, approval of Central Government is awaited.

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.

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 Rs. 2,467.84 crore (Previous year Rs. 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, Rs. 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 Rs. 2,140.56 crore (Previous year Rs. 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 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 Rs. 41.48 crore (Previous year Rs. Nil) arising out of settlement of a foreign currency loan.

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

(1) Nil (Previous year 14,864,950) – 6% NCDs amounting to Rs. Nil (Previous year Rs. 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 Rs. Nil (Previous year Rs. 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 Rs. Nil (Previous year Rs. 59.64 crore) fully paid as of March 31, 2010.

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

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

The Hon'ble High Court of Gujarat has, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to Rs. 340.34 crore (Previous year Rs. 353.10 crore) as at March 31, 2010 have not been accounted for. Out of the above, funded interest liabilities of Rs. 219.93 crore (Previous year Rs. 219.93 crore) are payable in March, 2026 and April, 2027 and balance on various dates ranging 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.

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

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 31st March, 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.

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 Rs. 69.15 crore (Previous year loss capitalized Rs.116.50 crore). On account of this, the profit for the year is lower by Rs. 69.15 crore (Previous year loss lower by Rs.116.50 crore), with a corresponding impact on fixed assets which is lower by Rs.69.15 crore (Previous year higher by Rs.116.50 crore).

15 As at balance sheet date, out of the unutilized balance of advance towards issue of global depository shares proceeds amounting to Rs. 60.29 crore (Previous year Rs. 0.01 crore), Rs. 60.00 crore (Previous year Rs. Nil) is lying in bank/bank deposit accounts and Rs. 0.29 crore (Previous year Rs. 0.01 crore) is lying in bank current accounts.

16 With respect to the Hon'ble High Court of Gujarat order dated April 22, 2008 directing the State Government to consider the Company's application for granting benefits of deferment of sales tax/value added tax under the Capital Investment Incentive Premier/Prestigious Units Scheme 1995-2000, the Special Leave Petition filed by the State Government in the Hon'ble Supreme Court, challenging the order of the Hon'ble High Court, is yet to be decided. The Company has deferred payment of sales tax liability Rs. 1,474.05 crore (Previous year Rs. 1,516.47 crore) and has defeased the same to a related party at its present value amounting to Rs. 441.21 crore (Previous year Rs. 331.78 crore). Sales tax amounting to Rs. 813.87 crore (Previous year Rs. 538.27 crore) shown as deduction from "Turnover (net)" in the statement of profit and loss includes the defeased value of sales tax liability of Rs. 441.21 crore (Previous year Rs. 331.78 crore) as per the defeasance agreement pursuant to which the assignee has undertaken to discharge the sales tax liability on the due dates.

17 Sundry debtors / other receivables include Rs. 93.38 crore (Previous year Rs. 90.28 crore) (Net of provision for doubtful debts / advances) due from government companies / agencies in respect of the Company's erstwhile oil drilling and offshore construction activities for which the Company received favorable awards in arbitration proceedings. The awards have since been challenged by the parties. Pending outcome of the litigations, the debts are considered as recoverable based on the arbitration awards and assessment of the management.

18 The Company has adopted the accounting policy of recognising finance 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.

19 Leases:-

Finance lease:-

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

(Rs. in crore)

Particulars	Minimum Lease payments/ Future lease rent payable		Interest		Present value of minimum lease payments	
	As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
Future lease rental obligation payable:						
Not later than one year	**14.61**	14.61	**1.10**	1.10	**13.51**	13.51
Later than one year but not later than five years	**58.43**	58.43	**20.00**	20.00	**38.43**	38.43
Later than five years	**64.46**	79.27	**46.00**	56.53	**18.46**	22.74
Total	**137.50**	152.31	**67.10**	77.63	**70.40**	74.68

b) General description of the leasing arrangements:

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

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

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

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

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

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

a) Mehsana Pilot Project held outside Pool.

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

(ii) India Oil & Gas Pool :

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

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

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

(iii) Myanmar Pool : Please refer to note ## under clause (c) below.

b) Summary of Cost Pools**:**

(Rs. in crore)

Cost Pool	Cost in Pool		Cost outside Pool		Total	
	As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
India CBM	**Nil**	Nil	**210.09**	130.84	**210.09**	130.84
India Oil & Gas	**188.12**	178.69	**96.36**	76.57	**284.48**	255.26
Myanmar	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Total	**188.12**	178.69	**306.45**	207.41	**494.57**	386.10

c) Company's interest in oil & gas and CBM Joint Ventures as at March 31, 2010:

(Rs. in crore)

Sr. No	Name of the Block	As at March 31, 2010	As at March 31, 2009
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
3	Block L (Myanmar)	**##0%**	##25%
4	Block A2 (Offshore in Myanmar)	**##0%**	##25%
5	AA-ONN-2004/3 (Assam, India)	**10%**	10%
6	AA-ONN-2004/5 (Assam, India)	**10%**	10%

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

##The Government of Myanmar vide their letter dated March 29, 2006 have given their approval for assignment of the Company's 75% participating interest in Blocks L and A2 to Essar Exploration and Production South East Asia Limited (EEPSEAL). The Company has transferred balance 25 % participating interest in L and A2 Blocks to Essar Exploration and Production South East Asia Limited (EEPSEAL) after obtaining necessary approvals from Government of Myanmar on October 6, 2009. Hence, Company's share of costs incurred in the blocks up to the date of transfer of Rs. 96.02 crore (Previous year Rs. 86.12 crore) are being incurred by Essar Exploration and Production South East Asia Limited (EEPSEAL).

d) Company's interest in Proved and Probable (2P) reserves of crude oil as on March 31, 2010 is as under:

Area of operation	Crude oil			
	Position as at April 1, 2009	Additions/ revisions	Production quantity	Position as at March 31, 2010
	MT	MT	MT	MT
Essar South Unawa (ESU) Block CB-ON/3 - onshore Cambay Basin	358,865 (359,329)	(-) (-)	542 (464)	358,323 (358,865)

Previous year figures have been shown in brackets

22 The Company had entered into a Farm-in agreement dated November 1,2005 with Essar Exploration & Production Gujarat Ltd. (EEPGL) for assigning 84% of participating interest in block CB-ON/3. The Farm-in agreement expired on June 30, 2008 and approval from Ministry of Petroleum and Natural Gas, Government of India for the proposed assignment was not received as stipulated in the agreement. Meanwhile EEPGL was merged with Essar Exploration & Production Ltd. (EEPL), Mauritius with effect from June 12, 2008. In view of this, the advances received towards such assignment was refunded to EEPL. As at March 31, 2010 the amount to be refunded was Rs. Nil {Previous year Rs. 114.49 crore (USD 28.54 million)}.

The Company had originally decided to assign 90% of Participating Interest in block RG (East)-2001/1 to Essar Exploration & Production Ltd. (EEPL) and accordingly EEPL has paid an amount of Rs. 102.90 crore (USD 20 Million) as on March 31, 2009. The Company subsequently decided not to pursue the assignment further and accordingly wrote to the Government of India during the year withdrawing the application for approval of assignment. In view of this, the advances received towards such assignment were refundable to EEPL as on the Balance Sheet date. Balance amount refundable (net of foreign fluctuations) to EEPL on this account as on March 31, 2010 is Rs. 89.80 crore (USD 20 Million).

23 a) During the year, the Company transferred Rs. 0.45 crore (Previous year Rs. 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) Rs. 29.46 crore (Previous year Rs. Nil) has been appropriated towards debenture redemption reserve to the extent of profits available during the year.

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

(Rs. 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 Rs. 162.15 crore (Previous year Rs. 95.95 crore) on the related imports of crude and capital equipment as at balance sheet date. Export obligation of Rs. 1,715.39 crore (Previous year Rs. 767.60 crore) includes export obligation of Rs. 1,045.33 crore (Previous year Rs. 748.49 crore) against imports made by Vadinar Power Company Limited, an associate of the Company.

25 Earnings per share:

(Rs. In crore)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit / (Loss) after tax	**29.46**	(513.51)
Profit / (Loss) attributable to ordinary shareholders	**29.46**	(513.51)
	Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS	**1,201,529,604**	1,173,757,656
Add: Weighted average number of ordinary shares issued - Nil (Previous year on July 22, 2008)	**-**	19,250,145
Weighted average number of ordinary shares for basic EPS	**1,201,529,604**	1,193,007,801
Add: Shares deemed to be issued	**6,737,635**	1,075,592
Weighted average number of ordinary shares for diluted EPS	**1,208,267,239**	1,194,083,393
Nominal value of ordinary shares (Rs.)	**10/-**	10/-
Basic earnings per share (Rs.)	**0.25**	(4.30)
Diluted earnings per share (Rs.)	**0.24**	(4.30)

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

a) For hedging currency related risks:

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

Currency	Amount		Buy/Sell	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Forward Contract :				
US Dollar in million	**1,374.60**	986.98	**Buy**	Buy
Euro in million	**14.83**	-	**Buy**	-
Options :				
US Dollar in million	**259.00**	-	**Buy**	-
Interest Swap :				
US Dollar in million	**99.54**	-	**Buy**	-

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

Currency	Payable		Receivable		Loan Liabilities (Including Interest)		LC Outstanding #	
	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million
SGD	- (0.00)**	- (0.00)*	- -	- -	- -	- -	- -	- -
JPY	- (0.00)**	- (0.00)*	0.07 -	1.45 -	- -	- -	0.27 (0.19)	5.56 (3.65)
USD	1,994.57 (1,480.50)	444.23 (287.75)	921.99 (416.06)	205.34 (82.34)	1,088.64 (1,598.30)	242.46 (310.65)	194.84 (133.15)	43.40 (25.88)
EURO	3.96 (12.69)	0.65 (1.85)	8.21 (0.90)	1.36 (0.14)	- -	- -	188.44 (112.93)	31.17 (16.50)
GBP	0.37 (1.76)	0.05 (0.24)	0.51 (0.19)	0.07 (0.03)	- -	- -	10.19 (0.31)	1.50 (0.04)
DEM	- (0.03)	- (0.01)	- -	- -	- -	- -	- -	- -
CHF	- -	- -	0.01 (0.01)	0.00* (0.00)*	- -	- -	- -	- -
AUD	0.17 -	0.04 -	0.01 (0.28)	0.00* (0.08)	- -	- -	- -	- -
TOTAL	1,999.07 (1,494.98)		930.80 (417.44)		1,088.64 (1,598.30)		393.74 (246.58)	

Other than in respect of recognised liability

* Amount less than 0.01 million

** Amount less than Rs. 0.01 crore

Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2010 Rs. 2.54 crore (USD 0.56 million) {Previous year Rs. 2.70 crore (USD 0.53 million)}

b) For hedging commodity related risks:

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

Sr. No.	Nature of instrument	Crude oil purchases Qty. in Barrels ('000)		Petroleum product Qty. in Barrels ('000)	
		As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
1	Net options	**-**	-	**-**	500.00
2	Net forward swaps	**-**	715.00	**-**	-
3	Spreads	**1,750.00**	-	**-**	-
4	Margin hedging	**-**	-	**7,755.00**	2,860.00
5	Futures	**15.00**	-	**-**	-

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

(Rs. in crore)

Particulars	**As at March 31,2010**	As at March 31, 2009
Deferred tax liability Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)	**(761.75)**	(1,535.83)
(A)	**(761.75)**	(1,535.83)
Deferred tax assets (restricted to the extent of deferred tax liability considering virtual / reasonable certainty, as applicable)		
Disallowance u/s 43B of The Income Tax Act, 1961	**103.34**	-
Merger expenses	**0.08**	-
Unabsorbed depreciation carried forward as per provisions of the Income Tax Act, 1961	**658.36**	1,535.83
Provision for doubtful debts	**0.54**	0.57
(B)	**762.32**	1,536.40
Net deferred tax (liability) / asset (A) + (B)	**0.57**	0.57

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.

29 Interest-others includes interest on income tax refund Rs. 1.21 crore (Previous year Rs. 15.95 crore) and interest income on arbitration award Rs. 3.10 crore (Previous year Rs. 3.10 crore).

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.

31 Professional fees include fees to auditor for audit Rs. 1.00 crore (Previous year Rs. 1.00 crore), and IFRS audit fees Rs. 2.02 crore (Previous year Rs. 0.90 crore) {[including Rs.1.23 crore (Previous year Rs.0.60 crore)for earlier years]}, certification and other work Rs. 0.54 crore (Previous year Rs. 0.05 crore) and out of pocket expenses Rs. 0.10 crore (Previous year Rs. 0.02 crore)

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.

