ESSAR
OIL & GAS

POSITIVITY

PASSION

PERFORMANCE

Essar Oil Limited | Annual Report 2014-15

Corporate Information

BOARD OF DIRECTORS
(As on August 24, 2015)

Prashant Ruia, Chairman
Naresh K. Nayyar, Deputy Chairman
Lalit Kumar Gupta, Managing Director & CEO
Chakrapany Manoharan, Director (Refinery)
Dilip J. Thakkar, Independent Director
K. N. Venkatasubramanian, Independent Director
Virendra Singh Jain, Independent Director
Deepak Kumar Varma, Independent Director
Dr. Sabyasachi Sen, Independent Director
Rugmani Shankar, Independent Director
R. Sudarsan, Nominee of LIC of India
Sudhir Garg, Nominee of IFCI Ltd.

CHIEF FINANCIAL OFFICER

Suresh Jain

COMPANY SECRETARY

Sheikh S. Shaffi

TRANSFER AGENTS

M/s.Datamatics Financial Services Ltd.
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Fax: +91-22-66712209
Email: eolinvestors@dfssl.com
Website: www.dfssl.com

AUDITORS

M/s Deloitte Haskins & Sells, Ahmedabad

BANKERS

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

REGISTERED OFFICE

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Tel: +91-2833-661444
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CORPORATE OFFICE

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Tower-2, Off Bandra Kurla Complex
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Positivity. Passion. Performance.

At Essar Oil, we are infused with positivity. Improving economic fundamentals, rising consumer aspirations and progressive government initiatives have created an environment conducive to business performance. Despite the unprecedented fall in crude prices, we are driven by optimism. We are moving forward, purposefully. Our passion to perform is underscored by our commitment to our people. Our employees, who are key to our success as an organisation, remain skilled, engaged and motivated.

In many ways, the year under review, was one of several firsts. The Vadinar refinery set new benchmarks by delivering a record throughput of 20.49 mmt, representing a 103% capacity utilisation. We significantly grew sales from our retail operations and intend to expand our network further to gain from the potential of the domestic retail market. On the exploration and production front, we established our position as the single largest producer of CBM gas in the country. In spite of our gross revenues declining due to a fall in crude prices, we improved our refining margins and profitability significantly, registering a 12 times increase in profit after tax.

We have initiated measures to further enhance refinery operations and are taking steps to refinance our rupee debt by completing our dollarisation programme. We are also ensuring workplace safety remains a priority, minimising our environmental impact and giving back to communities in proximity to our facilities.

Our positivity, passion and performance will enable us to create and deliver sustainable value to our stakeholders.

Key Performance Indicators

Throughput (MMT)

FY 2014-15	20.49
FY 2013-14	20.23
FY 2012-13	19.77
FY 2011-12	13.5
FY 2010-11	14.76

CP GRM (USD/bbl)

FY 2014-15	8.37
FY 2013-14	7.98
FY 2012-13	7.96
FY 2011-12	4.23
FY 2010-11	4.53

EBITDA (₹ Crore)

FY 2014-15	5,761
FY 2013-14	4,781
FY 2012-13	3,651
FY 2011-12	2,101
FY 2010-11	2,779

PAT (₹ Crore)

FY 2014-15	1,521
FY 2013-14	126
FY 2012-13	(1,180)
FY 2011-12	(1,285)
FY 2010-11	(252)

Panoramic view of CDU/VDU and FCCU

Chairman's Message

Diesel deregulation has opened up a great marketing opportunity for your Company, which has over 1,550 operational outlets and another 1,600 in various stages of implementation. Going forward, our expanding retail network will be a great value creator as we position ourselves to meet heightened customer expectations.

DEAR SHAREHOLDERS,

I am very happy to present to you the Annual Report for FY 2014-15. This was the best performance your Company has delivered on all the operational and financial parameters.

Industry Overview

In FY 2014-15, global economy grew by a modest 3.4% with a pickup in growth in advanced economies and a slowdown in emerging market and developing economies. Lower oil prices contributed to improved demand, boosting economic growth. Going forward, it is expected that global growth will gradually increase during 2015 and is expected to reach 3.8% in 2016.

After three continuous years of triple digit prices, oil prices began a sharp decline starting from USD 110/bbl in June 2014, reaching USD 52/bbl by December 2014 before closing the year at USD 53/bbl in March 2015. Global oil supply growth outpaced consumption growth and currently the world is awash with supplies.

While several large refineries in the Middle East and India began supplying in the market during the fiscal, it is expected that the refinery capacity rationalisation/closures in Far East Asia and Australia coupled with increase in demand may help absorb excess production. The domestic market has shown recovery in demand of key petroleum products. While gasoline grew by more than 11.4%, Gas oil, after two years of negative to zero growth,registered a growth of 1.5%, and LPG by 10.3% during the FY 2014-15. We expect 5-6% per annum sustained growth in India's petro product demand in the medium to long term. This would imply India requiring one new refinery of ~400k barrels per day (bpd) capacity every two years. India's current excess capacity will get absorbed in the next 3 to 4 years. Future expansion, unless they are brownfield, are going to be extremely challenging given the issues relating to land acquisition.

Your Company is well-poised to meet this incremental demand.

FY 2014-15 performance

This was a landmark year for us, with your Company outperforming itself on several operational and financial parameters. The Vadinar Refinery processed 20.49 MMT of crude during the year, which was highest ever. Smooth synchronisation of our superior hardware, integrated supporting infrastructure, and astute crude sourcing strategy, resulted in Essar Oil reporting a USD 8.12/bbl GRM premium over benchmark IEA (old), which during the year stood at USD 0.25/bbl. In FY 2014-15, Essar Oil reported highest ever CP GRM at USD 8.37 per barrel, against USD 7.98/bbl in FY 2013-14.

In FY 2014-15, Essar Oil reported highest ever EBITDA at ₹ 5,761 crore, up 20% compared to FY 2013-14. Profit after Tax (PAT) was also highest ever at ₹ 1,521 crore for FY 2014-15, up 12 times compared to FY 2013-14.

Gas production at our Raniganj asset reached 0.67 mscmd, making us the largest CBM gas producer in the country.

The gradual increase of ₹ 0.50 per litre per month in diesel prices initiated by the Government in January 2013 and reduction in crude oil prices during the year led to full de-regulation of diesel prices. These factors enabled your Company to enter the market, hitherto unavailable to private players due to the subsidy regime. Essar Oil's marketing team has acted quickly and operationalised over 1,550 outlets, with another 1,600 in various stages of implementation. Our network is expected to reach 5,000 operational outlets by the end of next year. Essar Oil's retail business has begun to contribute to the bottom line and promises to be a major value creator in the future. We are approaching this business with a new customer-oriented mindset and have lined up exciting offerings for consumers and dealer-partners, both of whom are sure to find value in associating with us.

I take this opportunity to once again thank all our stakeholders—shareholders, employees, vendors,government, regulators and communities—for their continued support and encouragement.

Best Wishes,

Prashant Ruia
Chairman

MD & CEO's Message

This was a landmark year for us. Vadinar Refinery's throughput of 20.49 MMT during the year, was highest ever. So was our CP GRM of USD 8.37/bbl, which was at a premium of USD 8.12/bbl over the benchmark IEA margins.

DEAR SHAREHOLDERS,

It is my pleasure to present the performance of Essar Oil Ltd. for the fiscal year 2014-15, which saw your Company report record operational and financial performance.

The year saw several landmark events and developments, both global and domestic, which has the potential to shape the oil and gas sector for years to come. Due to various factors, crude prices fell to their lowest levels in about a decade in 2014. From 2010 until mid-2014, world oil prices had been fairly stable, at around USD 110 a barrel. But from about the middle of 2014 till December of the same year, they fell by half to sub-USD 50 levels, bringing optimism to energy-importing countries like India. On the back of low crude oil prices, the Government of India fully deregulated diesel prices in October 2014,allowing private sector companies like us to revive our operations in the diesel retail market, which was hitherto not possible for many years. In 2014, the Government implemented the revised gas pricing formula, forging a more direct link between domestic and international gas prices.

Financial Performance

On the back of a record throughput of 20.49 MMT during the year, your Company reported a gross revenue from operation of ₹ 93,206 crore in FY 2014-15, compared to ₹ 1,07,439 crore in FY 2013-14, due to lower crude oil prices.

The Vadinar Refinery continued to deliver a superior performance, enabling the highest ever Current Price Gross Refinery Margins (CP GRM) of USD 8.37 per barrel during the period, against USD 7.98/bbl in FY 2013-14. Essar Oil's GRM premium over IEA margins for FY 2014-15 was USD 8.12/bbl.

The year also saw Essar Oil deliver the highest ever EBITDA or operating profit, of ₹ 5,761 crore, a fifth up against ₹ 4,781 crore in FY 2013-14. Profit after Tax (PAT) was also the highest ever at ₹ 1,521 crore for FY 2014-15 compared to ₹ 126 crore in FY 2013-14, a 12-fold increase.

Operational Excellence

The Vadinar Refinery continues to operate beyond its rated capacity of 20 MMTPA in a highly optimised, reliable, and safe manner. With all primary and secondary units performing at very high degree of availability, the throughput for the year was the highest ever at 20.49 MMT, against 20.23 MMT in FY 2013-14.