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

(Rs. in crore)

Sr. No.	**Particulars**	**As at March 31, 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	**-**	-

34 a) Defined benefit plans / long term compensated absences – as per actuarial valuations as at March 31, 2010:

(Rs. in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated absences (Unfunded)		Employer established provident fund	
		As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
A	**Net assets / liability recognised in the balance sheet (Refer note viii below)**						
1	Present value of defined benefit obligation	**5.39**	3.96	**21.28**	25.27	**50.83**	43.18
2	Fair value of plan assets	**4.86**	3.89	**-**	-	**50.83**	43.18
3	Funded status - Surplus / (Deficit)	**(0.53)**	(0.07)	**(21.28)**	(25.27)	**-**	-
4	Net assets / (liability) recognised in the balance sheet	**(0.53)**	(0.07)	**(21.28)**	(25.27)	**-**	-
B	**Expenses recognised in statement of profit and loss or expenditure during construction, trial runs, as applicable**						
1	Current services cost	**1.05**	1.11	**11.64**	10.82	**4.56**	4.43
2	Interest cost	**0.29**	0.29	**1.91**	1.03	**3.58**	3.04
3	Expected return on plan assets	**(0.36)**	(0.28)	**-**	-	**(3.58)**	(3.04)
4	Actuarial losses/(gains)	**0.26**	(0.21)	**(17.16)**	1.89	**-**	-
5	Total expenses	**1.24**	0.91	**(3.61)**	13.74	**4.56**	4.43
6	Expenses pertain to other group company	**-**	(0.02)	**-**	-	**-**	0.19
7	Previous year expenses adjustment	**-**	(0.54)	**-**	(0.17)	**-**	-
8	Net expenses	**1.24**	0.35	**(3.61)**	13.57	**4.56**	4.24
C	**Change in obligation and assets**						
C1	Change in defined benefit obligation						
1	Defined benefit obligation at beginning of the year	**3.96**	3.40	**25.27**	12.03	**43.18**	30.85
2	Service cost	**1.05**	1.11	**11.64**	10.82	**4.56**	4.43
3	Interest cost	**0.29**	0.29	**1.91**	1.03	**3.58**	3.04
4	Settlement cost#	**-**	(0.24)	**-**	(0.20)	**-**	-
5	Acquisitions/Transfer @	**-**	-	**-**	-	**3.61**	1.78
6	Actuarial losses / (gain)	**0.26**	(0.52)	**(17.16)**	1.90	**0.23**	(0.01)
7	Benefit payments	**(0.17)**	(0.08)	**(0.38)**	(0.31)	**(10.17)**	(4.97)
8	Employees contribution	**-**	-	**-**	-	**5.84**	8.06
9	Defined benefit obligation at the end of the year	**5.39**	3.96	**21.28**	25.27	**50.83**	43.18
C2	Change in fair value of assets						
1	Fair value of plan assets at the beginning of the year	**3.89**	2.66	**-**	-	**43.18**	30.85
2	Expected return on plan assets	**0.36**	0.28	**-**	-	**3.58**	3.03
3	Actual employees / Company contributions	**0.78**	1.34	**0.38**	0.31	**14.01**	14.27
4	Actuarial gain / (loss)	**-**	(0.31)	**-**	-	**0.23**	-
5	Benefits payments	**(0.17)**	(0.08)	**(0.38)**	(0.31)	**(10.17)**	(4.97)
6	Settlement cost #	**-**	-	**-**	-	**-**	-
7	Fair value of plan assets at the end of the year	**4.86**	3.89	**-**	-	**50.83**	43.18
D	**Actuarial assumptions**						
1	Discount rate (per annum)	**7.70%**	7.60%	**7.70%**	7.60%	**7.70%**	7.60%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.50%**	8.50%
3	Mortality	**LIC (1994-96) ultimate**	LIC(1994-96) ultimate	**LIC (1994-96) ultimate**	LIC (1994-96) ultimate		
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	**100.00%**	100%	**NA**	NA	**NA**	NA
	Government of India security	**-**	-	**-**	-	**40.00%**	40.00%
	Corporate bonds	**-**	-	**-**	-	**60.00%**	60.00%
	Others	**-**	-	**-**	-	**-**	-
F	**Experience adjustment: (Refer note viii below)**						
	Plan liabilities loss/(gain)	**(0.28)**	(0.16)	**(6.43)**	1.89	**-**	-
	Plan asset gain/(loss)	**-**	(0.31)	**-**	-	**-**	-
	Actuarial gain / (loss) due to change in assumption	**(0.54)**	0.37	**10.73**	-	**-**	
G	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**1.16**	1.22	**-**	-	**5.02**	4.87

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

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

Notes:

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

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

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

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

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

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

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

(viii) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the present value of the defined benefit obligation, the fair value of the plan assets, the surplus or deficit in the plan and the experience adjustments arising on the plan liabilities and the plan assets for the current annual year and previous four annual years, however this information is available only for past two years since the date of implementing the Standard:

(Rs. in crore)

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

b) Defined contribution plans:

Company's contribution to superannuation fund aggregating to Rs. 0.68 crore (Previous year Rs. 0.80 crore) are recognised in the statement of profit and loss / expenditure during construction / trial runs, as applicable. There is no obligation other than the contribution payable to the respective trusts.

35 Related party disclosures :

I. Transactions with related parties

(Rs. 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 - Rs. 555.44 crore)	(555.44)	-	-	-	-
Advances received (Including Global Depository Shares advances from Essar Energy Holdings Ltd.)	**1,200.47**	**-**	**-**	**-**	**-**
(Advance received - EEHL - Rs. 1,200.47 crore {against GDS }) (Previous year advance received EEHL - Rs. 120.72 crore {Rs. 91.03 crore against GDS})	(120.72)	-	-	-	-
Loans / advances taken	**-**	**-**	**0.62**	**-**	**1,013.81**
(EIL - Rs. 1,013.81 crore) (Previous year - EIL - Rs. 171.52 crore, ESTL - Rs. 245.00 crore, VPCL - Rs. 50.00 crore)	-	(50.00)	(249.91)	-	(171.52)
Purchase of fixed assets/intangible assets (including CWIP)	**-**	**-**	**550.13**	**-**	**13.29**
(EPIL - Rs. 444.89 crore, EESL - Rs. 53.78 crore) (Previous year - EPIL - Rs. 57.72 crore)	-	-	(58.03)	-	(1.19)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Sale / return of fixed assets	**-**	**-**	**-**	**-**	**-**
(Previous year - ESHL - SEZ - Rs. 15.00 crore - sale of asset, ESTL - Rs. 28.83 crore - return of asset)	-	-	(43.83)	-	-
Advance paid against equity shares	-	-	-	-	-
(Previous year - EOVL - Rs. 310.62 crore)	-	(310.62)	-	-	-
Loans / advances given / assigned	**0.14**	**-**	**8.33**	**-**	**-**
(EPIL - Rs. 3.06 crore, EEXPIL - Rs. 5.27 crore) (Previous year - EEXPL - Rs. 10.96 crore, EEXPSEAL - Rs. 8.48 crore, EEHL - Rs. 20.00 crore)	(20.00)	-	(19.44)	-	-
Advances given on capital account	**-**	**-**	**589.93**	**-**	**-**
(EPIL - Rs. 573.63 crore) (Previous year - EPIL - Rs. 191.42 crore)	-	-	(191.42)	-	-
Advance received on capital account as participating interest	**-**	**-**	**-**	**-**	**-**
(Previous year - EEXPL - Rs. 105.20 crore)	-	-	(105.20)	-	-
Deposits-given by the Company	**-**	**-**	**78.00**	**-**	**5.77**
(VOTL - Rs. 28.00 crore, VPTL - Rs. 50.00 crore) (Previous year - EITL - Rs. 8.50 crore, FUTURA - Rs. 6.01 crore)	-	-	-	-	(14.51)
Present value of sales tax liability assigned	**-**	**-**	**-**	**-**	**441.21**
(EHL - Rs. 441.21 crore) (Previous year - EHL - Rs. 331.78 crore)	-	-	-	-	(331.78)
Sale of goods and scrap (including sales tax)	**-**	**-**	**106.71**	**-**	**2.36**
(EPIL - Rs. 57.23 crore, ELL - Rs. 19.60 crore, ESHL-SEZ - Rs. 11.34 crore) (Previous year - EBTL - Rs. 9.31 crore, EPIL - Rs. 19.13 crore, ESHL-SEZ - Rs. 7.07 crore, ESTL - Rs. 17.87 crore)	-	-	(61.84)	-	(0.97)
Sale of Equity Shares	-	-	**0.00***	-	-
(Shares of VPCL to EPOL - Rs. 60) (Previous year - Rs. Nil)	-	-	-	-	-
Interest income	**-**	**-**	**1.17**	**-**	**-**
(EPIL - Rs. 1.17 crore) (Previous year - EBTL - Rs. 0.26 crore, EPIL - Rs. 0.11 crore, ESTL - Rs. 0.15 crore)	-	-	(0.52)	-	-
Lease income (including lease tax)	-	-	**0.32**	**0.02**	**0.01**
(VOTL - Rs. 0.25 crore, ESTL - Rs. 0.07 crore) (Previous year - VOTL - Rs. 0.25 crore, ESTL - Rs. 0.63 crore)	-	(0.01)	(0.89)	-	(0.01)
Rendering of services	**-**	**-**	**21.54**	**0.09**	**0.01**
(VOTL - Rs. 20.04 crore) (Previous year - VOTL - Rs. 18.25 crore, EPMCL - Rs. 3.64 crore)	-	(0.02)	(23.60)	-	-
Purchase of goods/license fees / supply of material	**-**	**-**	**0.32**	**-**	**-**
(ESTL - Rs. 0.32 crore) (Previous year - EPIL - Rs. 193.86 crore)	-	-	(194.67)	-	(14.71)
Receiving of services	**26.23**	**60.37**	**580.75**	**82.93**	**122.13**
(VOTL - Rs. 468.19 crore, VPCL - Rs. 143.29 crore) (Previous year - VOTL - Rs. 451.03 crore, VPCL - Rs. 132.78 crore)	(27.10)	(132.78)	(600.38)	-	(103.08)
Interest / financial charges paid/funded	**-**	**-**	**11.03**	**-**	**31.29**
(EHL - Rs. 5.78 crore, EIL - Rs. 25.51 crore, VOTL - Rs. 11.03 crore) (Previous year - VOTL - Rs. 11.38 crore)	-	(0.84)	(12.22)	-	(0.58)
Advances written off / reversal of advances written off	-	-	-	-	-
(Previous year EPLL - Rs. 0.02 crore - reversal of advance written off)	-	-	-	-	(0.02)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Lease rent charged to Company	-	-	-	-	**15.27**
(VPL - Rs. 15.27 crore) (Previous year - VPL - Rs. 14.20 crore)	-	-	-	-	(14.20)
Cenvat / VAT charged by party	**-**	**-**	**2.04**	**0.02**	**-**
(VOTL - Rs. 2.04 crore) (Previous year - EPIL - Rs. 8.50 crore, VPCL - Rs. 1.57 crore)	-	(1.57)	(8.50)	-	-
Guarantees given on behalf of the Company	**1,050.00**	**-**	**10.46**	**-**	**1,406.88**
(EIL - Rs. 1,406.88 crore, EGL - Rs. 1,050.00 crore) (Previous year - EIL - Rs. 4,775.00 crore, EGL - Rs. 700.00 crore)	(724.00)	-	(14.80)	-	(4,775.00)
Guarantees given by the Company	**-**	**-**	**2.41**	**-**	**-**
(VOTL - Rs.2.41 crore) (Previous year - Rs. Nil)	-	-	-	-	-
Transactions with other classes of related parties					
a) Key management personnel (remuneration)			**-**	**-**	**3.58**
(Shri Naresh Nayyar - Rs. 1.66 crore, Shri P Sampath - Rs. 1.92 crore) (Previous year - Shri Naresh Nayyar - Rs. 1.29 crore, Shri Suresh Mathur - Rs. 0.30 crore)			-	-	(1.59)
b) Individuals having significant influence/control on the Company (Directors' sitting fees)			**-**	**-**	**0.00***
(Shri P.S.Ruia - Rs. 47,500) (Previous year - Shri A.S. Ruia Rs. - 7,500, Shri P.S. Ruia - Rs. 85,000, Shri S.N.Ruia Rs. - 7,500)			-	-	(0.01)

II. Balances with related parties :

Debit balances					
Deposits	**-**	**-**	**-**	**-**	**53.42**
(EHL - Rs. 20.27 crore, EITL - Rs. 12.04 crore, FUTURA - Rs. 10.41 crore, VPL - Rs. 8.00 crore) (Previous year - EHL - Rs. 20.27 crore, FUTURA - Rs. 10.41 crore, EITL - Rs. 12.04 crore)	-	-	-	-	(43.65)
Investments	**-**	**-**	**-**	**103.00**	**-**
(Equity shares of VPCL - Rs.103.00 crore) (Previous year - Equity shares of VPCL - Rs. 103.00 crore)	-	(103.05)	-	-	-
Debtors	**-**	**-**	**12.60**	**0.02**	**0.31**
(EPIL - Rs. 7.82 crore, ESHL - SEZ - Rs. 1.64 crore, ESHL - Rs. 1.26 crore) (Previous year - EPIL - Rs. 11.73 crore, ESTL - Rs. 5.07 crore, ESHL-SEZ - Rs.15.02 crore, EBTL - Rs. 4.92 crore)	-	(0.02)	(37.22)	-	(0.21)
Other receivable	**-**	**-**	**-**	**-**	**-**
(Previous year - ESTL - Rs. 28.83 crore)	-	-	(28.83)	-	-
Advances	**20.07**	**-**	**205.65**	**-**	**4.25**
(EPIL - Rs. 156.75 crore, EEXPL - Rs. 24.45 crore) (Previous year - EESL - Rs. 9.13 crore, EEHL - Rs. 19.92 crore)	(19.92)	-	(9.14)	-	(5.67)
Advance against equity shares	**-**	**-**	**-**	**-**	**-**
(Previous year - EOVL - Rs. 420.83 crore)	-	(420.83)	-	-	-
Credit balances					
Deposits (Including retention money)	**-**	**-**	**5.16**	**-**	**-**
(EESL - Rs. 4.98 crore) (Previous year EESL - Rs. 1.68 crore, ESTL - Rs. 1.82 crore, VOTL - Rs. 10.00 crore)	-	-	(13.50)	-	-
Loans and advances	**-**	**-**	**106.68**	**-**	**670.48**
(EIL - Rs. 602.23 crore, VOTL - Rs. 106.68 crore) (Previous year - EIL - Rs. 52.62 crore, VOTL - Rs. 112.85 crore, VPL(Finance lease) - Rs. 72.38 crore)	-	-	(119.60)	-	(125.00)

Nature of transactions	Holding Company/ Intermediate Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Creditors and other liabilities	**9.74**	**-**	**461.11**	**17.05**	**57.73**
(EPIL - Rs. 178.84 crore, EESL - Rs. 55.10 crore, EEXPL - Rs. 93.62 crore, VOTL - Rs. 52.31 crore) (Previous year - EPIL - Rs. 117.40 crore, EHL - Rs. 341.36 crore, EEXPL - Rs. 114.49 crore)	(30.75)	(17.68)	(281.38)	-	(353.18)
Advances received (Including global depository shares advances from Essar Energy Holdings Ltd.)	**1,153.21**	**-**	**-**	**-**	**-**
(EEHL - Rs.1,153.21 crore) (Previous year EEXPL - Rs. 102.90 crore, EEHL - Rs. 91.03 crore)	(91.03)	-	(102.90)	-	-
Remuneration payable to Key Management Personnel	**-**	**-**	**-**	**-**	**-**
(Previous year - Shri Naresh Nayyar - Rs. 0.06 crore)	-	-	-	-	(0.06)
Other balances					
Outstanding guarantees given on behalf of the Company	**3,074.00**	**-**	**497.90**	**-**	**11,961.68**
(EIL - Rs. 11,961.68 crore, EGL - Rs. 3,050.00 crore) (Previous year - EIL - Rs. 9,979.80 crore)	(720.40)	-	(490.83)	-	(9,979.80)
Outstanding guarantees given by the Company	**-**	**-**	**274.80**	**223.77**	**-**
(VPCL - Rs. 223.77 crore, VOTL - Rs. 274.80 crore) (Previous year - VOTL - Rs. 272.39 crore, VPCL – Rs. 279.68 crore)	-	(279.68)	(272.39)	-	-

* Amount less than Rs. 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)
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.

36 Expenditure during construction (EDC) includes:

(Rs. in crore)

Particulars	As at March 31, 2009	Incurred during the year*	As at March 31, 2010
Interest and other finance charges	233.17	370.52	**603.69**
Less: Interest income	7.25	1.54	**8.78**
Net interest and other finance charges	225.92	368.98	**594.91**
Consumption of chemical, stores and spares	0.52	(0.52)	**-**
Power and fuel	0.04	(0.00)	**0.04**
Salaries, wages and bonus	74.13	23.79	**97.92**
Contribution to / provision for provident and other funds	3.27	1.86	**5.13**
Staff welfare expenses	0.98	0.86	**1.84**
Rate & Taxes	-	0.21	**0.21**
Insurance	0.04	4.36	**4.40**
Professional fees	26.37	9.05	**35.42**
Rent	16.32	1.04	**17.36**
Repairs and maintenance	1.20	1.29	**2.49**
Sundry expenses	27.00	10.43	**37.43**
Depreciation	3.80	4.62	**8.42**
(Gain) / Loss on foreign exchange fluctuation (Net)	(27.45)	17.77	**(9.68)**
Capitalised	-	(18.75)	**(18.75)**
Expenditure during construction pending allocation	**352.14**	**424.99**	**777.13**

*Includes EDC taken over on amalgamation

37 During the year, the Company made a loss (net) of Rs. 180.12 crore (Previous year gain Rs. 344.92 crore) on commodity hedging transactions. The loss (net) of Rs. 242.14 crore (Previous year gain (net) Rs. 127.29 crore) on the instruments for hedge of risk of movement in prices of crude oil has been netted off from / added to consumption of raw material in the statement of profit and loss. The gains (net) of Rs. 62.02 crore (Previous year gain of Rs. 217.63 crore and losses (net) of Rs. 217.71 crore during trial run of refinery) on the instruments for hedge of risk of movement in prices of finished goods and margins have been added to / netted off from Turnover (Gross) in the statement of profit and loss.

38 Vadinar Power Company Limited (VPCL) and Essar Energy Overseas Limited 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.

39 Guarantees given by banks / others on behalf of the Company Rs. 6,148.87 crore (Previous year Rs. 4,210.74 crore) {excluding guarantees and confirming bank guarantees given as security Rs. 9,402.30 crore (Previous year Rs. 7,592.54 crore) in respect of liabilities existing as at balance sheet date}{including Rs. 14.72 crore (Previous year Rs. 14.72 crore) pertaining to joint ventures.}

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

Naresh Nayyar Managing Director	**P. S. Ruia** Director
S. S. Shaffi Company Secretary	**P. Sampath** Director (Finance)

Mumbai, July 26, 2010

Statement 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: 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	Nil	Not applicable	Nil

Note:- The above statement has to be read in conjunction with note nos. (B) 13 and (B) 38 of schedule XVI of financial statements of the Company

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO.	32116	STATE CODE	4
BALANCE SHEET DATE	March 31, 2010		

II. CAPITAL RAISED DURING THE PERIOD - (Rs. in Crore)

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS - (Rs. in Crore)

SOURCES OF FUNDS

TOTAL LIABILITIES	15,561.64	TOTAL ASSETS	15,561.64
PAID UP CAPITAL*	1,218.13	RESERVE & SURPLUS	2,836.57

*Excluding Rs. 1,153.21 crore advance towards issue of global depository shares

SECURED LOANS	9,470.59	UNSECURED LOANS	883.14

APPLICATION OF FUNDS

NET FIXED ASSETS (Including CWIP)	16,628.10	INVESTMENTS	203.00
DEFERRED TAX ASSETS	0.57	NET CURRENT ASSETS	(1,804.29)
ACCUMULATED LOSSES	534.26		

IV. PERFORMANCE OF COMPANY - (Rs. in Crore)

TURNOVER (including other income)	37,376.54	TOTAL EXPENDITURE	37,347.96
PROFIT/(LOSS) BEFORE TAX	28.58	PROFIT/(LOSS) AFTER TAX	29.46
BASIC EARNING PER SHARE IN Rs.	0.25	DIVIDEND RATE %	NIL

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

PRODUCT DESCRIPTION	ITEM CODE No.
i) PETROLEUM PRODUCT	2710

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

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

To the Board of Directors
Essar Oil Limited

1. We have audited the attached Consolidated Balance Sheet of Essar Oil Limited ("the Company") and its subsidiaries (collectively referred to as "the EOL Group") as at 31st March, 2010, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. The 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 financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. 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.

3. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

4. Without qualifying our report, we invite attention to: -

   a) Note B (4)(a) of schedule XVI to the Consolidated 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.

   b) Note B (4)(c) of schedule XVI to the 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 (8) of schedule XVI to the Consolidated Financial Statements detailing the state of litigation in respect of availment of sales tax deferral scheme and presentation of assignment of deferred sales tax liability in the consolidated statement of profit and loss.

   d) Note B (10) of schedule XVI to the Consolidated Financial Statements detailing the reasons for following the principle of recognising finance lease upon commencement of the lease in accordance with International Financial Reporting 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.

   e) Note B (3) 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 our audit and on consideration of reports of other auditors on separate financial statements and other financial information of a component, in our opinion and to the best of our information and according to the explanations given to us, the 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. d) 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 Consolidated Balance Sheet, of the state of affairs of EOL Group as at 31st March, 2010;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the EOL Group for the year ended on that date; and

   (c) in the case of the 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. 117366W)

Khurshed Pastakia
Partner
Membership No. 31544

Mumbai, July 26, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Sch	As at March 31 , 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Sources of funds			
Shareholders' funds			
a) Share capital	I	**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	II	**2,836.57**	2,807.42
Loan funds			
a) Secured loans	III	**9,470.59**	9,691.46
b) Unsecured loans	IV	**883.14**	622.39
Minority interest		**-**	118.25
Deferred tax liability (net) (Refer note B (19) of schedule XVI)		**-**	2.49
TOTAL		**15,561.64**	14,570.42
Application of funds			
Fixed assets	V		
a) Gross block		**13,802.50**	13,765.49
b) Less: Accumulated depreciation and amortisation		**1,493.15**	776.02
c) Net block		**12,309.35**	12,989.47
Capital work-in-progress	V	**4,318.75**	3,060.68
Investments	VI	**236.38**	19.01
Deferred tax asset (net) (Refer note B (19) of schedule XVI)		**0.57**	-
Current assets, loans and advances	VII		
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		**330.66**	419.93
e) Loans and advances		**694.71**	640.34
		8,378.86	5,667.08
Less: Current liabilities and provisions	VIII		
a) Current liabilities		**10,160.34**	7,644.18
b) Provisions		**22.81**	25.69
		10,183.15	7,669.87
Net current assets		**(1,804.29)**	(2,002.79)
Debit balance in statement of profit and loss		**500.88**	504.05
TOTAL		**15,561.64**	14,570.42
Significant accounting policies and notes to consolidated financial statements	XVI		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Sch	For the year ended March 31, 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
Income			
Turnover (gross) (Refer note B (20) of schedule XVI)		**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 (Refer note B (8) of schedule XVI)		**813.87**	538.27
		36,504.61	37,516.41
Other income	IX	**875.80**	188.46
		37,380.41	37,704.87
Expenditure			
Purchase of traded petroleum products		**1,705.74**	650.93
Consumption of raw materials (Refer note B (30) of schedule XVI)		**32,855.98**	32,560.26
(Increase) / Decrease in stock	X	**(310.46)**	991.41
Operating expenses	XI	**354.22**	247.18
Employee costs	XII	**99.34**	101.26
Selling and marketing expenses	XIII	**380.70**	354.77
General and administrative expenses	XIV	**301.25**	1,481.83
		35,386.77	36,387.64
Profit before inerest, depreciation and amortisation and taxes		**1,993.64**	1,317.23
Less: Interest and other finance charges	XV	**1,195.17**	1,120.30
Less: Depreciation and amortisation		**736.04**	671.91
Net profit / (Loss) before taxes		**62.43**	(474.98)
Taxes			
Current tax		**4.19**	7.12
Deferred tax credit		**1.08**	(29.04)
Fringe benefit tax		**-**	2.00
Net profit / (Loss) after taxes		**57.16**	(455.06)
Less : Loss on dilution / cessation of shareholding in subsidiaries		**22.49**	-
Add : Share of profit in associate (Refer note B (28) of schedule XVI)		**10.62**	-
Less : Minority share in profit		**13.11**	27.77
Net profit / (Loss) after taxes and minority interest		**32.18**	(482.83)
Balance brought forward from previous year		**(526.30)**	(51.47)
Add: Amount transferred from foreign projects reserve (Refer note B (15)(a) of Schedule XVI)		**0.45**	8.00
Less: Amount transferred to debenture redemption reserve (Refer note B (15)(b) of schedule XVI)		**29.46**	-
Balance carried forward		**(523.13)**	(526.30)
Out of above:			
Shown as deduction from general reserve (Refer schedule II)		**(22.25)**	(22.25)
Shown as debit balance in statement of consolidated profit and loss in the consolidated balance sheet		**(500.88)**	(504.05)
		(523.13)	(526.30)
Earnings per share (Face value Rs. 10 per share) (Refer note B (17) of schedule XVI) - Basic and diluted (Rs.)		**0.27**	(4.05)
Significant accounting policies and notes to consolidated financial statements	XVI		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P.S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Particulars	For the year ended March 31, 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
A	**Cash flow from operating activities**		
	Net profit/(loss) before tax and extraordinary items	**62.43**	(474.98)
	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 (Refer note B (28) of schedule XVI)	**(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	**1,323.29**	1,004.96
	Working capital changes		
	Adjustments for :		
	Changes in inventories	**(1,712.47)**	3,272.04
	Changes in receivables, advances and deposits	**(1,027.18)**	(2,748.18)
	Changes in payables	**2,098.13**	312.35
	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)
	Advances given for equity	**-**	-
	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))-(Refer note B (4) (a) of schedule XVI)	**1,199.22**	259.91
	Repayment of long term borrowings	**(1,069.68)**	(389.76)
	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
	Balance taken over on amalgamation	**-**	-
	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 Rs. 10.25 crore on finance lease basis. (Refer note B(11) of schedule XVI)