The refinery processed 94% of Heavy and Ultra Heavy Crude in its crude diet and yet produced 85% of products in Middle and Light distillates. During the year, we tested and successfully processed several new varieties of crude, widening our crude basket further. Till date, as many as 80 varieties of crude have been processed at Vadinar.

Exploration & Production

During the year, your Company emerged to become India's largest Coal Bed Methane (CBM) gas producer. At our flagship Raniganj CBM Asset, we achieved a production capacity of 0.67 million standard cubic metres per day (scmd).This is being sold to industrial consumers in the catchment area.

While 120 wells have been already placed on gas production, an additional 142 wells have been drilled and are presently at various stages of the hydro-fracking-completion-dewatering cycle. These will enable us to achieve a ramp up to 1.2 million scmd over the next few months and, ultimately, 2.5-3 million scmd. We have built high quality infrastructure, including gas conditioning and compression stations, in-field pipelines of 120 km and a last mile pipeline connectivity network of 60 km for our end users. We anticipate completing our programme for development ahead of the May 2016 deadline.

In October 2014, the Government implemented the new domestic gas price formula, under which gas prices will be revised every six months except in cases where there is a contractual provision in PSCs or where the gas price is under arbitration. This initiative has linked domestic gas prices with benchmark international gas and crude oil prices. The price currently applicable is USD 4.66/mmbtu on gross calorific value (GCV) basis. Our CBM gas is also eligible for this price.

Marketing

The year 2014 is a landmark year for private sector oil marketing companies like ours. On October 19, 2014, after about one and half years of raising diesel prices in small monthly increments, the Government finally deregulated diesel retail prices. This resulted in the re-opening of the market for private players like us.

In line with our domestic refining market share of 10%, we aim to gain a similar retail market share over the medium to long term. Essar Oil has a large nationwide retail network of over 1,550 operational outlets with another 1,600 in various stages of implementation. This is going to be a significant value creator for the Company in the future. We aim to have a nationwide network of 5,000 operational outlets in the span of the next 18 months. During the year, retail sales contributed 4% to Essar Oil's revenues, against 2% in the previous year and continues to show a growing trend. We are now looking at opening retail network in formats like Company

MD & CEO's Message

Our diesel maximisation project, to be completed post our refinery turnaround scheduled for mid-September 2015, will provide a GRM boost of USD 0.60-0.70/bbl.

Owned Company Operated (COCO), Company Owned Dealer Operated (CODO), in addition to the existing Dealer Owned Dealer Operated (DODO). If you too are interested in partnering with us in this exciting growth opportunity, do connect with us by logging onto: www.essaroil.co.in.

During the year, the domestic market contributed 55% to Essar Oil's revenues, against 58%, the year before. This was mainly due to stagnant demand growth for diesel and the stabilisation of throughput at the Bina and Bhatinda refineries.

Strategic Initiatives

Rosneft Deal

Your Company signed a Long Term Crude Oil Supply Agreement with OJSC Rosneft Oil Company of Russia for the import of 10 MTPA of crude oil for a period of 10 years. This will help your Company diversify its supply sources, expand geographical market coverage and enhance supply security. Adequate operational flexibility has been provided for the refinery to benefit from international oil market opportunities.

Value Addition Projects

Under the ongoing Optima Plus Scheme, which is a series of low capex and short gestation projects, your Company is aiming to maximise its production of diesel. During the year, a key part of the project, which was setting up of a second Hydrogen Manufacturing Unit (HMU), was completed, enabling higher utilisation of several secondary units. Another component, which comprises the conversion of the existing Vacuum Gas Oil Hydrotreater to Mild Hydrocracker, is currently under implementation. Once this is completed, we will be able to convert lower margin Vacuum Gas Oil to high value distillates like diesel and kerosene. This project will be completed during our forthcoming refinery turnaround scheduled for mid-September, 2015 and provide a GRM boost of USD 0.60 - USD 0.70/bbl.

Debt Dollarisation Programme

We are continuing on our mission to dollarise debt to de-risk our balance sheet. Till date, your Company has dollarised about USD 1.8 billion of rupee-debt through ECBs, currency swaps, EPBG, and POS, which besides lowering our interest cost, also extends our debt tenure. This has already begun yielding results. Our interest and finance charges for the year has fallen to ₹ 2,565 crore from ₹ 3,296 crore in FY 2013-14.

Night view of DHDT and VGOHT units

Sustainability

Your Company is committed to sustainable development. Towards this end it has adopted globally-recognised best practices. We are committed towards being a responsible corporate citizen and will continue to participate in community engagement activities, with the objective of creating long-term benefit of our stakeholders and society at large.

Health and Safety

We are committed to continuing efforts to recognise hazards, assess health and safety risks in our operations and taking steps to mitigate those risks to enhance our safety performance.

People

People are our biggest asset and we have policies and practices to attract, retain, and to keep them motivated.

During the year, we have added over 350 people across multiple geographies and functions, as we race towards achieving our business goals, and endeavours.

On a concluding note, I would like to state that we had a very satisfying year and are fully geared to meet the challenges as expected from us.

With warm regards,

Lalit Kumar Gupta
Managing Director & CEO

Board of Directors

PRASHANT RUIA
Chairman

NARESH K. NAYYAR
Deputy Chairman

LALIT KUMAR GUPTA
Managing Director & CEO

VIRENDRA SINGH JAIN
Independent Director

DEEPAK KUMAR VARMA
Independent Director

DR. SABYASACHI SEN
Independent Director

CHAKRAPANY MANOHARAN
Director (Refinery)

DILIP J. THAKKAR
Independent Director

K. N. VENKATASUBRAMANIAN
Independent Director

RUGMANI SHANKAR
Independent Director

R. SUDARSAN
Nominee of LIC of India

SUDHIR GARG
Nominee of IFCI Ltd.

Senior Management

LALIT KUMAR GUPTA
Managing Director & CEO

CHAKRAPANY MANOHARAN
Director (Refinery)

SURESH JAIN
Chief Financial Officer

MANISH MAHESHWARI
CEO - Exploration & Production

K GOVINDARAJAN
CEO - Projects

V RAMACHANDRAN
President - CRG

SHEIKH S SHAFFI
Company Secretary & Head Legal

T SRINIVAS
Head - International Supply & Trading

AJIT MISHRA
Head - Marketing

SREEDHAR RUDRARAJU
Head - Economic Planning & Scheduling

HARSH BHOSALE
Head - Human Resources

VIKAS PRABHU
Chief Information Officer

Management Discussion and Analysis

GLOBAL MARKETS AND INDUSTRY OVERVIEW

The Global economy grew by a modest 3.4% during the year with improved growth in advanced economies and a slowdown in emerging and developing economies. Growth in the United States was stronger than expected, averaging about 4 percent annualized while Euro area, activity was weaker than expected in mid-2014 but showed signs of a pickup towards the end of 2014 and in early 2015. The lower oil prices contributed to improved demand giving a much needed boost to economic growth. Going forward, the global growth is expected to gradually increase during 2015 and reach 3.8% in 2016.

While the oil prices began a sharp decline starting from USD 110/bbl in June 2014 reaching USD 83/bbl by October 2014, the demand growth was subdued at about 0.7 mbpd as developing countries, including India, chose to increase taxes and not pass on the entire benefit of lower prices to the consumer. However, as the oil prices continued to slide down and reach USD 52/bbl by December 2014, stronger US dollar coupled with an impressive gasoline demand resulted in an uptick in global oil demand.

Global oil supply grew rapidly by 2.1 million b/d at 2.3%, double that of growth in global consumption, rising on the back of increased production due to the US shale revolution. The high price environment prevailing during the past few years strongly supported the shale revolution ultimately leading to the crash in oil prices. Such was the impact of the shale revolution, that the US became the first country ever to increase average annual production by at least 1 million barrels per day for three consecutive years.

Asian refining margins during 2014 saw large fluctuations but eventually averaged the margin levels of last year. Weakness of the market from May, 2014 was due to refineries returning to operation after spring maintenance shutdown. The cracks of middle distillate experienced significant fall. Also, the bottom of the barrel was under pressure due to continued weakness in Fuel Oil; demand for Fuel Oil declined in the region because of lower bunker and power generation demand, as well as fuel substitution by natural gas and coal. However, the downward trend reversed towards the end of 2nd quarter of FY 2014-15 as increasing gasoline and fuel oil demand along with falling crude prices allowed for a crack spread recovery. The Asian market strengthened in the 3rd quarter of FY 2014-15, supported by strong seasonal winter demand along with positive performance seen at the top and bottom of the barrel. This encouraged recovery in refinery margins.

As oil prices continued to slide down and reach USD 52/bbl by December 2014, stronger US dollar coupled with an impressive gasoline demand has resulted in an uptick in global oil demand.