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

	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
Cash on hand and balances with banks		
Cash and bank balances as per balance sheet	**1,350.75**	1,184.12
Less: Margin and long term fixed deposits #	**1,233.66**	986.58
Add : Liquid Investment-(Refer schedule VI)	**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 Rs. 0.01 crore

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Khurshed Pastakia
Partner

Mumbai, July 26, 2010

For and on behalf of the Board of Directors

Naresh Nayyar
Managing Director

P. S. Ruia
Director

S. S. Shaffi
Company Secretary

P. Sampath
Director (Finance)

Mumbai, July 26, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - I		
SHARE CAPITAL		
Authorised		
5,000,000,000 (Previous year 5,000,000,000) equity shares of Rs. 10 each	**5,000.00**	5,000.00
Issued and subscribed		
1,263,455,604 (Previous year 1,263,455,604) equity shares of Rs.10 each	**1,263.46**	1,263.46
Paid up		
1,201,529,604 (Previous year 1,201,529,604) equity shares of Rs. 10 each fully paid up	**1,201.53**	1,201.53
Add : Forfeited shares - 61,926,000 (Previous year 61,926,000) equity shares of Rs. 10 each	**16.60**	16.60
TOTAL	**1,218.13**	1,218.13

Notes:- Of the above equity shares :

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

b) 846,385,290 (Previous year 846,385,290) equity shares are represented by 5,531,930 (Previous year 5,531,930) global depository shares (GDS). GDS issued during the year Nil (Previous year 181,516) are represented by Nil (Previous year 27,771,948) equity shares.

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

d) 770,930 GDSs represented by underlying 117,952,290 equity shares and 74,729,437 equity shares (previous year 770,930 GDSs represented by underlying 117,952,290 equity shares and 74,708,237 equity shares) of Rs. 10 each are held by Essar Energy Holdings Ltd., Mauritius, subsidiary of the ultimate holding company.

e) 100,080,083 (Previous Year 28,640,916) Equity Shares of Rs. 10 each are held by Teletech Investments (India) Limited, subsidiary of ultimate holding company.

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

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

h) 100 (Previous Year 100) Equity Shares of Rs. 10 each are held by Hazira Steel 2, subsidiary of ultimate holding company.

i) Nil (Previous Year 100) Equity Shares of Rs. 10 each are held by Essar Global Limited, Cayman Islands, the ultimate holding company.

j) Nil (Previous Year 100) Equity Shares of Rs.10 each are held by ETHL Global Capital Limited, subsidiary of ultimate holding company.

k) Nil (Previous Year 21,000) Equity Shares of Rs.10 each are held by Essar Steel Holdings Limited, subsidiary of ultimate holding company.

Particulars		As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - II			
RESERVES AND SURPLUS			
Capital reserve			
Balance as per last consolidated balance sheet		**40.89**	40.89
	(A)	**40.89**	40.89
Securities premium account			
Balance as per last consolidated balance sheet		**2,729.01**	2,201.34
Add : Premium on issuance of GDS		**-**	527.67
	(B)	**2,729.01**	2,729.01
Foreign projects reserve			
Balance as per last consolidated balance sheet		**0.45**	8.45
Less: Transferred to statement of profit and loss (Refer note B (15) (a) of Schedule XVI)		**0.45**	8.00
	(C)	**-**	0.45
General reserve			
Balance as per last consolidated balance sheet		**22.25**	22.25
Less: Debit balance in statement of profit and loss (to the extent of balance in general reserve)		**22.25**	22.25
	(D)	**-**	-
Debenture redemption reserve			
Balance as per last consolidated balance sheet		**37.21**	37.21
Add : Transferred from statement of profit and loss		**29.46**	-
(Refer note B (15) (b) of schedule XVI)	(E)	**66.67**	37.21
Foreign currency translation reserve	(F)	**-**	(0.14)
TOTAL (A+B+C+D+E+F)		**2,836.57**	2,807.42

Particulars		As at March 31, 2010 Rs. in Crore		As at March 31, 2009 Rs. in Crore
SCHEDULE - III				
SECURED LOANS				
Debentures				
(Refer note B (4) (c) of schedule XVI)				
Non convertible debentures		**177.64**		301.33
12.5% Non convertible debentures		**6.57**		6.57
	(A)	**184.21**		307.90
Term loans and funded interest facilities				
Term loans (Refer note B (4) (d) of schedule XVI)				
From banks		**5,427.92**		5,726.59
{Including interest accrued and due Rs. Nil (Previous year Rs. 9.02 crore)}				
(Refer note B (4) (a) of schedule XVI)				
From financial institutions		**1,718.87**		2,033.25
Funded interest facilities				
(Comprising funding of interest for the period October 01, 1998 to December 29, 2003)				
(Refer note B (4) (a) of schedule XVI)				
From banks	**1,865.32**		1,865.32	
Less: Amount not payable as of consolidated balance sheet date in respect of funded interest payable in the year 2026 / 2031	**1,497.84**	**367.48**	1,532.23	333.09
From financial institutions	**809.37**		809.37	
Less: Amount not payable as of consolidated balance sheet date in respect of unded interest payable in the year 2026	**642.72**	**166.65**	658.39	150.98
	(B)	**7,680.92**		8,243.91
Short term loans from banks	**(C)**	**1,605.44**		1,118.64
Bank overdraft	**(D)**	**0.02**		21.01
TOTAL (A+B+C+D)		**9,470.59**		9,691.46

Notes :

Debentures

Rs. 177.64 crore (Previous year Rs. 301.33 crore) debentures are secured / to be secured by first ranking security interests, on all movable and immovable assets, present and future and first ranking security interests by pledge of certain shares of the Company held by its promoters / associates of promoters or of the company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities.

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

a) Rs. 9,805.87 crore (Previous year Rs. 10,141.80 crore) of term loans, funded interest facilities and debentures of Rs. 6.57 crore (Previous year Rs. 6.57 crore) are secured / to be secured by first ranking security interests on all immovable assets (except certain leased out assets), all movable assets other than current assets and second ranking security interests on current assets, present and future, pledge of certain shares of the Company held by its promoters / associates of the promoters or of the Company, security interest on rights, title and interests under project documents, trust and retention accounts / sub-accounts, insurance policies related to the refinery and personal guarantees by the promoters of the Company together with collateral securities. A term loan of Rs. 134.44 crore (Previous year Rs. 137.83 crore) {(including funded interest facilities of Rs. 30.44 crore) (Previous year Rs. 33.83 crore)} is also secured by a corporate guarantee and certain assets of a group Company.

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

c) Rs. 15.60 crore (Previous year Rs. 20.40 crore) of a term loan from a Bank is secured by hypothecation of current assets of an oilfield, bank escrow accounts for certain receivables and a corporate guarantee provided by a group Company.

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

Short term loans from banks

Rs. 1,491.80 crore (Previous year Rs. 1,118.64 crore) short term loans from banks are secured / to be secured by first charge on all the current assets excluding that of exploration division, second charge by way of mortgage of land and building and plant and machinery and other assets excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by a group Company and other collaterals being second charge on pledge of assets of group company, pledge of certain shares of the Company and that of a group Company held by promoters and second charge by way of mortgage over a property of Group Company.

Rs. 63.64 crore (Previous year Rs. Nil) secured /to be secured against guarantee by a group Company and Pari passu first charge on immovable and movable fixed assets(both present and future) of the Project (base refinery and expansion of base refinery to 16MMTPA), all rights on Project related documents, insurance contracts, bank accounts, all amounts owing to & received by Company including uncalled capital, securities, contractor guarantees, performance bonds, letters of credit in favour of the Company, pledge of Company's shares/ GDS and second charge on current assets of the Project.

Rs. 50.00 crore (Previous year Rs. Nil) secured against corporate guarantee by group Company and Pari passu first charge on three land rigs and other drilling equipments owned by exploration division of the Company.

Bank overdraft of Rs. 0.02 crore (Previous year Rs. 21.01 crore) from a bank is secured by fixed deposits.

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - IV		
UNSECURED LOANS		
Conditional grant from a bank	**6.30**	6.88
(Refer note B (12) of schedule XVI)		
Term loans		
From a bank in foreign currency	**-**	365.53
(Refer note B (4) (b) of schedule XVI) {Including interest accrued and due Rs. Nil (Previous year Rs.108.52 crore)}		
Short term loan from a bank	**100.00**	-
Other loans		
From others	**706.44**	175.30
{Including interest accrued and due Rs. Nil (Previous year Rs.2.04 crore)} {Including payable within one year Rs. 18.19 crore (Previous year Rs. 54.35 crore)}		
Finance lease obligation	**70.40**	74.68
(Refer note B (11) (a) of schedule XVI)		
TOTAL	**883.14**	622.39

SCHEDULE - V
FIXED ASSETS **(Rs. in Crore)**

Description of the assets	Gross block (at cost) (I)				Depreciation / amortisation (II)				Net block (III) = (I - II)	
	As at April 01, 2009	Additions	Deductions/ write offs / adjustments @	As at March 31,2010	As at April 01, 2009	During the year	Deductions/ write offs / adjustments @	As at March 31,2010	As at March 31,2010	As at March 31, 2009
A) Tangible assets										
Land	118.52	21.89	-	**140.41**	-	-	-	**-**	**140.41**	118.52
Building	291.74	43.16	8.71	**326.19**	33.84	23.45	1.13	**56.16**	**270.03**	257.90
Plant and machinery	12,991.87	276.92	333.21	**12,935.58**	645.23	687.61	23.52	**1,309.32**	**11,626.26**	12,346.64
Producing properties	180.01	8.11	-	**188.12**	1.32	0.33	-	**1.65**	**186.47**	178.69
Furniture and fixtures	7.52	7.86	0.15	**15.23**	5.47	1.47	0.09	**6.85**	**8.38**	2.05
Office equipments	36.04	8.66	0.31	**44.39**	22.92	5.09	0.09	**27.92**	**16.47**	13.12
Vehicles	8.06	0.72	0.13	**8.65**	2.94	1.61	0.13	**4.42**	**4.23**	5.12
Aircraft	-	10.00	-	**10.00**	-	0.07	-	**0.07**	**9.93**	-
Total (A)	**13,633.76**	**377.32**	**342.51**	**13,668.57**	**711.72**	**719.63**	**24.96**	**1,406.39**	**12,262.18**	12,922.04
B) Intangible assets										
Softwares and licenses	33.46	2.21	0.01	**35.66**	10.38	6.80	0.03	**17.15**	**18.51**	23.08
Total (B)	**33.46**	**2.21**	**0.01**	**35.66**	**10.38**	**6.80**	**0.03**	**17.15**	**18.51**	23.08
C) Assets taken on lease										
Land	0.17	-	-	**0.17**	-	-	-	**-**	**0.17**	0.17
Building	72.73	-	-	**72.73**	34.69	15.22	-	**49.91**	**22.82**	38.04
Plant and machinery	5.62	-	-	**5.62**	0.41	0.26	-	**0.67**	**4.95**	5.21
Furniture and fixtures	0.88	-	-	**0.88**	0.17	0.16	-	**0.33**	**0.55**	0.71
Office equipments	0.67	-	-	**0.67**	0.45	0.05	-	**0.50**	**0.17**	0.22
Total (C)	**80.07**	**-**	**-**	**80.07**	**35.72**	**15.69**	**-**	**51.41**	**28.66**	44.35
D) Assets given on lease										
Plant and machinery	18.20	-	-	**18.20**	18.20	-	-	**18.20**	**-**	-
Total (D)	**18.20**	**-**	**-**	**18.20**	**18.20**	**-**	**-**	**18.20**	**-**	-
Total (A + B + C + D)	**13,765.49**	**379.53**	**342.52**	**13,802.50**	**776.02**	**742.12**	**24.99**	**1,493.15**	**12,309.35**	12,989.47
Previous Year	**551.92**	**13,296.99**	**83.42**	**13,765.49**	**121.65**	**689.14**	**34.77**	**776.02**	**12,989.47**	
Capital work-in-progress Capital work-in-progress {including advances on capital account Rs. 1,646.67 crore (Previous year Rs. 1,283.61 crore) and expenditure during construction pending allocation Rs. 777.13 crore (Previous year Rs. 538.41 crore)} {(Refer note (4) (a) and B (29) of schedule XVI)}									**4,318.75**	3,060.68
@Includes deduction due to cessation of subsidiary {(Refer note B (28) of schedule XVI)}										

NOTES:

1 Total depreciation / amortisation / depletion for the year - Rs. 742.12 crore (Previous year Rs. 689.14 crore) is charged / allocated as under :
   (i) Rs. 736.04 crore (Previous year Rs. 671.91 crore) to statement of profit and loss;
   (ii) Rs. 4.62 crore (Previous year Rs.16.24 crore) to expenditure during construction / trial runs;
   (iii) Rs. 1.46 crore (Previous year Rs. 0.99 crore) to capital work-in-progress (exploration activities);

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

3 Land includes Rs. 21.36 crore (Previous year Rs. 20.26 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL), Vadinar Power Company Limited (VPCL) and Vadinar Properties Limited(VPL). A charge has been created against the land leased to VPCL and VOTL in favour of lenders of VPCL and VOTL respectively.