In the refining sector, a few notable additions to the refining capacity are taking place in Middle East and India. Saudi Arabia's 400,000 bpd SATORP's refinery reportedly reached full capacity in August 2014. It is expected to be followed by the start-up of the 417,000 bpd Ruwais refinery expansion in Abu Dhabi and the 400,000 bpd Saudi Aramco/Sinopec joint-venture refinery YASREF at Yanbu, Red Sea on the west coast of Saudi Arabia. These start-ups will increase domestic consumption of crude in these Middle East countries as well as increase product exports from these two countries, especially for distillates. In India, the 300,000 bpd Paradeep Refinery on the East Coast would add to the domestic supplies and therefore contribute to higher export of products from India. A few other refinery projects in Latin America are also slated to come online in near future. Refinery capacity rationalisation / closures in Far East Asia and Australia coupled with increased demand of petroleum products due to low prices may help absorb excess production.

Notwithstanding the global dynamics, energy security continues to be one of the most strategic challenges for our country, central to economic development and growth. The global market continues to be volatile in terms of price of crude and product cracks. The domestic market has shown recovery in demand of key petroleum products. Gasoline grew by more than 11.4% led by excellent growth in two wheelers and Gasoil has also shown smart recovery after two years of negative to zero growth and grew by 1.5% and LPG by 10.3% during FY 2014-15. Government of India decision to deregulate Gasoil at retail level has provided level playing field to private players. The Government has already deregulated Gasoline around 4 years ago. It has linked natural gas prices with international market price through a formula which is being reviewed every six months. Government has adopted target subsidy scheme for LPG customers to transfer subsidy directly in their account. In a nutshell, the Government has deregulated the entire hydrocarbon sector from oil and natural gas in upstream to sales of refinery products at refinery in mid-stream and deregulation of auto fuels at retail level under downstream.

REFINERY OPERATIONS

The Vadinar refinery continues to deliver outstanding operational performance. The refinery has achieved a record throughput of 20.49 MMT, representing 103% capacity utilisation.

At Essar Oil, we are equally focused towards the health and safety of our people and the environment surrounding our refinery to ensure the long-term sustainability of our business operations. Our refinery has recorded 2,701 Lost Time Injury free days for employees and 2,286 major fire free days as of August 24, 2015.

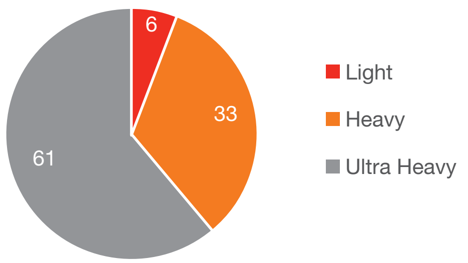
Refinery overview

KEY HIGHLIGHTS

- The Refinery processed 94% heavy and ultra-heavy crude oil, with average API of 25.3 (25.7 for FY 2013-14). We have continued to diversify our crude basket and added five new crudes in FY 2014-15. Our endeavour has also been to procure crude via term contracts and the spot market from different geographies in order to mitigate the risk of supply disruption.

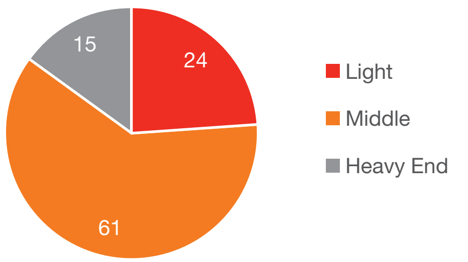
- We have executed a Long Term Crude Oil Supply contract with Russian giant, Rosneft Oil Company to source 10 million tonnes of crude every year for next 10 years.

Crude Mix %



- Our product mix comprises approximately 85% of light (24%) and middle distillates (61%), despite processing almost 94% heavy and ultra-heavy crudes.

Product Mix %



- Our coal-based power plant continues to provide benefits to our Refinery by replacing the usage of natural gas (NG) or liquid fuels with coal, to facilitate the supply of power and steam to the refinery. It is expected to continue to provide benefits of approximately USD 1/bbl to our Refinery.

- Post the successful commissioning and stabilisation of Train-1 and optimisation projects in FY 2012-13, our Refinery continues to produce and export around 2 MMTPA of VGO (an intermediate product). We had conceived a Diesel Maximisation (D-Max) project to convert this VGO into middle distillates and other value added products by augmenting conversion and optimising feeds in VGOHT and DHDT units. Major activities of D-Max project have already been completed and we are planning to put forth and implement the project during our Refinery shut down in September/October 2015.

- The pre-requisite of the D-Max project was the higher availability of hydrogen. During FY 2014-15, we have successfully commissioned the second Hydrogen Manufacturing Unit (HMU-II) with a capacity of 105 kNm^3/h. Apart from being used to generate hydrogen for the D-Max project, the HMU-II has also improved the ATF production capability of our refinery. During FY 2014-15, our Refinery produced and exported 115 KT of low sulphur ATF post implementation of the HMU- II taking advantage of global market opportunities.

HMU 2 Unit

MARKETING AND RETAIL

- We continue to be the preferred supplier to a wide range of customers in diverse industrial segments such as cement factories, power plants, chemical industries, fertiliser plants and construction companies.
- The Company sells products in both the domestic and international markets. In the domestic market, the Company has product off-take and infrastructure-sharing agreements with Public Sector oil Undertakings. These include Bharat Petroleum Corporation Ltd. (BPCL), Hindustan Petroleum Corporation Ltd. (HPCL) and the Indian Oil Corporation Ltd. (IOCL). Besides PSUs, our Company also has sales and purchase arrangements with other private oil marketing companies in India.
- During FY 2014-15, we sold 11.31 MMT (includes traded products 0.43 MMT) petroleum products in the domestic market, representing 56% of the total sales, while the remaining 44% contributed to exports.
- Public sector oil marketing companies still remain our major customers and contributing to 70% of the entire domestic sales volume or 7.8 MMT in FY 2014-15.
- We are committed to building long-term relationship with our customers and delivering maximum value at all times. We have multiple channels of communication with our customers which ensures a faster response time. We also regularly conduct face-to-face meetings with them, both individually as well as part of organised customer meets, from time to time. We continue to upgrade our products and services further by actively seeking suggestions and feedback on our past performance from our customers.

Our Retail Outlet in Baroda

DOMESTIC MARKET SALES BY PRODUCT

(Figures in '000 MT)

	FY 2012-13	FY 2013-14	FY 2014-15
LPG	819	806	**766**
GASOLINE (PETROL)	933	931	**893**
ATF/KERO	589	383	**379**
HSD (DIESEL)	7,818	6,833	**6,134**
FO	336	268	**35**
BITUMEN	195	267	**270**
PETCOKE	1,683	2,120	**2,138**
SULPHUR	210	262	**274**
TOTAL	**12,583**	**11,870**	**10,889**

Essar Oil currently has an extensive network of around 1,550 operational retail fuel outlets pan-India and close to 1,600 outlets under various stages of construction. Our sales from retail operations have grown 175% from 214 thousand million tonnes (TMT) in FY 2013-14 to 590 TMT in FY 2014-15. This growth was also due to the opportunity presented to the private players in the retail segment by linking the price of diesel to the market, with the rates reflecting price changes in the global markets.

Following the announcement of deregulation of diesel in October 2014, we are expanding our retail network to tap the potential of the domestic retail market. We have embarked on a plan to increase our total number of outlets to 5000 in the next 2 years. In order to capture higher Petrol sales volumes, we are now also planning to enter into mini-metro's/Tier II cities. We continue to source products from other oil marketing companies' depots/ terminals with whom we have product supply/ infrastructure sharing agreements. We are also planning to set up few hinterland rail/road fed depots and hire few coastal terminals facilities to ensure uninterrupted supplies to our Pan India Retail Network.

We continue to offer multi-fuel options across our network. We have 30 stations offering Compressed Natural Gas (CNG) and 6 offering Auto Liquid Petroleum Gas (ALPG) as at March 31, 2015. from leading gas marketing companies like Indraprastha Gas and Mahanagar Gas with whom we have entered into strategic tie-ups.

EXPLORATION & PRODUCTION

The Company has a portfolio of eight E&P assets, with estimated aggregate 2P and 2C Reserves and Resources of 174.5 million barrels of oil equivalent (MMBOE) and additional prospective resources of 52.5 MMBOE. Of these eight assets, five are in the unconventional coal bed methane (CBM) space and which have in-place gas resources of 13 trillion cubic feet (TCF). Having achieved production of 0.67 Million Metric Standard Cubic Meter per day (MMSCMD) as on August 24, 2015 from its Raniganj Asset, the Company has established its position as the single largest producer of CBM in India.

Operational Overview

Financial Year 2014-15 marked an inflection point for our anchor CBM Project, Raniganj East, located in West Bengal. The CBM production from Raniganj registered a fourfold growth during this year, with production in excess of 550,000 SCMD as of March 31, 2015. Presently, the Field has an open flow potential of close to 750,000 SCMD of CBM.

During FY 2014-15, an extensive Work Programme, including drilling of 262 wells in the Raniganj East acreage and placing 130 wells on gas production, was executed in a safe and cost- effective manner. The Company has created quality surface infrastructure to aggregate, treat, compress and deliver CBM to end customers, as also to treat and dispose produced water in an environmentally compliant manner.

In the Rajmahal CBM Block, during FY 2014-15, the Company has received PEL from the State Government as also the Environmental Clearance from the Ministry of Environment and Forests. Following independent validation of core holes location, the Company is presently engaged in preparation to drill the same during the forthcoming financial year.