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

5 Additions to plant and machinery includes exchange gain of Rs. 111.02 crore (Previous year exchange loss Rs. 224.81 crore) on long term monetary items.

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

7 Capital work-in-progress includes exchange gains of Rs. 3.64 crore (Previous year excahnge loss Rs. 35.92 crore).

8 Capital work-in-progress (including advances on capital account) and expenditure during construction includes Rs. 3,802.61 crore (Previous year Rs. 2,094.61 crore) for refinery expansion project, Rs. 329.26 crore (Previous year Rs.212.62 crore) for exploration and production project, Rs.113.21 crore (Previous year Rs. 31.76 crore) for petrochemical project,Rs. NIL (Previous year Rs. 360.48 for power plant and Rs. 73.68 crore (Previous year Rs. 361.17 crore) for base refinery and other projects.

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - VI		
INVESTMENTS		
Investment in Associate (fully paid - up)(Long term, unquoted)(Refer note B (28) of schedule XVI)		
Trade Investments	**136.38**	-
102,999,994 (Previous year 103,000,000) equity shares of Rs. 10 each of Vadinar Power Company Limited (VPCL) (Face value Rs. 10) (Refer note 1 below)		
Other Investments (fully paid - up)		
(Long term, unquoted)		
Non trade investment		
13,000,000 (Previous year 13,000,000) equity shares of Rs. 10 each of Petronet VK Limited (Face value Rs. 10) (Refer note 2 below)	**13.00**	13.00
1,584,000 (Previous year 1,584,000) equity shares of Rs. 10 each of Petronet CI Limited (Face value Rs. 10) (group under liquidation)	**1.58**	1.58
10,000,000 (Previous year 10,000,000) equity shares of Rs. 10 each of Petronet India Limited (Face value Rs. 10)	**10.00**	10.00
(Current, quoted)		
Non Trade Investments		
83,381,972.817 units (Previous year LIC Mutual funds 13,339,260.218 units of Rs. 10 per unit) of Rs. 10 each of SBI Premier Liquid Fund-Super Institutional Growth	**100.00**	19.01
	260.96	43.59
Less : Provision for diminution in value of investments	**24.58**	24.58
	236.38	19.01

Notes:-
1) 51% of the total shares are pledged with the lenders of VPCL against the loans disbursed to VPCL.
2) All the shares are pledged with a lender against the loan disbursed to the group.
3) Details of investments purchased and sold during the year :-

Particulars	Cost of Acquisition (Rs. in Crore)
- 468,084,375 Units (and 722 fractions) of Rs. 10 each in LICMF Floating rate fund - Short Term Plan - Growth Plan	701.59
- 807,061,940 Units (and 444 fractions) of Rs. 10 each in LICMF Liquid Fund - Growth Plan	1,351.00
- 45,139,572 Units (and 222 fractions) of Rs. 10 each in LICMF Saving Plus Fund - Growth Plan	65.01
- 146,227,199 Units (and 645 fractions) of Rs. 10 each in SBI Premier Liquid Fund-Super Institutional Growth	211.00

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - VII		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Raw material {including material in transit Rs. 961.53 crore (Previous year Rs.333.75 crore)}	**2,520.48**	1,137.05
Work-in-progress	**844.99**	614.19
Traded / Finished goods	**369.35**	289.68
Stores and spare parts {including material in transit Rs. 6.68 crore (Previous year Rs. 3.31 crore)}	**216.87**	184.04
Other consumables { including material in transit Rs. Nil (Previous year Rs.0.66 crore)}	**17.75**	32.38
	3,969.44	2,257.34
Sundry debtors (Unsecured) (Refer note B (9) of schedule XVI)		
Over six months		
- Considered good	**76.01**	82.73
- Considered doubtful	**0.03**	0.08
Others - considered good	**1,957.29**	1,082.62
	2,033.33	1,165.43
Less : Provision for doubtful debts	**0.03**	0.08
	2,033.30	1,165.35
Cash and bank balances		
Cash on hand	**0.27**	0.28
Balances with banks in:		
i) Current accounts	**116.82**	158.40
ii) Deposit and escrow accounts	**1,233.66**	1,025.44
(Deposit accounts comprises of margin deposits mainly placed for letters of credit facilities, guarantees and other term deposits)		
	1,350.75	1,184.12
Other current assets		
Other receivables (Refer note B (9) of schedule XVI)	**309.37**	394.98
Interest accrued on deposits	**21.29**	24.95
	330.66	419.93
(A)	**7,684.15**	5,026.74
Loans and advances		
(Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received (Refer note B (9) of schedule XVI)		
- Considered good	**286.76**	260.19
- Considered doubtful	**2.08**	3.00
Deposits		
With government and semi-government bodies / departments	**252.48**	200.61
Others	**56.53**	136.12
- Considered doubtful	**0.35**	0.35
Advance income tax / Tax deducted at source {Net of provisions of Rs. 21.33 crore (Previous year Rs. 28.81 crore)}		
- Considered good	**36.50**	43.26
- Considered doubtful	**1.26**	1.26
Advance fringe benefit tax	**0.35**	0.16
{Net of provisions of Rs. 11.87 crore (Previous year Rs. 10.35 crore net of provisions)}		
Bills Receivable	**62.09**	-
	698.40	644.95
Less : Provision for doubtful advances	**3.69**	4.61
(B)	**694.71**	640.34
TOTAL(A+B)	**8,378.86**	5,667.08

Particulars	As at March 31, 2010 Rs. in Crore	As at March 31, 2009 Rs. in Crore
SCHEDULE - VIII		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Bills payable	**1,443.75**	918.49
Sundry creditors		
- Dues to micro and small enterprises (Refer note B (25) of schedule XVI)	**1.21**	-
- Others	**8,408.42**	6,164.79
{Including Rs.6,707.35 crore (Previous year Rs. 4,569.23 crore) covered under letters of credit}		
Unclaimed debenture interest and principal (secured)* (For security details refer note under schedule III)	**35.65**	21.18
Other liabilities	**236.19**	453.20
(Refer note B (14) of schedule XVI)		
Temporary overdrawn bank balances as per books of account	**1.64**	44.50
Interest accrued but not due on loans	**33.48**	42.02
(A)	**10,160.34**	7,644.18
Provisions		
Compensated absences	**21.28**	25.42
Gratuity	**0.53**	0.27
Site Restoration	**1.00**	-
(B)	**22.81**	25.69
Total (A+B)	**10,183.15**	7,669.87

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

SCHEDULE ANNEXED TO AND FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
SCHEDULE - IX		
OTHER INCOME		
Interest		
{including tax deducted at source Rs 10.15 crore (Previous year Rs. 28.71 crore)}		
a) On deposits	**81.21**	100.27
b) Others (Refer note B (22) of schedule XVI)	**8.44**	24.59
	89.65	124.86
Profit on sale of fixed assets	**0.01**	-
Profit on sale of current investment (net)	**0.96**	1.23
Lease rentals	**0.34**	0.84
Exchange differences (net) (Refer note B (6) of Schedule XVI)	**660.79**	-
Miscellaneous income	**124.05**	61.53
TOTAL	**875.80**	188.46

Particulars		For the year ended March 31 , 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
SCHEDULE - X			
(INCREASE) / DECREASE IN STOCK			
Opening stock:			
Finished goods*		**277.25**	668.76
Work-in-progress*		**614.19**	1,195.54
Traded goods		**12.44**	30.99
	(A)	**903.88**	1,895.29
Closing stock:			
Finished goods		**369.35**	277.25
Work-in-progress		**844.99**	614.19
Traded goods		**-**	12.44
	(B)	**1,214.34**	903.88
(Increase) / Decrease in stock	(A)-(B)	**(310.46)**	991.41

*As on May 1, 2008 in previous year being the date of capitalisation of refinery and power plant.

SCHEDULE - XI		
OPERATING EXPENSES		
Consumption of stores and spare parts	**52.45**	38.91
Intermediate material handling charges	**19.41**	15.45
Power and fuel	**142.00**	37.03
{Net of consumed out of own production Rs. 646.71 crore (Previous year Rs. 479.29 crore)		
Excise duty (Difference between excise duty on opening* and closing stock)	**3.07**	(12.00)
Other operating expenses	**137.29**	167.79
TOTAL	**354.22**	247.18

*As on May 1, 2008 in previous year being the date of capitalisation of refinery and power plant.

SCHEDULE - XII		
EMPLOYEE COSTS		
Salaries, wages and bonus	**88.76**	92.39
Contribution to / provision for provident and other funds	**5.77**	4.12
Staff welfare expenses	**4.81**	4.75
TOTAL	**99.34**	101.26
SCHEDULE - XIII		
SELLING AND MARKETING EXPENSES		
Terminalisation charges	**6.05**	9.89
Rent for retail outlets	**11.82**	13.43
Commission	**26.45**	48.06
Product handling charges	**296.77**	233.08
Others	**39.61**	50.31
TOTAL	**380.70**	354.77
SCHEDULE - XIV		
GENERAL AND ADMINISTRATIVE EXPENSES		
Rates and taxes	**1.65**	4.42
Insurance	**25.53**	12.06
Professional fees	**91.60**	63.22
Rent	**11.28**	17.62
Repairs and maintenance		
a) Buildings	**7.47**	5.00
b) Plant and machinery	**37.37**	16.30
c) Others	**13.10**	10.15
Sundry expenses	**113.25**	91.67
Exchange differences (net) (Refer note B (6) of Schedule XVI)	**-**	1,261.39
TOTAL	**301.25**	1,481.83

Particulars	For the year ended March 31, 2010 Rs. in Crore	For the year ended March 31, 2009 Rs. in Crore
SCHEDULE - XV		
INTEREST AND OTHER FINANCE CHARGES		
Interest		
a) On debentures	**59.22**	61.35
b) On fixed loans	**703.73**	682.21
c) On others	**69.74**	33.99
Change in present obligation of certain loans (Refer note B (4) (d) of schedule XVI)	**50.05**	42.11
Other finance charges	**312.43**	300.64
TOTAL	**1,195.17**	1,120.30

SCHEDULE XVI

Significant accounting policies and notes to consolidated financial statements.

A. Significant accounting policies:

1. Basis of accounting

The financial statements of Essar Oil Limited (the Company) and its subsidiaries, associates and joint ventures (the Group) are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India ("GAAP"). GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

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

a) The financial statements of the subsidiary companies used in this consolidation are drawn upto the date of cessation of subsidiary or the same reporting date as of the Company, whichever is earlier.

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

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

d) Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's share in profits and losses of the associates post-acquisition/ post cessation of subsidiary and becoming associates are recognized in the income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment

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

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

2. Use of estimates

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

3. Revenue recognition

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

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

4. Government grants

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

5. Fixed assets and depreciation

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

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

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

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

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

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

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

6. Intangible assets and amortisation

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

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

7. Oil and gas exploration and development of assets

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

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

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

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

8. Impairment of assets

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

9. Valuation of inventories

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

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

10. Foreign currency transactions

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

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

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

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

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

Premia or discounts arising on forward exchange contracts entered into for the purpose of hedging currency risk, are recognized in the

Statement of Profit and Loss or Expenditure during Construction, as applicable, over the life of the contract.

The impact of exchange rate differences between the rates prevailing on the date of forward exchange contracts and the rate prevailing on the balance sheet date or on the dates of settlement of forward exchange contracts whichever is earlier, is recognised in the Statement of Profit and Loss or Expenditure during Construction, as applicable.

11. Derivative instruments (other than forward exchange contracts)

Commodity derivatives

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

Others

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

12. Lease

Operating Lease

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

Finance lease

As lessee**:**

Assets taken on lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per accounting policy of the Group on depreciation. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease. The leases are recognised in the books of account at the inception of the lease term. Attention is invited to note B (10) of this schedule.

As lessor:

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

13. Employee benefits

i. Post-employment benefit plans

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

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

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

ii. Short-term employee benefits

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

iii. Long-term employee benefits

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

14. Valuation of investments

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

15. Borrowing costs

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

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

16. Taxation

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

17. Provisions, contingent liabilities and contingent assets

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

B. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

				Year ended March 31, 2010 Rs. in crore	Year ended March 31, 2009 Rs. in crore
1			Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including Rs. 1.36 crore (Previous year Rs. 1.48 crore) pertaining to joint ventures (Refer note B (13) (c) of schedule XVI)}	**21,392.71**	23,037.51
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 Rs. 99.05 crore (Previous year Rs. 93.84 crore), demand of road tax on certain heavy equipment Rs. 10.51 crore (Previous year Rs. 10.45 crore), bank charges Rs. 7.47 crore (Previous year Rs. Nil), Gujarat entry tax Rs. 5.38 crore (Previous year Rs. 5.38 crore), other miscellaneous claims of Rs. 3.80 crore (Previous year Rs.4.85 crore), litigation for additional compensation in land acquisition matter Rs. 1.96 crore (Previous year Rs. 8.48 crore), stamp duty on import of crude Rs. Nil (Previous year Rs. 57.45 crore), interest on a loan from bank since settled Rs. Nil (Previous year Rs. 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)		Deferred sales tax liability assigned {Refer note B (8) of schedule XVI}	**2,990.52**	1,516.47
	f)		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.		
3			Managerial Remuneration :		
		a)	Salary	**1.47**	1.13
		b)	House rent allowance/rent	**0.87**	0.32
		c)	Employees contribution to provident fund and super annuation fund	**0.17**	0.06
		d)	Others*	**1.10**	0.24
				3.61	1.75

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

Consequent to inadequacy of profits, remuneration paid to directors is in excess of the limits specified in section 198 of the Companies Act, 1956 read with schedule XIII of the said Act. In respect of excess remuneration of Rs. 0.33 crore paid to directors, approval of Central Government is awaited.

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 Rs. 2,467.84 crore (Previous year Rs. 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, Rs. 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 Rs. 2,140.56 crore (Previous year Rs. 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 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 Rs. 41.48 crore (Previous year Rs. Nil) arising out of settlement of a foreign currency loan.

c) (i) Secured redeemable non – convertible debentures ("NCDs") of Rs. 105/- each consists of :
(1) Nil (Previous year 14,864,950) – 6% NCDs amounting to Rs. Nil (Previous year Rs. 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 Rs. Nil (Previous year Rs. 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 Rs. Nil (Previous year Rs. 59.64 crore) fully repaid as of March 31, 2010.
(4) 16,918,250 (Previous year 16,918,250) – 12.50% NCDs amounting to Rs. 177.64 crore (Previous year Rs. 177.64 crore) with repayment starting from January 24, 2015;

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

The Hon'ble High Court of Gujarat has, in response to the Group's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on certain categories of debentures should be accounted on cash basis. In accordance with the said petition / order, funded / accrued interest liabilities amounting to Rs. 340.34 crore (Previous year Rs. 353.10 crore) as at March 31, 2010 have not been accounted for. Out of the above, funded interest liabilities of Rs. 219.93 crore (Previous year Rs. 219.93 crore) are payable in March, 2026 and April, 2027 and balance on various dates ranging 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.

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

6 Pursuant to the adoption by the Group of the notification under the Companies (Accounting Standards) Amendment Rules 2006, issued on March 31, 2009 and exercise of the option prescribed therein, the Group has de-capitalized cost of fixed assets to the extent of gain on exchange differences amounting to Rs. 69.15 crore (Previous year loss capitalized Rs.116.50 crore). On account of this, the profit for the year is lower by Rs. 69.15 crore (Previous year loss lower by Rs.116.50 crore), with a corresponding impact on fixed assets which is lower by Rs. 69.15 crore (Previous year higher by Rs.116.50 crore).

7 As at consolidated balance sheet date, out of the unutilised balance of advance towards issue of global depository shares proceeds amounting to Rs. 60.29 crore (Previous year Rs. 0.01 crore), Rs. 60.00 crore (Previous year Rs. Nil) is lying in bank/bank deposit accounts and Rs. 0.29 crore (Previous year Rs. 0.01 crore) is lying in bank current accounts.

8 With respect to the Hon'ble High Court of Gujarat order dated April 22, 2008 directing the State Government to consider the Group's application for granting benefits of deferment of sales tax/value added tax under the Capital Investment Incentive Premier/Prestigious Units Scheme 1995-2000, the Special Leave Petition filed by the State Government in the Hon'ble Supreme Court, challenging the order of the Hon'ble High Court, is yet to be decided. The Group has deferred payment of sales tax liability Rs. 1,474.05 crore (Previous year Rs. 1,516.47 crore) and has defeased the same to a related party at its present value amounting to Rs. 441.21 crore (Previous year Rs. 331.78 crore). Sales tax amounting to Rs. 813.87 crore (Previous year Rs. 538.27 crore) shown as deduction from "Turnover (net)" in the statement of profit and loss includes the defeased value of sales tax liability of Rs. 441.21 crore (Previous year Rs. 331.78 crore) as per the defeasance agreement pursuant to which the assignee has undertaken to discharge the sales tax liability on the due dates.

9 Sundry debtors / other receivables include Rs. 93.38 crore (Previous year Rs. 90.28 crore) (Net of provision for doubtful debts / advances) due from government companies / agencies

in respect of the Group's erstwhile oil drilling and offshore construction activities for which the Group received favorable awards in arbitration proceedings. The awards have since been challenged by the parties. Pending outcome of the litigations, the debts are considered as recoverable based on the arbitration awards and assessment of the management.

10 The Group has adopted the accounting policy of recognising finance 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.

11 Leases:-

Finance lease:-

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

(Rs. in crore)

Particulars	Minimum Lease payments/Future Lease Rent Payable		Interest		Present value of minimum lease payments	
	As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
Future lease rental obligation payable:						
Not later than one year	**14.61**	14.61	**1.10**	1.10	**13.51**	13.51
Later than one year but not later than five years	**58.43**	58.43	**20.00**	20.00	**38.43**	38.43
Later than five years	**64.46**	79.27	**46.00**	56.53	**18.46**	22.74
Total	**137.50**	152.31	**67.10**	77.63	**70.40**	74.68

b) General description of the leasing arrangements:

• Lease Assets – Residential township, Transit accommodation and supply depot.

• Future lease rental payments are determined on the basis of quarterly / monthly lease payments as provided in the agreements.

• At the expiry of the lease term, the Group has an option to extend the lease on mutual terms and conditions. In case of the supply depot, the ownership gets transferred to the Group at the end of the lease term.

• Assets are taken on lease over a period of 10 to 20 years.

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

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

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

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

(i) India CBM (Coal Bed Methane) Pool :
a) Mehsana Pilot Project held outside Pool.
b) RG (East) 2001/1 Block – Undetermined as yet and held outside Pool.

(ii) India Oil & Gas Pool :
(1) Block CB-ON/3 - existence of commercial reserves established, held inside Pool.
(2) Ratna & R-Series - discovered oilfield but contract not executed and hence held outside Pool.
On commencement of commercial production from ESU field forming part of CB-ON/3 block, the Pool has been transferred to "Producing Properties". Depletion on "Producing Properties" is being charged on a "Unit of Production" basis.

(iii) Myanmar Pool : Please refer to note ## under clause (c) below.

b) Summary of Cost Pools:

(Rs. In crore)

Cost Pool	Cost in Pool		Cost outside Pool		Total	
	As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
India CBM	**Nil**	Nil	**210.09**	130.84	**210.09**	130.84
India Oil & Gas	**188.12**	178.69	**96.36**	76.57	**284.48**	255.26
Myanmar	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Total	**188.12**	178.69	**306.45**	207.41	**494.57**	386.10

c) Group's interest in oil & gas and CBM Joint Ventures as at March 31, 2010:

(Rs. In crore)

Sr. No.	Name of the Block	**As at March 31, 2010**	As at March 31, 2009
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
3	Block L (Myanmar)	**##0%**	##25%
4	Block A2 (Offshore in Myanmar)	**##0%**	##25%
5	AA-ONN-2004/3 (Assam, India)	**10%**	10%
6	AA-ONN-2004/5 (Assam, India)	**10%**	10%

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

##The Government of Myanmar vide their letter dated March 29, 2006 have given their approval for assignment of the Company's 75% participating interest in Blocks L and A2 to Essar Exploration and Production South East Asia Limited (EEPSEAL). The Group has transferred balance 25 % participating interest in L and A2 Blocks to Essar Exploration and Production South East Asia Limited (EEPSEAL) after obtaining necessary approvals from Government of Myanmar on October 6, 2009. Hence, Group's share of costs incurred in the blocks up to the date of transfer of Rs. 96.02 crore (Previous year Rs. 86.12 crore) are being incurred by Essar Exploration and Production South East Asia Limited (EEPSEAL).

d) Group's interest in Proved and Probable (2P) reserves of crude oil as on March 31, 2010 was as under:

Area of operation	Crude oil			
	Position as at April 1, 2009	Additions / revisions	Produc-tion quantity	Position as at March 31, 2010
	MT	MT	MT	MT
Essar South Unawa (ESU)	**358,865**	**(-)**	**542**	**358,323**
Block CB-ON/3- onshore Cambay Basin	(359,329)	(-)	(464)	(358,865)

Previous year figures have been shown in brackets

14 The Group had entered into a Farm-in agreement dated November 1, 2005 with Essar Exploration & Production Gujarat Ltd. (EEPGL) for assigning 84% of participating interest in block CB-ON/3. The Farm-in agreement expired on June 30, 2008 and approval from Ministry of Petroleum and Natural Gas, Government of India for the proposed assignment was not received as stipulated in the agreement. Meanwhile EEPGL was merged with Essar Exploration & Production Ltd. (EEPL), Mauritius with effect from June 12, 2008. In view of this, the advances received towards such assignment was refunded to EEPL. As at March 31, 2010 the amount to be refunded was Rs. Nil {(Previous year Rs. 114.49 crore (USD 28.54 million)}.

The Group had originally decided to assign 90% of Participating Interest in block RG (East)-2001/1 to Essar Exploration & Production Ltd. (EEPL) and accordingly EEPL has paid an amount of Rs. 102.90 crore (USD 20 Million) as on March 31, 2009. The Group subsequently decided not to pursue the assignment further and accordingly wrote to the Government of India during the year withdrawing the application for approval of assignment. In view of this, the advances received towards such assignment were refundable to EEPL as on the Balance Sheet date. Balance amount refundable (net of foreign fluctuations) to EEPL on this account as at March 31, 2010 is Rs. 89.80 crore (USD 20 Million).

15 a) During the year, the Group transferred Rs. 0.45 crore (Previous year Rs. 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) Rs. 29.46 crore (Previous year Rs. Nil) has been appropriated towards debenture redemption reserve to the extent of profits available during the year.

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

(Rs. in crore)

Obligation under	**As at March 31, 2010**	As at March 31, 2009
Exports Promotion Capital Goods Scheme (EPCG)	**1045.33**	767.60
Advance License Scheme	**670.06**	-
Total	**1715.39**	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 Rs. 162.15 crore (Previous year Rs. 95.95 crore) on the related imports of crude and capital equipment as at consolidated balance sheet date.

17 Earnings per share:

(Rs. in crore)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Profit / (Loss) after tax	**32.18**	(482.83)
Profit / (Loss) attributable to ordinary shareholders	**32.18**	(482.83)
	Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS	**1,201,529,604**	1,173,757,656
Add: Weighted average number of ordinary shares issued - Nil (Previous year on July 22, 2008)	**-**	19,250,145
Weighted average number of ordinary shares for basic EPS	**1,201,529,604**	1,193,007,801
Add: Shares deemed to be issued	**6,737,635**	1,075,592
Weighted average number of ordinary shares for diluted EPS	**1,208,267,239**	1,194,083,393
Nominal value of ordinary shares (Rs.)	**10/-**	10/-
Basic earnings per share (Rs.)	**0.27**	(4.05)
Diluted earnings per share (Rs.)	**0.27**	(4.05)

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

a) For hedging currency related risks:

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

Currency	Amount		Buy/Sell	
	As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
Forward Contract :				
USD in Million	**1,374.60**	986.98	**Buy**	Buy
Euro in Million	**14.83**	-	**Buy**	-
Options :				
USD in Million	**259.00**	-	**Buy**	-
Interest Swap :				
USD in Million	**99.54**	-	**Buy**	-

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

Currency	Payable		Receivable		Loan Liabilities (Including Interest)		LC Outstanding #	
	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million	Rs. In Crore	FC in Million
SGD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(0.00)**	(0.00)*	-	-	-	-	-	-
JPY	**-**	**-**	**0.07**	**1.45**	**-**	**-**	**0.27**	**5.56**
	(0.00)**	(0.00)*	-	-	-	-	(0.19)	(3.65)
USD	**1,994.57**	**444.23**	**921.99**	**205.34**	**1,088.64**	**242.46**	**194.84**	**43.40**
	(1,480.50)	(287.75)	(416.06)	(82.34)	(1,598.30)	(310.65)	(133.15)	(25.88)
EURO	**3.96**	**0.65**	**8.21**	**1.36**	**-**	**-**	**188.44**	**31.17**
	(12.69)	(1.85)	(0.90)	(0.14)	-	-	(112.93)	(16.50)
GBP	**0.37**	**0.05**	**0.51**	**0.07**	**-**	**-**	**10.19**	**1.50**
	(1.76)	(0.24)	(0.19)	(0.03)	-	-	(0.31)	(0.04)
DEM	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(0.03)	(0.01)	-	-	-	-	-	-
CHF	**-**	**-**	**0.01**	**0.00***	**-**	**-**	**-**	**-**
	-	-	(0.01)	(0.00)*	-	-	-	-
AUD	**0.17**	**0.04**	**0.01**	**0.00***	**-**	**-**	**-**	**-**
	-	-	(0.28)	(0.08)	-	-	-	-
TOTAL	**1,999.07**		**930.80**		**1,088.64**		**393.74**	
	(1,494.98)		(417.44)		(1,598.30)		(246.58)	