Further, the Company is actively pursuing with the authorities for grant of regulatory and statutory approvals in the other CBM Round IV Blocks namely Sohagpur, straddling across the States of Madhya Pradesh and Chattisgarh; and Talchir and IB Valley, both located in the State of Odisha.

RO Unit at Raniganj Gas Gathering Station No. 1

FINANCIAL PERFORMANCE

(₹ crore)

Particulars	FY 2014-2015	FY 2013-2014	Change
GROSS REVENUE FROM OPERATIONS	93,206	1,07,439	-13.25 %
CP GRM (USD/BBL)	8.37	7.98	4.89 %
EBITDA	5,761	4,781	20.50 %
FINANCE COST	2,565	3,296	-22.18 %
PAT	1,521	126	12 times

The financial performance for FY 2014-15 was significantly higher compared to the previous financial year.

CP GRM for the year ended March 31, 2015 improved to USD 8.37/bbl from USD 7.98/bbl due to robust crack margins for light and middle distillates and prices of solid products which were not directly impacted in line with decline in crude prices.

Our EBITDA increased by more than 20% to ₹ 5,761 crore from ₹ 4,781 crore last year mainly on account of higher throughput (by 0.26 MMT), increase in sales quantity, improvement in GRM, retail profitability and increase in other income.

The Company's gross revenue from operations of ₹ 93,206 crore, was lower by 13.25% in FY 2014-15 compared to the previous year, mainly due to decline in oil prices.

Interest and financial charges declined by 22% to ₹ 2,565 crore from ₹ 3,296 crore, mainly on account of repayment of sales tax liability, dollarisation of debt, lower forward cost and repayment of debts.

Our Net Profit for the year ended March 31, 2015 surged to ₹ 1,521 crore compared to ₹ 126 crore for the previous year on account of higher EBITDA, lower interest and finance charges and depreciation.

As a part of its dollarisation programme, the Company had raised ECB of USD 510 million under an approval received from RBI to raise ECBs to the extent of USD 2.27 billion for the purpose of refinancing its rupee debt. In order to complete the dollarisation programme, the Company firmed up the plan to avail long-term export advance facilities of USD 1.6 billion backed by Export Performance Bank Guarantee (EPBG) to prepay the high cost rupee term loans pursuant to circular dated May 21, 2014 issued by RBI. The Company received sanctions of up to USD 1,547 Million towards EPBG facility from certain banks against which, it availed long term export advance of USD 480 million till March 31, 2015 and USD 438 million subsequently. The Company is in the process of tying up long-term export advances for the balance amount. The Company has also availed synthetic swaps of USD 251 million in FY 2014-15 with outstanding Swaps and POS as on March 31, 2015 at USD ~604 million.

With the payment of the final instalment of sales tax liability to Government of Gujarat, the Company has fully discharged its entire sales tax liability of ₹ 7,209 crore (including interest of ₹ 1,040 crore) pursuant to withdrawal of Sales Tax Incentives.

The shareholders of the Company on May 6, 2014, approved acquisition of balance equity and entire participating preference shares of Vadinar Power Company Limited (VPCL) for an amount not exceeding ₹ 2,100 crores from Essar Power Limited against which an interest-free advance payment of ₹ 1,400 crore has been made. The Company is in the process of completing the relevant formalities in this regard to make VPCL a wholly-owned subsidiary.

Essar Oil Board approved the acquisition of Vadinar Properties Limited (VPL) for a cash consideration of ₹ 54 crore and the same has become a wholly owned subsidiary of the Company effective February 18, 2015. VPL owns the existing township near the refinery which houses the Company's employees. It is also constructing a new township at the request of the Company.

The Company acquired 26% stake in the share capital of Vadinar Liquid Terminals Limited (VLTL) on March 27,

2015. VLTL would set up certain terminal facilities which include a single point mooring (SPM) and 2 additional product jetties. These facilities would help the Company to de-risk its crude receiving capability and also assist in effectively evacuating bulk of its finished products by sea.

TECHNOLOGY

Essar Oil continued its focus on technology in order to stay competitive and enhance business productivity. Last year the Company undertook a number of initiatives towards automation of business processes including adoption and implementation of new generation technologies like Mobility, Operational Intelligence and Analytics with a view to bring technology to end-users as well as to enhance ease of doing business.

To achieve the above, the Company partnered with SAP to build mobile applications in areas of sales force and dealer automation, Customer Connect, Warehouse and Travel Management among others to enhance technology and mobility 'on the move'. Significant investment was also made in business analytics to gain an insight on past performance and to drive business planning.

Your Company's focus on retail operations post the diesel deregulation also provided tremendous automation opportunities in the areas of Primary and Secondary Distribution, Pricing, CRM, Automated Sales Capture at ROs, Fleet Management, and Command Centre.

In addition to the above, we delivered the following solutions at the refinery in line with our vision of becoming a world class refinery:

- Competency mapping platform to integrate technical, safety and behavioural assessments and give real time data on the competency levels of workforce deployed in Refinery Business Functions.

- Development of Safety application that consists of reporting part of incidents, near misses with an integrated approval flow and detailed investigation with the flexibility to report and track an incident or a near miss with ease. The system also tracks the actions assigned to the designated personnel and triggers system generated reminder emails to follow the disciplines.

- Introduced a Transporter Freight Automation system and mobility solution for Warehouse Management System.

Some of the significant features of the internal control system existing in the Company are:-

- State of the art ERP system with appropriate authorization controls.

- A detailed accounting manual with a robust accounts closing process to ensure uniformity and integrity of the accounting system and preparation of financial statements.

- Detailed documentation on various policies, Standard Operating Procedures (SOP), authority manual and approval process covering various functions of the Company.

- Structured capex and opex budgeting process.

- Strong MIS reporting system with regular monthly review by management.

- Ensuring compliance with laws and regulations.

INTERNAL CONTROLS

The Company has a robust internal control system in place, which provides, among other things, reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against significant misuse or loss of Company's assets. These controls are regularly tested both by the statutory auditors and internal auditors.

The Company has a strong and independent internal audit function consisting of qualified and experienced professionals in technical and financial fields. The Chief Internal Auditor reports directly to the Audit & Risk Management Committee. Significant observations of the internal audit are reported to the management and Audit and Risk Management Committee and follow-up actions are maintained on all open issues. The Internal Audit team prepares a comprehensive risk-based audit plan which is reviewed by the statutory auditors and approved by the Audit & Risk Management Committee.

Each year, the internal audit team also conducts audits of various components in the overall IT landscape as per the plan agreed with the management so as to strengthen internal controls and better IT processes. It is an iterative cycle which repeats itself based on the criticality of the IT system which in turn has been responsible in making our key systems very mature as far as controls are concerned.

The Company on a periodic basis undertakes a review of the security and robustness parameters of its IT systems and communication network with the help of an independent auditor and the findings of the same are being worked upon rigorously.

The Company has Governance, Risk and Compliance (GRC) tools which helps us to systematically monitor and manage authorization related risks in an organized approach. We have initiated Enterprise Risk Management to effectively manage risk across organisation through the use of common risk management framework. Also, the audit findings by statutory auditor over the last few years have been transformed into an SOP for the support team so as to achieve highest adherence to expected standards.

We have implemented some of the global best practices in consultation with some of the big software vendors to strengthen our systems which have improved functionalities, automated manual processes and also improved the security and controls of these applications.

Key Business Risks and Risk Mitigation or Response Measures

Sl. No.	Business Risks	Risk Mitigation or Response Measures
1	**COMMODITY PRICE RISKS**	■ Commodity Price Risk is inherent to the business. Comprehensive Policy on Price Risk Management is in place. Decisions to hedge this risk are taken strategically by a Risk Management Committee (RMC)
2	**MAJOR CRUDE OIL / COAL SUPPLY DISRUPTION DUE TO GEO-POLITICAL SITUATION**	■ Long-Term Crude Agreements are signed with various National Oil Companies to ensure that there is a stability and no supply disruptions. ■ Adopted strategy that ensures diversification of suppliers of Crude Oil/ Coal to avoid over-dependence upon 1 or 2 suppliers.
3	**FINANCIAL AND MARKET RISKS**	■ Risk Management Policy on Treasury & Market Risk Management is in place. This ensures that all the hedging strategies are in compliance with the Risk Management Policy, and the relevant regulatory guidelines. Hedging strategies and operations are periodically reported to the board. The RCM devices appropriate contingency plans to counter possibilities of adverse market moments.
4	**LEGAL COMPLIANCE RISKS**	■ Legal Compliance risks have been mitigated through an online compliance management system which is used across the organization. ■ The compliances are regularly reviewed and updated to bring them in line with the changes in applicable law and business processes.
5	**OPERATIONAL RISKS – HSEF**	■ Established and implemented an appropriate Integrated Management System (IMS) to address all the Operational Risks pertaining to Occupation Health, Safety, Environment and Fire. ■ HSEF Policy, Programmes and Procedures are in place. ■ Emergency Response and Disaster Management Plan is in place.
6	**BUSINESS RISKS**	■ Mega risk insurance policy is in place covering all the assets, business interruption, material damages etc.
7	**INTEGRITY RISKS**	■ Adopted various policies such as Anti-Corruption Code & Policy, Gifts, Entertainment and Sponsored Travel Policy, Retaining Third Parties Policy, Whistle Blower Policy, Code of Conduct for Directors and Senior Management, Code of Conduct for Prevention of Insider Trading, Related Party Transaction Policy and Related Party Transaction Manual for ease of governance, operational purposes and to comply with legislative mandate.
8	**COMMERCIAL OR THIRD PARTIES RISKS -** Increasing costs for services and materials due to higher demand in the region.	■ Competitive Annual Rate Contracts (ARC) for services, normally for a 2-year period to counter the rise of input costs in the region. ■ Enhancement of the Vendor base to get the competitive quotes for services and materials.
9	**TECHNOLOGY & INFORMATION SECURITY RISKS**	■ Investment on IT Security Infrastructure for continuous upgradation of IT Security Systems to secure the Essar's IT network. ■ Policy on Information Security to protect the data and information and ensure external access and remote access are secured and cyber-attacks are minimized.

International Supply and Trade (IST) Department

RISK MANAGEMENT

Our risk management programme is focused on ensuring that risks are known and being addressed proactively through a well-defined framework. The key business risks and their risk mitigation and response measures adopted within the Company are summarized below:

OUR PEOPLE

Human Resource plays a critical role in our Company. Our employees are our biggest asset and we believe that the organisational success is driven by the skills and competencies of our people. We value each of our employees with our objective being "… emotionally connecting people to +vely engage in value creation".

Our focus last year was on strategic workforce planning, talent attraction and management, recruitment, learning and development, employee engagement and the overall improvement of operational efficiencies.

We continued to deploy Balanced Scorecard to align performance throughout the organisation and to help us achieve our strategic objectives. We used the tool to cascade the business plan to all employees across the Company and for measuring and monitoring performance.

At Essar Oil, all women employees have equal opportunities, equal rights and equal responsibilities. We take pride recognising women for their contributions to our organisation. Two of our women employees have recently won the prestigious PETROFED Women of the Year and PETROTECH Special Technical Award in the category of Woman Executive of the Year.

Our manpower as at March 31, 2015 is 1889 regular employees and 188 fixed-term contract employees.

Learning and Development

We continue to value learning at all levels within the Company. Our blended learning approach encompassing behavioral, Technical, HSEF and functional training, ensures the right skills and abilities essential to our Company's long-term success.

During the last year, 91 technical training programs were conducted at the Refinery training 1468 individuals. In addition, several employees underwent professional development in areas such as operational excellence, effective presentation, problem solving and structured thinking, conflict management and the development of leadership skills. They also attended events related to short-term learning, delivered by internal faculty.

Our endeavour in learning and development continues to be supported by facilities like an online library and e-enabled programmes such as @Your Desk.

Talent Management

At Essar Oil, our Talent Management program helps in identifying the right talent to enable leadership continuity and

Festivities at Essar Oil

also build a succession management pool. We have ensured that there are multiple successors available for key roles and that these successors are being provided with appropriate training to assume those roles in the future.

We launched our Talent Management portal (TMP) which has been developed in-house and is a "one stop shop" for planning, scheduling, communicating, recording and reviewing all employee engagement activities of high performing employees. Through this portal, line managers and the HR team can plan an engagement activity, assign or escalate the same with timelines and review its execution on a real time basis. Similarly, all other engagement activities like learning, career discussions, among others, can also be tracked.

Employee Engagement

Attracting and retaining talent is essential for any business. At Essar Oil we are aware that our growth plans can only be achieved through a dedicated talent pool that works to the best of their abilities. In order to facilitate this, engagement activities that sustain relationship building are encouraged in the organisation. Our key initiatives through the year, include knowledge sharing sessions, cross-functional team meetings, team out bounds, and one-on-one meetings. These endeavours go a long way in maintaining an engaged workforce while at the same time keep the employees attuned to the expectations of the Company.

ENVIRONMENT

Essar Oil is committed to minimising pollution, reducing environmental footprint and optimising resource consumption by planning and carrying out operations through environmentally responsible processes, techniques and practices. We recognise and assess environmental risks continuously in our operations through risk and impact assessments and regular audits.

Since commissioning of our Refinery in 2006, we have achieved several milestones in the area of environment while simultaneously pursuing opportunities for business growth. As part of our journey towards excellence and sustaining the process of continual improvement, we have strengthened our environmental management programme covering all aspects of environment including the following:

- Climate change and energy (greenhouse gas emissions, energy use, gas flaring)
- Ecosystem services (Biodiversity management, Water management)
- Emissions, effluent and waste

We are also certified ISO 14001:2004.

In a span of few years, we have set benchmarks for our sector in India especially in the area of climate change and energy management. We have been recognized both

Birds in Vadinar refinery

nationally as well as globally as a top performer in the Indian Energy sector by Carbon Disclosure Project (CDP) continuously for the last 3 years. We were a part of Carbon Disclosure Leadership Index (CDLI) in FY 2014, the only Company in the Indian energy sector to be included in CDLI. We scored 92 out of 100. This year, Essar Oil in its best ever performance so far has graduated from National to Global Top performer category in the CDP Climate Performance Leadership Index 2014. CDP, UK launched the Carbon Performance report for the Indian and Global companies in late 2014. Scoring 98 out of possible 100 as against 92 of last year Essar Oil improved its performance this year to graduate from National to the Global league of A-List consisting of 187 globally top performing companies. From India, Essar Oil is one amongst 5 companies as well as the only Oil and Gas Company to have graduated into this elite global list.

Essar Oil is also one of the few companies in India which is certified to Energy Management System ISO 50001:2011.

We are committed to conserving energy to derive multiple benefits such as lower fuel consumption, better profitability, environment protection and a lower carbon footprint. Individual proposals, discussions in small groups brainstorming sessions with employees help to generate a variety of energy saving opportunities. Key actions in saving energy and natural resources include the optimisation of existing processes, modification of processes or equipment and the inclusion of new technologies. In the last few years our refinery has saved 17503 mWh of energy through various initiatives. Our key energy conservation initiatives' case studies are available at the link http://essaroil.co.in/sustainability/environment.aspx. For key energy conservation schemes implemented in FY 2014-15, please refer to Annexure F of Directors' Report.

Health and safety

We continue to strive to have an injury-free and healthy workplace and to institutionalise a culture of safety in the Company. In complying with the statutory, industry and Company's requirements, we ensure health and safety of the people delivering or using our services. Our commitment is driven by the senior management at Essar Oil and is demonstrated through Board level involvement in reviewing performance and adherence to international standards. Dedicated teams are in place at sites and corporate level to manage HSE issues.

Our refinery has a comprehensive process safety management system (PSM) which has evolved over the years. Our 4-tier performance indicator pyramid aids in the continual improvement of the system. During the last FY 2014-15, several PSM interventions were undertaken that included not only training but also communication, gap analyses, compliance studies, PSM campaigns and usage of web based tools for management of process safety information, incident investigation, mechanical integrity, asset reliability and training.

In the past few years, we have also made significant strides in providing occupational health services to our people. Our Occupational Health Centre at Vadinar is the first plant based clinics (OHC) in the country to be certified by the National Accreditation Board of Hospitals (NABH) under the category of "Allopathic Clinics". This accomplishment places the Company's Vadinar's healthcare infrastructure and service, both at the Refinery complex and the Nand Niketan Township at Jamnagar, amongst the best medical facilities in the country. The NABH certification, being an apex national healthcare accreditation and quality improvement body, functioning with global benchmarks, assures the capacity of the OHC and TMC, to commit to a culture of quality, patient safety, efficiency and accountability towards patient care. The OHC also continues to conduct regular first-aid training that is certified and approved by the Government of Gujarat.

Our key safety performance highlights during the year are as follows: (these numbers include refinery as well as our E&P sites at Mehsana and Durgapur):

- 3,131 days of health and safety training provided to over 6,012 employees and contractors
- Nearly 85,753 contractor toolbox talks conducted
- 997 near misses reported
- Achieved lost time injury frequency rate of 0.18 per million hours worked

CORPORATE SOCIAL RESPONSIBILITY

The community engagement projects at Essar Oil locations are undertaken through the Essar Group Foundation (the 'Essar Foundation'), which is a registered not for profit organisation under the Indian Trust Act, 1882. The engagement model is designed to deliver maximum value to the community in line with the Essar Foundation's philosophy.

The development initiatives are aligned with the requirements of Sec 135 of the Companies Act 2013 and the larger UN Millennium Development Goals. During FY 2014-15, several initiatives were undertaken for promoting healthcare and education, rural infrastructure, poverty alleviation and creating sustainable livelihoods. The details of these projects and the corresponding expenditure have been detailed out in Annexure D to the Directors' Report.