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

(iii) Bank balance in foreign currency as at March 31, 2010 Rs. 2.54 crore (USD 0.56 million) {Previous year Rs. 2.70 crore (USD 0.53 million)}.

b) For hedging commodity related risks:
Category wise break-up of commodity derivative contracts entered into by the Group and outstanding as at consolidated balance sheet date:

Sr. No.	Nature of instrument	Crude oil purchases		Petroleum product sales	
		Qty. in barrels ('000)		Qty. in barrels ('000)	
		As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
1	Net options	-	-	-	500.00
2	Net forward swaps	-	715.00	-	-
3	Spreads	1,750.00	-	-	-
4	Margin hedging	-	-	7,755.00	2,860.00
5	Futures	15.00	-	-	-

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

(Rs. in crore)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred tax liability		
Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)	**(761.75)**	(1,539.01)
(A)	**(761.75)**	(1,539.01)
Deferred tax assets (restricted to the extent of deferred tax liability considering virtual / reasonable certainty, as applicable)		
Disallowance u/s 43B of The Income Tax Act, 1961	**103.34**	-
Merger expenses	**0.08**	-
Unabsorbed depreciation carried forward as per provisions of the Income Tax Act, 1961	**658.36**	1,535.83
Provision for doubtful debts	**0.54**	0.57
Provision for Gratuity and leave encashment	**-**	0.12
(B)	**762.32**	1,536.52
Net deferred tax (liability) / asset (A) + (B)	**0.57**	(2.49)

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.

21 Professional fees include fees to auditor for audit Rs. 1.05 crore (Previous year Rs. 1.18 crore), and IFRS audit fees Rs. 2.02 crore (Previous year Rs. 0.90 crore) {[including Rs.1.23 crore (Previous year Rs.0.60 crore)for earlier years]}, certification and other work Rs. 0.54 crore (Previous year Rs. 0.05 crore) out of pocket expenses Rs. 0.10 crore (Previous year Rs. 0.02 crore).

22 Interest-others includes interest on income tax refund Rs. 1.21 crore (Previous year Rs. 15.95 crore) and interest income on arbitration award Rs. 3.10 crore (Previous year Rs. 3.10 crore).

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.

24 Segment Reporting:

(Rs. 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

(Rs. In crore)

Sr. No.	Particulars	Period ended March 31, 2010	Period ended March 31, 2009
2	**Segment result before interest, extra ordinary items and tax**		
	Refining including expansion and marketing	**886.54**	226.54
	Exploration and production activities	**5.97**	(0.70)
	Others	**0.53**	(0.70)
	Unallocated	**(109.74)**	(50.19)
	Total	**783.30**	174.95
	Less : Interest expense	**863.06**	777.54
	Less : Provision for Doubtful recovery / write off	**-**	-
	Add : Interest income	**89.65**	124.86
	Add : Write back of old liabilities	**52.54**	0.75
	Profit / (Loss) before tax	**62.43**	(476.98)
	Less : Taxes	**5.27**	(21.92)
	Profit / (Loss) after tax	**57.16**	(455.06)
3	**Segment assets**		
	Refining including expansion and marketing	**24,229.17**	20,805.53
	Exploration and production activities	**626.67**	453.86
	Others	**113.23**	89.65
	Unallocated	**274.84**	383.77
	Total Group assets	**25,243.91**	21,732.81
4	**Segment liabilities**		
	Refining including expansion and marketing	**11,451.91**	8,354.10
	Exploration and production activities	**235.93**	293.97
	Others	**2.78**	8.02
	Unallocated	**97.97**	272.07
	Total	**11,788.59**	8,928.16
	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	**20,536.86**	17,982.81
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	**24,988.52**	**28.35**	**227.04**
Additions to fixed assets and intangible assets	**379.53**	**-**	**-**

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

(Rs. 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	**-**	-

26 a) Defined benefit plans / long term compensated absences – as per actuarial valuations as at March 31, 2010:

(Rs. in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated absences (Unfunded)		Employer established provident fund	
		As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
A	**Net assets / liability recognised in the consolidated balance sheet (Refer note viii below)**						
1	Present value of defined benefit obligation	**5.39**	4.23	**21.28**	25.42	**50.83**	43.18
2	Fair value of plan assets	**4.86**	3.96	**-**	-	**50.83**	43.18
3	Funded status - Surplus / (Deficit)	**(0.53)**	(0.27)	**(21.28)**	(25.42)	**-**	-
4	Net assets / (liability) recognised in the consolidated balance sheet	**(0.53)**	(0.27)	**(21.28)**	(25.42)	**-**	-
B	**Expenses recognised in statement of profit and loss or expenditure during construction, trial runs, as applicable**						
1	Current services cost	**1.05**	1.20	**11.64**	10.90	**4.56**	4.43
2	Interest cost	**0.29**	0.30	**1.91**	1.04	**3.58**	3.04
3	Expected return on plan assets	**(0.36)**	(0.28)	**-**	-	**(3.58)**	(3.04)
4	Actuarial losses/ (gains)	**0.26**	(0.11)	**(17.16)**	1.93	**-**	-
5	Total expenses	**1.24**	1.11	**(3.61)**	13.87	**4.56**	4.43
6	Expenses pertain to other Group company	**-**	(0.02)	**-**	-	**-**	0.19
7	Previous year expenses adjustment	**-**	(0.55)	**-**	(0.17)	**-**	-
8	Net expenses	**1.24**	0.54	**(3.61)**	13.70	**4.56**	4.24
C	**Change in obligation and assets**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at beginning of the year	**3.96**	3.47	**25.27**	12.08	**43.18**	30.85
2	Service cost	**1.05**	1.20	**11.64**	10.90	**4.56**	4.43
3	Interest cost	**0.29**	0.30	**1.91**	1.04	**3.58**	3.04
4	Settlement cost#	**-**	(0.24)	**-**	(0.21)	**-**	-
5	Acquisitions/ Transfer@	**-**	-	**-**	-	**3.61**	1.78
6	Actuarial losses / (gain)	**0.26**	(0.42)	**(17.16)**	1.93	**0.23**	(0.01)
7	Benefit payments	**(0.17)**	(0.08)	**(0.38)**	(0.32)	**(10.17)**	(4.97)
8	Employees contribution	**-**	-	**-**	-	**5.84**	8.06
9	Defined benefit obligation at the end of the year	**5.39**	4.23	**21.28**	25.42	**50.83**	43.18

Sr. No.	Particulars	Gratuity (Funded)		Compensated absences (Unfunded)		Employer established provident fund	
		As at March 31, 2010	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009	**As at March 31, 2010**	As at March 31, 2009
C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	**3.89**	2.66	**-**	-	**43.18**	30.85
2	Expected return on plan assets	**0.36**	0.28	**-**	0.01	**3.58**	3.03
3	Actual employees / Group contributions	**0.78**	1.42	**0.38**	0.31	**14.01**	14.27
4	Actuarial gain / (loss)	**-**	(0.32)	**-**	(0.01)	**0.23**	-
5	Benefits payments	**(0.17)**	(0.08)	**(0.38)**	(0.31)	**(10.17)**	(4.97)
6	Settlement cost#	**-**	-	**-**	-	**-**	-
7	Fair value of plan assets at the end of the year	**4.86**	3.96	**-**	-	**50.83**	43.18
D	**Actuarial assumptions**						
1	Discount rate (per annum)	**7.70%**	7.60%	**7.70%**	7.60%	**7.70%**	7.60%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.50%**	8.50%
3	Mortality	**LIC (1994-96) ultimate**	LIC (1994-96) ultimate	**LIC (1994-96) ultimate**	LIC (1994-96) ultimate		
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	**100%**	100%	**NA**	NA	**NA**	NA
	Government of India security	**-**	-	**-**	-	**40%**	40%
	Corporate bonds	**-**	-	**-**	-	**60%**	60%
	Others	**-**	-	**-**	-	**-**	-
F	**Experience adjustment: (Refer note viii below)**						
	Plan liabilities loss/ (gain)	**(0.28)**	(0.16)	**(6.43)**	1.89	**-**	-
	Plan asset gain/(loss)	**-**	(0.31)	**-**	-	**-**	-
	Actuarial gain / (loss) due to change in assumption	**(0.54)**	0.37	**10.73**	-	**-**	-
G	Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the consolidated balance sheet date	**1.16**	1.32	**-**	-	**5.02**	4.87

Liability in respect of employees transferred from a Group as on October 1, 2008.
@ Employees were transferred from Group companies with credit for past services.

Notes:

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

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

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

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

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

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

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

(viii) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the present value of the defined benefit obligation, the fair value of the plan assets, the surplus or deficit in the plan and the experience adjustments arising on the plan liabilities and the plan assets for the current annual year and previous four annual years, however this information is available only for past two years since the date of implementing the Standard:

(Rs. in crore)

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

b) Defined contribution plans:

Group contribution to superannuation fund aggregating to Rs. 0.68 crore (Previous year Rs. 0.80 crore) are recognised in the statement of profit and loss / expenditure during construction / trial runs, as applicable. There is no obligation other than the contribution payable to the respective trusts.

27 **Related party disclosures :**

I. Transactions with related parties

(Rs. in crore)

Nature of transactions	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 - Rs. 555.44 crore - GDS Issued, EPOL Rs. 90.48 crore - Equity Share Issued)	(555.44)	(90.48)	-	-
Advance received against equity shares	**-**	**371.00**	**-**	**-**
(EPOL - Rs. 371.00 crore) (Previous year EPOL - Rs. 19.25 crore)	-	(19.25)	-	-
Advances received/repayment (Including Global Depository Shares advances from Essar Energy Holdings Ltd.)	**1,200.47**	**-**	**-**	**-**
(Advance received - EEHL - Rs. 1,200.47 crore {against GDS }) (Previous year advance received EEHL - Rs. 120.72 crore {Rs. 91.03 crore against GDS})	(120.72)	-	-	-