Self Help Group meeting


Vegetable cultivation

During FY 2014-15 the Company won the following awards:

Greentech Gold Award in Petroleum Refinery Sector for Outstanding achievement in Environment Management 2015

'Rajya Shram Award' for the year 2013-14 by the Labour Department, Government of Gujarat

Gold Certificate of Merit for India Manufacturing Excellence Awards 2014 at The Frost and Sullivan's Manufacturing Summit 2014

The project 'Refinery Sat Gases Utilisation for HMU-I Feed' under the Value Enhancer Theme was shortlisted by the jury of Frost and Sullivan during the Project Evaluation and Recognition Programme 2014

OISD, Oil Industrial safety award under category - Best 'Near Miss Incident' Reporting Refinery Award 2012-13

'Individual contribution towards Safety' from OISD awarded to Mr. Uttam Chandra for his contribution towards safety

Skoch Order-of-Merit award for Best Human Resource Management Practices and Environmental Management during the 38th Skoch Summit on 'Resurgent India, Competitive India'

Greentech HR Award for 'Innovation in Employee Retention Strategies'

2nd prize in Jawaharlal Nehru Centenary award for Energy performance for the year 2013-14 Group-1 (Refineries having Composite Energy factor less than 7.5) organized by Centre for High Technology (CHT)

ICC (Indian Chemical Council) National Water Resource Management Award 2013

Gold category award for best work management practices during 25th Gujarat State Level Convention on Quality Concepts VCCQC-2014 organized by M/s QCFI

Project Management (₹500-2,000 crore) Company of the year award 2012-13 during the Petrofed Oil and Gas Industry Awards 2013

Certificate of Merit for National Energy Conservation Award 2014 at Bureau of Energy Efficiency, Ministry of Power, Govt. of India

Directors' Report

To,
The Members of Essar Oil Limited

Your Directors have pleasure in presenting the 25th Annual Report and audited Financial Statements of the Company for the financial year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2014-15	2013-14
Gross Revenue from operations	**93,206.31**	107,438.67
Net Revenue including other income	**84,232.22**	99,550.62
Earnings before finance cost, depreciation and amortisation, exceptional items and tax	**5,761.35**	4,780.69
Profit / (Loss) before Taxes and Exceptional Items	**2,439.47**	129.09
Exceptional items	**918.00**	-
Net Profit after tax	**1,521.47**	125.80
Add: Balance brought forward from previous year	**(5,219.58)**	(5,345.26)
Less: Transfer to debenture redemption reserve	**-**	0.12
Less: Depreciation as per transitional provisions specified in Schedule II of the Companies Act, 2013	**(33.63)**	-
Balance to be carried to Balance Sheet	**(3,731.74)**	(5,219.58)

OPERATIONS

Operational Performance

During the year, the Refinery continued to operate at more than 100% capacity and achieved a throughput of 20.49 Million Metric Tonnes (MMT) as against a throughput of 20.23 MMT during the last year. This is the highest ever annual throughput of the Company. Further, at the Company's flagship Raniganj Coalbed Methane (CBM) field in West Bengal, the Company achieved gas production of 0.55 million standard cubic meters per day as on March 31, 2015 making the Company the largest CBM gas producer in India.

Financial Performance

The gross revenue from operations for the financial year ended March 31, 2015 stood at ₹ 93,206 crore compared to ₹ 1,07,439 crore for the financial year ended March 31, 2014. The decrease in revenues was mainly due to decline in oil prices. The Earnings before Interest, Tax, Depreciation and Amortisation (EBIDTA) and exceptional items stood at ₹ 5,761 crore registering an increase of 20% as against EBIDTA of ₹ 4,781 crore for the previous financial year. The net profit for the year surged to ₹ 1,521 crore compared to ₹ 126 crore for the previous year. With the payment of the final instalment of sales tax liability to Government of Gujarat, the Company has fully discharged its entire sales tax liability of ₹ 7,209 crore (including interest of ₹ 1,040 crore) as decided by the Hon'ble Supreme Court vide its judgment dated January 17, 2012.

Considering carry forward of losses and funds requirement for meeting the operations, the Board has not recommended any dividend for the financial year ended March 31, 2015 in spite of current year's profitability. Further, with the Company having accumulated losses at the end of financial year 2014-15, no amounts could be transferred to General Reserve.

No material changes and commitments have occurred after the closure of the financial year 2014-15 till the date of this Report, which would affect the financial position of your Company.

Increase in share capital

Pursuant to the Essar Oil Employees Stock Option Scheme – 2011, the Company has on July 28, 2015 allotted 6,07,498 equity shares of face value of ₹ 10/- each to Corporate Trustee of the Essar Oil Employees Stock Option Scheme Trust to hold the equity shares for the benefit of eligible employees against an equal number of stock options to enable the eligible employees to exercise their Options that have vested so far. In view of the above, the paid-up capital of the Company has increased to ₹ 14,50,12,43,980 divided into 145,01,24,398 equity shares of ₹ 10/- each.

Management Discussion and Analysis

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges a separate section on Management Discussion and Analysis forms part of this Annual Report.

Consolidated Financial Statements

The audited Consolidated Financial Statements of the Company as required under Section 129 of the Companies Act, 2013 (Act) and Clause 32 of the Listing Agreement form part of this Annual Report.

HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Holding Company

The Company is a subsidiary of Essar Oil & Gas Limited, Mauritius, which as on March 31, 2015 along with its subsidiary, Essar Energy Holdings Limited holds 90.11% of the total share capital (including Global Depository Shares). Essar Oil & Gas Limited in turn is a wholly owned subsidiary of Essar Energy Limited.

Delisting Proposal

Last year the Company had informed about receipt of a proposal from Essar Energy Holdings Limited, Mauritius, Promoter Company, to purchase all the publicly held equity shares of the Company and approval obtained from the shareholders by passing of special resolution through postal ballot for delisting of the equity shares from the Stock Exchanges. The Company has received in-principle approval for delisting from the National Stock Exchange of India Limited and BSE Limited on July 2, 2015 and July 15, 2015 respectively. The shareholders' resolution was valid for one year i.e. up to August 5, 2015 for completing the delisting process. The Promoters have made an application to the Securities and Exchange Board of India under regulation 25A of the SEBI (Delisting of Equity Shares Regulations), 2009 seeking extension of time.

Non-binding term sheet executed for sale of 49% stake in the Company

Essar Oil & Gas Limited and Essar Energy Holdings Limited have informed the Company that they have signed a non-binding term sheet with Rosneft Oil Company (Russia) for its participation in the equity capital of Essar Oil Limited with a share of upto 49%. The proposed transaction is conditional upon various factors such as due diligence, determination of the transaction price, execution of definitive transaction documents and receipt of requisite approvals.

Subsidiary and associate companies

The Company acquired entire equity share capital in Vadinar Properties Limited (VPL) on February 18, 2015. Further, the Company acquired 26% stake in the equity share capital of Vadinar Liquid Terminals Limited on March 27, 2015. As on March 31, 2015, the Company had two subsidiary companies and two associate companies. The Company has no investment in joint venture companies.

Since the controlling stake in your Company is held by foreign entities, any downstream investment by your Company amounts to indirect foreign investment under the Foreign Direct Investment (FDI) Policy. Your Company has obtained a certificate from Statutory Auditors, M/s Deloitte Haskins & Sells, Ahmedabad certifying due compliances with applicable rules of FDI Policy except notifying Foreign Investment Promotion Board (FIPB). The Company has already informed FIPB about the difficulties it is facing in electronic filing, which are being resolved.

A report on the performance and financial position of each of the subsidiaries and associates, is provided in Form AOC -1 attached to consolidated financial statements under financials section of Annual Report and hence is not repeated here for the sake of brevity.

The Financial Statements of these subsidiaries are uploaded on the website of the Company in compliance with Section 136 of the Act. Further, the Financial Statements of these subsidiaries and other related information will be made available to any member of the Company/ its subsidiary(ies) seeking such information at any point of time and are also available for inspection by any member at the Registered Office/ Corporate Office of the Company.

The Company has adopted a policy on Material Subsidiaries. It has been uploaded on the website of the Company and can be accessed at the following link: http://www.essaroil.co.in/investors/investor-information/corporate-governance.aspx.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The Board of Directors has appointed Ms. Rugmani Shankar and Dr. Sabyasachi Sen as Independent Directors with effect from March 31, 2015 and May 25, 2015 respectively. Pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, Ms.

Rugmani Shankar and Dr. Sabyasachi Sen hold office upto the date of ensuing Annual General Meeting of the Company. It is proposed to appoint Ms. Rugmani Shankar and Dr. Sabyasachi Sen as Independent Directors for a period of one year with effect from the respective dates of their appointment.

Further Mr. S. V. Venkatesan and Mr. T. S. Narayanasami who were appointed as Independent Directors on October 10, 2014, tendered resignation effective from March 31, 2015 and May 25, 2015 respectively. Mr. Sushil Maroo stepped down from the Board on October 14, 2014. The Board places on record its sincere appreciation for the valuable services rendered by Mr. S. V. Venkatesan, Mr. T. S. Narayanasami and Mr. Sushil Maroo during their tenure as Directors.

Mr. K. N. Venkatasubramanian and Mr. V. S. Jain will retire by rotation at the ensuing Annual General Meeting. They qualify the criteria of Independence under the Act and Listing Agreement. It is proposed to appoint Mr. K. N. Venkatasubramanian and Mr. V. S. Jain, as Independent Directors for a period of three years each from the date of ensuing Annual General Meeting.

All the Independent Directors have given declarations that they qualify as per the criteria of independence as prescribed under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

Further in terms of the provisions of the Act, Mr. L. K. Gupta and Mr. C. Manoharan are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. C. Manoharan has completed his term of three years as Director (Refinery) on March 28, 2015. The Board, subject to the approval of shareholders, has re-appointed Mr. Manoharan for a period of three years effective from March 29, 2015. Approval of shareholders is being sought at the ensuing AGM for the reappointment of the Directors.

Particulars of the Directors being appointed/re-appointed, as required under Clause 49 of the Listing Agreement, are given in the Notice/ Explanatory Statement convening the ensuing AGM, forming part of the Annual Report.

Performance Evaluation of the Board, Chairman, Committees and Individual Directors

The Board carried out a formal evaluation of the performance of the Board, its Committees and Individual Directors for the financial year 2014-15. In addition to this, Independent Directors have also evaluated performance of the Chairman, non-independent Directors and the Board as a whole. The feedback from the individual Directors was sought on the basis of a structured questionnaire covering among others Board and Committee composition, skills of Directors, quality and content of agenda, performance of Directors at the meetings, etc. Evaluation was carried out on the basis of responses from all the Directors compiled by a professional agency.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Act, it is hereby confirmed that:

i) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 ended on March 31, 2015 and of the profit of the Company for the year ended on that date;

iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the accounts for the financial year ended March 31, 2015 on a 'going concern' basis;

v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Policy on Appointment of Directors and Remuneration

The Board has adopted a policy for Board Diversity, Appointment, Remuneration, Training and Evaluation of Directors and Employees. The policy inter-alia includes the criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act. Relevant chapters of the Policy relating to Directors' appointment and remuneration are enclosed as Annexure - A.

Key Managerial Personnel

The following executives have been designated as Key Managerial Personnel under the Act:

a) Mr. L. K. Gupta – Managing Director & CEO

b) Mr. C. Manoharan – Director (Refinery)

c) Mr. Suresh Jain – Chief Financial Officer

d) Mr. Sheikh S. Shaffi – Company Secretary

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS

Audit & Risk Management Committee

As on March 31, 2015, the Audit & Risk Management Committee of the Board comprises of three Directors out of which two are Independent Directors. Mr. D. J. Thakkar, an Independent Director, chairs the meetings. During the year, all the recommendations of the Committee were accepted by the Board.

Risk Management

During the year, the Company has enhanced the scope of the existing Audit Committee to include Risk management in its scope and renamed it as Audit & Risk Management Committee.

Your Company has in place a robust risk management framework. Commodity price risk and credit & market risks are managed through Risk management policies. Risks management procedures are also in place for health, safety, environment and fire. The perceived risks are documented in Risk Registers pertaining to all the business divisions and functions of the organization along with their mitigations plans. Legal Compliance risks are being monitored through an online compliance management system. The internal audit plans and internal financial controls are also developed based on risks associated with various activities undertaken by the Company.

Major risks associated with business of the Company are set out in the Management Discussion & Analysis forming part of this Report. In the opinion of the Board, the Company has no risks which would threaten the existence of the Company.

Internal Financial Controls and their adequacy

The Company has an adequate system of internal financial control commensurate with its size and nature of business which helps in ensuring orderly and efficient conduct of its business. These systems provide a reasonable assurance in respect of financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

Vigil Mechanism

The Company has established a Vigil Mechanism process by adopting a Whistle blower Policy for directors and employees. This policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct/behaviour is/are noticed, reported or suspected. The Policy provides for adequate safeguards against victimization of persons who use the mechanism and has a process for providing direct access to the Chairman of the Audit & Risk Management Committee in appropriate or exceptional cases. The details of establishment of the process can be accessed on the website of the Company at the link http://www.essaroil.co.in/investors/investor-information/corporate-governance.aspx.

EMPLOYEES

Particulars of Employees

The details of remuneration as prescribed under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as Annexure – B to this Report.

In terms of the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of limits prescribed under the said Rules is annexed to this Report. However pursuant to the provisions of Section 136(1) of the Act, the Annual Report excluding the above said details is being sent to all the members. Any member interested in obtaining such details may write to the Company Secretary.

Employees Stock Option

In connection with the Essar Oil Employees Stock Option Scheme – 2011 (Scheme) adopted by the Company, the disclosures required to be made under the SEBI (Share Based Employee Benefits) Regulations, 2014 are enclosed as Annexure - C. The Annual Report containing aforesaid details is uploaded on the website of the

Company and can be assessed at the link http://www.essaroil.co.in/investors/financial-performance/annual-reports.aspx. A certificate obtained from the auditors confirming compliance with the SEBI Regulations and shareholders resolution approving the Scheme will be placed at the Annual General Meeting for inspection by the members.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility (CSR) Committee named as CSR, Safety and Sustainability Committee. The Board of Directors on the recommendations of the Committee, has adopted a CSR Policy indicating the activities to be undertaken by the Company. The said policy can be accessed on the website of the Company at the link http://www.essaroil.co.in/sustainability.aspx.

The annual report on CSR containing the details of the CSR Policy adopted by the Company, the CSR initiatives taken during the financial year and other particulars specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Report as Annexure- D.

CORPORATE GOVERNANCE

In terms of Clause 49 of Listing Agreement entered into with the Stock Exchanges, a certificate from P. K. Pandya & Co., Practicing Company Secretary on compliance of conditions of Corporate Governance is annexed as Annexure – H to the Directors' Report. A report on Corporate Governance as provided in Clause 49 of the Listing Agreement is included in the Annual Report.

AUDITORS AND AUDIT

Statutory Auditor

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment. Accordingly, the members' approval is being sought for their appointment as the Auditors of the Company at the ensuing Annual General Meeting.

The reports given by the Auditors on standalone and consolidated financial statements of the Company form part of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimers given by the Auditors in their reports. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditor

M/s. Chandra Wadhwa & Co. was appointed as the Cost Auditor for the financial year ended March 31, 2015. The cost audit report for financial year ended March 31, 2015 will be filed with the Ministry of Corporate Affairs within the prescribed time period. M/s. Chandra Wadhwa & Co. have been reappointed as the Cost Auditor of the Company for the financial year 2015-16. In terms of the provisions of Section 148(3) of the Act and the applicable rules, shareholders approval is being sought to ratify the remuneration payable to the Cost Auditor for the financial year ending on March 31, 2016.

Secretarial Auditor

The Board had appointed Mr. Prakash Pandya of M/s P. K. Pandya & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit for the financial year ended on March 31, 2015. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed as Annexure - E to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DISCLOSURES

Meetings of the Board

During the financial year ended March 31, 2015, six meetings of the Board of Directors were held. The dates on which the said meetings were held, are mentioned in the Corporate Governance Report under the heading "Board of Directors".

Particulars of Contracts or Arrangements with Related Parties

As required under Clause 49(VII) of the Equity Listing Agreement, the Company has adopted a policy on Related Party Transactions. The policy can be accessed on the website of the Company at the link http://www.essaroil.co.in/investors/investor-information/corporate-governance.aspx.

The objective of the Policy is to ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. All related party transactions are placed before the Audit & Risk Management Committee for its review and approval.

All Related Party Transactions entered during the year were in the ordinary course of the business and on arm's length basis. No Material Related Party Transactions i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by the Company. Accordingly, the disclosure of Related Party Transactions as required under section 134(3)(h) of the

Act in Form AOC-2 is not applicable. Related party disclosure as required by Accounting Standard 18 have been made in note 44 to the Standalone and Consolidated financial statements of the Company.

Particulars of Loans given, Investments made, Guarantees given and Security provided

Particulars of investments made are provided in the standalone financial statements (Please refer to Note 14 to the standalone financial statements). Since your Company belongs to the petroleum and natural gas sector and operates 'infrastructure facilities' as defined under Schedule VI of the Act, it is not required to comply with provisions relating to making of loans, giving guarantees or providing security as prescribed in Section 186 of the Act.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under the Act are provided as Annexure – F to this Report.

Extract of Annual Return

The extract of annual return as on March 31, 2015 is annexed as Annexure – G to this Report.

Fixed Deposits

Your Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the Rules framed there under. Accordingly the details required to be reported under Rule 8(5) of the Companies (Accounts) Rules, 2014, are not applicable.

GENERAL DISCLOSURES

Your Directors state that for the financial year ended March 31, 2015 no disclosure is required in respect of the following items and accordingly confirm as under:

- Neither the Managing Director & CEO nor the Director (Refinery) receives any remuneration from the Holding and/or Subsidiary companies.
- The Company has neither revised the financial statements nor the report of Board of Directors.
- The Company has not issued equity shares with differential rights as to dividend, voting or otherwise or sweat equity shares.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status or Company's operations in future.
- The Company has not bought back any shares during the year.
- No cases were filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- No instance of fraud has been reported by the Auditors or any other person to either Audit & Risk Management Committee or the Board of Directors of the Company.

ACKNOWLEDGEMENT

The Board wishes to express its sincere appreciation and place on record its gratitude for the faith reposed in and cooperation 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. The Board also wishes to place on record its deep gratitude to all its employees whose enthusiasm, team efforts, devotion and sense of belonging that has made this Company proud.