Nature of transactions	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Loans / advances taken (EIL - Rs. 1,031.81 crore) (Previous year - EIL - Rs. 171.52 crore, ESTL - Rs. 245.00 crore)	- -	0.62 (249.91)	- -	1,013.81 (171.52)
Purchase of fixed assets/ intangible assets (including CWIP) (EPIL - Rs. 529.20 crore) (Previous year - EPIL - Rs. 57.72 crore)	- -	636.31 (58.03)	- -	13.29 (1.19)
Sale / return of fixed assets (Previous year ESHL-SEZ - Rs. 15.00 crore - Sale of asset, ESTL - Rs. 28.83 crore- return of asset)	- -	- (43.83)	- -	- -
Loans / advances given / assigned (EPIL - Rs. 3.06 crore, EEXPIL- Rs. 5.27 crore) (Previous year EEXPL - Rs. 10.96 crore, EEXPSEAL - Rs. 8.48 crore, EEHL - Rs. 20.00 crore)	0.14 (20.00)	8.33 (19.44)	- -	- -
Advances given on capital account (EPIL - Rs. 907.31 crore) (Previous year EPIL - Rs. 844.77 crore)	- -	923.61 (850.85)	- -	- -
Advance received on capital account as participating interest (Previous year EEXPL - Rs. 105.20 crore)	- -	- (105.20)	- -	- -
Deposits-given by the Group (VOTL - Rs. 28.00 crore, VPTL- Rs. 50.00 crore, EPGL - Rs. 28.00 crore) (Previous year EIL- Rs. 25.00 crore, EPOL - Rs. 50.00 crore)	- -	106.00 (50.00)	- -	5.77 (43.51)
Present value of sales tax liability assigned (EHL - Rs. 441.21 crore) (Previous year EHL - Rs. 331.78 crore)	- -	- -	- -	441.21 (331.78)
Sale of goods and scrap (including sales tax) (EPIL - Rs. 57.23 crore, ELL - Rs. 19.60 crore, ESHL-SEZ - Rs. 11.34 crore) (Previous year EBTL - Rs. 9.31 crore, EPIL - Rs. 19.13 crore, ESHL-SEZ - Rs. 7.07 crore, ESTL - Rs. 17.87 crore)	- -	106.71 (61.84)	- -	2.36 (0.97)
Sale of Equity Shares (Shares of VPCL to EPOL - Rs. 60)(Previous year - Rs. Nil)	- -	0.00* -	- -	- -
Interest income (EPOL - Rs. 1.68 crore, EPIL- Rs.1.17 crore, EIL - Rs. 1.17 crore, EPGL - Rs. 0.53 crore) (Previous year EPOL - Rs. 3.05 crore, EIL - Rs. 0.49 crore)	- -	3.38 (3.57)	- -	1.17 (0.49)
Lease income (including lease tax) (VOTL - Rs. 0.25 crore, ESTL - Rs. 0.07 crore) (Previous year VOTL - Rs. 0.25 crore, ESTL - Rs. 0.63 crore)	- -	0.32 (0.89)	0.02 -	0.01 (0.01)
Rendering of services (VOTL-Rs. 20.04 crore) (Previous year VOTL - Rs. 18.25 crore, EPMCL - Rs. 3.64 crore)	- -	21.54 (23.60)	0.09 -	0.01 -
Purchase of goods/license fees / supply of material (ESTL - Rs. 0.32 crore) (Previous year EPIL - Rs. 200.32 crore)	- -	0.32 (201.13)	- -	- (14.71)
Receiving of services (VOTL - Rs. 468.19 crore, VPCL - Rs. 82.93 crore) (Previous year VOTL - Rs. 451.03 crore, EESL - Rs. 151.51 crore)	26.23 (27.10)	580.75 (696.44)	82.93 -	125.87 (111.49)
Interest / financial charges paid/funded (EHL - Rs. 5.78 crore, EIL - Rs. 25.51 crore, VOTL - Rs. 11.03 crore) (Previous year VOTL - Rs. 11.38 crore)	- -	11.03 (12.22)	- -	31.29 (0.58)
Advances written off / reversal of advances written off (Previous year EPLL - Rs. 0.02 crore - reversal of advance written off)	- -	- -	- -	- (0.02)
Lease rent charged to Group (VPL - Rs. 15.27 crore) (Previous year VPL - Rs. 14.20 crore)	- -	- -	- -	15.27 (14.20)
Cenvat / VAT charged by party (VOTL - Rs. 2.04 crore) (Previous year EPIL - Rs. 8.50 crore)	- -	2.04 (8.50)	0.02 -	- -
Guarantees given on behalf of the Group (EIL - Rs. 1,406.88 crore, EGL - Rs. 1,050.00 crore) (Previous year EIL - Rs. 4,775.00 crore, EGL - Rs. 2,500.00 crore)	1,050.00 (2,524.00)	10.46 (14.80)	- -	1,406.88 (4,775.00)
Guarantees given by the Group (VOTL - Rs. 2.41 crore) (Previous year - Rs. Nil)	- -	2.41 -	- -	- -
Transactions with other classes of related parties				
a) Key management personnel (remuneration) (Shri Naresh Nayyar - Rs. 1.66 crore, Shri P Sampath - Rs. 1.92 crore) (Previous year Shri Naresh Nayyar - Rs. 1.29 crore, Shri Suresh Mathur - Rs. 0.30 crore)	- -	- -	- -	3.61 (1.75)

Nature of transactions	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
b) Individuals having significant influence/control on the Group (Directors' sitting fees)	**-**	**-**	**-**	**0.00***
(Shri P.S.Ruia - Rs. 47,500) (Previous year Shri A.S. Ruia - Rs. 7,500, Shri P.S. Ruia - Rs. 85,000, Shri S.N.Ruia - Rs. 7,500)	-	-	-	(0.01)

* Amount is less than Rs.1 Lac

II. Balances with related parties :

Nature of transactions	Holding Company/ Intermediate Holding Company	Fellow Subsidiaries	Associates	Companies in which promoters have significant influence
Debit balances				
Deposits	-	-	-	**53.42**
(EHL - Rs. 20.27 crore, EITL - Rs. 12.04 crore, FUTURA - Rs. 10.41 crore, VPL - Rs. 8.00 crore) (Previous year EHL - Rs. 28.27 crore, EIL - Rs. 25.00 crore, EPOL - Rs. 50.00 crore, FUTURA - Rs. 13.90 crore)	-	(50.00)	-	(84.15)
Investments #	-	-	**136.38**	-
(Equity shares of VPCL - Rs. 136.38 crore) (Previous year Rs. Nil)	-	-	-	-
Debtors	**-**	**12.60**	**0.02**	**0.31**
(EPIL - Rs. 7.82 crore, ESHL-SEZ - Rs. 1.64 crore, ESHL - Rs. 1.26 crore) (Previous year EPIL - Rs. 11.73 crore, ESTL - Rs. 5.07 crore, ESHL-SEZ - Rs. 15.40 crore, EBTL - Rs. 4.92 crore)	-	(37.22)	-	(0.21)
Other receivable	**-**	**-**	**-**	**-**
(Previous year ESTL - Rs. 28.83 crore)	-	(28.83)	-	-
Advances	**20.07**	**205.65**	**-**	**4.25**
(EPIL - Rs. 156.75 crore, EEXPL - Rs. 24.45 crore) (Previous year EESL - Rs. 24.03 crore, EPIL - Rs. 145.94 crore, EEHL – Rs. 19.92 crore)	(19.92)	(169.97)	-	(5.68)
Credit balances				
Deposits (Including retention money)	**-**	**5.16**	**-**	**-**
(EESL - Rs. 4.98 crore) (Previous year EESL - Rs. 3.72 crore, ESTL - Rs. 1.82 crore, VOTL - Rs. 10.00 crore)	-	(15.54)	-	-
Loans and advances	**-**	**106.68**	**-**	**670.48**
(EIL - Rs. 602.23 crore, VOTL - Rs. 106.68 crore) (Previous year EIL - Rs. 61.02 crore, VOTL - Rs. 112.85 crore, VPL (Finance Lease) - Rs. 72.38 crore)	-	(119.60)	-	(133.40)
Creditors and other liabilities	**9.74**	**461.11**	**17.05**	**57.73**
(EPIL - Rs. 178.84 crore, EESL - Rs. 55.10 crore, EEXPL - Rs. 93.62 crore, VOTL - Rs. 52.31 crore) (Previous year EPIL - Rs. 201.39 crore, EHL - Rs. 341.41 crore, EEXPL - Rs. 114.49 crore)	(30.75)	(416.03)	-	(353.02)
Advances received (Including global depository shares advances from Essar Energy Holdings Ltd.)	**1,153.21**	**-**	**-**	**-**
(EEHL - Rs. 1,153.21 crore) (Previous year EEXPL - Rs. 102.90 crore, EEHL - Rs. 91.03 crore)	(91.03)	(122.15)	-	-
Remuneration payable to key management personnel	**-**	**-**	**-**	**-**
(Previous year Shri Naresh Nayyar – Rs. 0.06 crore)	-	-	-	(0.06)
Other balances				
Outstanding guarantees given on behalf of the Group	**3,074.00**	**497.90**	**-**	**11,961.68**
(EIL - Rs. 11,961.68 crore, EGL - Rs. 3,050.00 crore) (Previous year EIL - Rs. 9,979.80 crore, EGL - Rs. 2,500.00 crore)	(2,520.40)	(490.83)	-	(9,979.80)
Outstanding guarantees given by the Group	**-**	**274.80**	**223.77**	**-**
(VPCL - Rs. 223.77 crore, VOTL - Rs. 274.80 crore) (Previous year VOTL - Rs. 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).

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.

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	As at March 31, 2009
1	Vardinar 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.

29 Expenditure during construction (EDC) includes:

(Rs. in crore)

Particulars	As at March 31, 2009	Incurred during the year*	As at March 31, 2010
Interest and other finance charges	569.18	34.51	603.69
Less: Interest income	7.94	0.84	8.78
Net interest and other finance charges	**561.24**	**33.67**	**594.91**
Consumption of chemical, stores and spares	7.68	(7.68)	-
Power and fuel	0.04	-	0.04
Salaries, wages and bonus	76.68	21.24	97.92
Contribution to / provision for provident and other funds	3.71	1.42	5.13
Staff welfare expenses	1.66	0.18	1.84
Rate & Taxes	0.89	(0.68)	0.21
Insurance	1.53	2.87	4.40
Professional fees	35.25	0.17	35.42
Rent	16.94	0.42	17.36
Repairs and maintenance	17.70	(15.21)	2.49
Sundry expenses	37.77	(0.34)	37.43
Depreciation	3.86	4.56	8.42
(Gain) / Loss on foreign exchange fluctuation (Net)	(15.78)	6.09	(9.69)
Net Sales	(163.94)	163.94	-
Technical advisory services fees	(0.02)	0.02	-
Miscellaneous income	(0.23)	0.23	-
Capitalised	(46.57)	27.82	(18.75)
Expenditure during construction pending allocation	**538.41**	**238.72**	**777.13**

*Includes deduction due to cessation of subsidiary {(Refer note B(28) of Schedule XVI)}

30 During the year, the Group made a loss (net) of Rs. 180.12 crore (Previous year gain Rs. 344.92 crore) on commodity hedging transactions. The loss (net) of Rs. 242.14 crore (Previous year gain (net) Rs. 127.29 crore) on the instruments for hedge of risk of movement in prices of crude oil has been netted off from / added to consumption of raw material in the statement of profit and loss. The gains (net) of Rs. 62.02 crore (Previous year gain of Rs. 217.63 crore and losses (net) of Rs. 217.71 crore during trial run of refinery) on the instruments for hedge of risk of movement in prices of finished goods and margins have been added to / netted off from Turnover (Gross) in the statement of profit and loss.

31 Guarantees given by banks / others on behalf of the Company Rs. 6,148.87 crore (Previous year Rs. 5,556.79 crore) {excluding guarantees and confirming bank guarantees given as security Rs. 9,402.30 crore (Previous year Rs. 8,046.49 crore) in respect of liabilities existing as at balance sheet date} {including Rs. 14.72 crore (Previous year Rs. 14.72 crore) pertaining to joint venture.}

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

Naresh Nayyar Managing Director	**P. S. Ruia** Director
S. S. Shaffi Company Secretary Mumbai, July 26, 2010	**P. Sampath** Director (Finance)

DEMATERILISATION OF SHARES

Members holding shares in physical form are requested to note that shares of Essar Oil Ltd. are traded on the stock exchanges compulsorily in demat mode. Hence, by holding in demat mode, you can freely buy or sell the shares. Certain brokers offer to buy physically held shares at deep discount to market price.

Other benefits of holding shares in demat form include:

1. Avoid possibility of bad delivery.
2. Eliminate loss of shares through burglary or theft, misplacement or mutilation.
3. Remove possibility of interception in postal transit.
4. Nomination facility.
5. Easy and faster transaction of securities.
6. Minimum brokerage / No stamp duty on purchase / sale.
7. Convenience in effecting change in address.
8. Shareholding statement provided by the depository participant.

Steps involved in dematerialization of shares:

- Open an account with a Depository Participant (DP) of your choice.
- You may choose your DP based on your evaluation of their reputation, service standards, charges, comfort level, other conveniences, etc.
- Submit a dematerialization request form (DRF) to your DP along with the defaced share certificates.
- Shares will be converted into electronic form and will get credited into your demat account.

To understand about the procedure and for all queries relating to dematerialization, kindly contact the Share Transfer Agent of the Company at the following address:

M/s. Datamatics Financial Services Ltd.
Unit: Essar Oil Limited
Plot No. A16 & A17,Part B Cross Lane
MIDC, Andheri (East),Mumbai – 400093
Phone: 91-22-66712151 to 66712156
Fax: 91-22-66712230
Email address: eolinvestors@dfssl.com

DEBENTURE PAYMENT

The Company had made a simultaneous issue of equity shares and optionally fully convertible debentures (OFCDs) in 1995. Post exercise of conversion of the OFCDs, the outstanding OFCDs were retained as Non Convertible Debentures of Rs. 105/- each.

The Company has fully repaid the holders (public category) of the debentures as per Court sanctioned schemes. If you were also holding the debentures and have not received any interest and/or principal payment please contact the Transfer Agents, M/s. Datamatics Financial Services Ltd. at the aforementioned address.

ESSAR
OIL & GAS

Essar Oil Limited

ATTENDANCE SLIP

Registered office: Khambhalia Post, Post Box No. 24, Jamnagar - 361 305, Gujarat

ANNUAL GENERAL MEETING - SEPTEMBER 24, 2010 AT 2:30 P.M.

DP Id*	
Client Id*/ Regd. Folio No.	
No. of Shares held	

NAME & ADRESS 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 TWENTIETH 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 Friday, the 24th September, 2010, at 2:30 p.m.

....
Member's/Proxy's Signature

Note : Please complete this and hand it over at the entrance of the hall.

TEAR HERE

Essar Oil Limited

FORM OF PROXY

Registered office: Khambhalia Post, Post Box No. 24, Jamnagar - 361 305, Gujarat

ANNUAL GENERAL MEETING - SEPTEMBER 24, 2010 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 TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 24th September, 2010, 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 2010

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. A 16 & A 17
Part B Cross Lane
MIDC, Marol, Andheri (East)
Mumbai - 400 093