For and on behalf of the
Board of Directors

D J Thakkar
Director

L K Gupta
Managing Director & CEO

Mumbai
August 24, 2015

Annexure - A

Relevant Chapters No. 3 and 5 of the Policy for Board diversity, Appointment, Remuneration, Training and Evaluation of Directors and Employees

1. General

1.1 The Companies Act, 2013 requires the Company to formulate the criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

1.2 In addition listing agreement requires listed companies to develop a policy on Board diversity, remuneration and evaluation criteria.

1.3 To meet these objectives, the policy on Board diversity, appointment, remuneration, training and evaluation of directors has been adopted by the Board of Directors on September 30, 2014.

3. Selection, identification and appointment of Directors

3.1 The Nomination and Remuneration Committee is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each Annual General Meeting of shareholders, and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

3.2 Director Selection Procedures

3.2.1 Corporate Human Resources (CHR) department shall identify and shortlist prospective candidates for election to the Board based on directors qualification criteria.

3.2.2 For each shortlisted director candidate considered for election to the Board, the Nomination and Remuneration Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates.

3.2.3 To aid in the short listing and screening process the Nomination and Remuneration Committee may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps to ensure that the right candidates are identified.

3.2.4 A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee, prior to nominating said director for election at the Company's next Annual General Meeting.

3.2.5 Appointment of all Directors, other than directors appointed pursuant to nomination by Financial Institutions under section 161(3) of the Act will be approved by shareholders at a general meeting or through postal ballot.

3.2.6 The company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV(4) of Schedule VI the Act.

3.3 Director qualification criteria

3.3.1 The director candidates should have completed the age of 21 years. The maximum age of executive directors shall not be more than 70 years at the time of appointment / re-appointment. However a candidate who has attained the age of 70 years may be appointed if approved by shareholders by passing of special resolution.

3.3.2 The Board has not established specific education, years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

3.3.3The candidate to be appointed as Director shall have a Director Identification Number allotted under section 154 of the Companies Act, 2013 (Act).

3.3.4 A person shall not be eligible for appointment as director of the Company if:

3.3.4.1 He is disqualified for being appointed under section 164 of the Act.

3.3.4.2 The number of directorships post appointment as Director in the Company exceed the total number of directorships permitted under section 165 of the Act and clause 49(II)(B)(2) of the listing agreement with Indian Stock Exchanges.

3.3.5 In addition any person to be appointed as a Managing Director or whole time director in the Company (hereinafter referred to as 'Executive Directors') shall have to meet the following requirements for being eligible for appointment shall have to meet the requirements setout in Part I of Schedule V of the Act and the limits of directorships setout in listing agreement with stock exchanges.

3.3.6 Further, while selecting Independent Directors:

3.3.6.1 The Company may select the candidate from data bank(s) containing names, address, qualification of persons who are eligible and willing to act as Independent Directors maintained by any body, institute or association as may be notified by the Central Government having expertise in creation and maintenance of such data bank.

3.3.6.2 The prospective candidates for appointment as Independent Directors shall have to meet the criteria of Independence laid down in sub-section (6) of Section 149 of the Act and Clause 49(II)(B)(1) of the listing agreement.

3.3.6.3 The number of Independent directorships in listed companies post appointment as Director in the Company and the Committee positions held by them would be within the limits prescribed in clause 49 of the listing agreement.

3.3.7 In the process of short listing Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

5. Remuneration

5.1 All remuneration/fees/compensation, payable to Directors shall be fixed by the Board of Directors and payment of such remuneration fees/compensation shall require approval of shareholders in general meeting except for sitting fee payable to Non Executive Directors for attending Board/Committee.

5.2 The Board shall decide on the remuneration/fees/compensation, payable to Directors based on the recommendations of the Nomination and Remuneration Committee.

5.3 The total managerial remuneration payable, to its directors, including Managing Director and Whole-time Director, (and its manager) in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year computed in the manner laid down in Section 198 of the Act. Provided that the company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding eleven per cent of the net profits of the company, subject to the provisions of Schedule V of the Act.

5.4 The Nomination and Remuneration Committee shall ensure the following while recommending the remuneration/fee/compensation payable to Directors:

5.4.1 Executive Directors

5.4.1.1 The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent. of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. Else the remuneration will be subject to approval of central government as may be required.

5.4.1.2 In case of inadequacy of profits mentioned in 4.3 and 4.4.1 above, The Committee while approving the remuneration for executive directors.

5.4.1.2.1 take into account, financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.

5.4.1.2.2 be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.

5.4.2 While considering payment of remuneration/increase in remuneration payable to executive directors, key managerial personnel and other executives, the Nomination and Remuneration Committee may among other factors consider the following:

5.4.2.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully

5.4.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

5.4.2.2.1 remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

5.4.2.2.2 the factors mentioned in The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, may be considered, which are required to be disclosed in the Directors Report.

5.4.3 Non executive Directors including Independent Directors

5.4.3.1 The remuneration payable to Non Executive Directors shall not exceed 1% of the net profits of the Company.

5.4.3.2 A Non-Executive director may be paid remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever. The amount of such fee shall not exceed ₹ 1,00,000 for attending each meeting of the Board or Committee thereof or such higher amount as may be prescribed by the Central Government.

5.4.3.3 An independent director shall not be entitled to any stock option.

For and on behalf of the
Board of Directors

D J Thakkar	**L K Gupta**
Director	Managing Director & CEO

Mumbai
August 24, 2015

Annexure - B

Details of remuneration as prescribed under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Ratio of remuneration of each Director to the median remuneration of the Employees of the Company for the financial year 2014–15 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014–15.

(₹ in crore)

Name of Director / KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
Mr. Lalit K. Gupta	Managing Director & CEO	**53.22:1**	**16.31**	Increased by 16.31% mainly due to variable pay whereas profit after tax increased by 1107%
Mr. C. Manoharan	Director – Refinery	**32.25:1**	**14.35**	Increased by 14.35% mainly due to variable pay whereas profit after tax increased by 1107%
Mr. Suresh Jain	Chief Financial Officer	**29.23:1**	**17.1**	Increased by 17.1% mainly due to variable pay whereas profit after tax increased by 1107%
Mr. Sheikh S. Shaffi	Company Secretary	**11.97:1**	**25.81**	Increased by 25.81% mainly due to revision in pay whereas profit after tax increased by 1107%

b) The percentage increase in the median remuneration of Employees for the financial year 2014 – 15 was 7.95%.

Governance

c) **The Company has 1,889 permanent employees on its rolls as on March 31, 2015.**

d) **The explanation on the relationship between average increase in remuneration and Company's performance:**
During the year, the average remuneration increased by 13% whereas the profit after tax increased by 1107%.

As per the reward policy of the Company, employees are provided market competitive total reward opportunity that has a strong linkage to and drives performance culture. The salary increases for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given is a function of Company's market competitiveness in oil & gas industry as well as overall business affordability. During the year, similar approach was followed to establish the remuneration increases to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Salary increases during the year were in line with Company's performance as well as Company's market competitiveness.

e) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**
The total remuneration of Key Managerial Personnel increased by 16.81% from ₹ 9.32 crore in 2013–14 to ₹ 10.88 crore in 2014-15 whereas the Profit after Tax increased by 1107% from ₹ 126 crore in 2013-14 to ₹ 1521 crore in 2014-15.

f) **Variation in market capitalisation of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and the percentage increase over decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.**
The market capitalisation as on March 31, 2015 and March 31, 2014 was ₹ 15,756.25 crore and ₹ 7385.29 crore respectively. The price earning ratio of the Company as on March 31, 2015 and March 31, 2014 was 10.4 and 56.7 respectively. The Company has not made any public offer in the recent past and accordingly, comparison of public offer price and the current market price of the Company's shares will not be relevant.

g) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**
Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year i.e. 2014-15 was 13% whereas the increase in the managerial remuneration for the financial year 2014-15 was 15.56%.

Justification: Increase in remuneration of the Managing Director & CEO and Whole Time Director is decided based on the individual performance, inflation, prevailing industry trends and benchmarks.

h) **Key Parameters for any variable component of remuneration:**
The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee as per the Policy for Board diversity, Appointment, Remuneration, Training and Evaluation of Directors and Employees.

i) **The ratio of remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year –** Not Applicable
It is hereby affirmed that the remuneration paid is as per the Policy for Board diversity, Appointment, Remuneration, Training and Evaluation of Directors and Employees.

For and on behalf of the
Board of Directors

D J Thakkar
Director

L K Gupta
Managing Director & CEO

Mumbai
August 24, 2015

Annexure - C

Information required to be disclosed under the SEBI (Share Based Employee Benefits) Regulations, 2014:

A) Relevant disclosures in terms of the 'Guidance Note on Accounting for Employee Share Based Payments' issued by Institute of Chartered Accountants of India has been made in the notes to accounts of financial statement and in this Annexure.

B) Diluted EPS on issue of Shares pursuant to the Schemes:

The diluted earnings per share (EPS) on potential issue of shares upon exercise of options is ₹ 10.48.

The details of stock options as March 31, 2015 pursuant to Essar Oil Employees Stock Option Scheme 2011 (EOL ESOS 2011) are given below:

C) Details Relates to ESOS:

a) Status of Stock Options granted:

The status of options granted under EOL ESOS 2011 is as follows:

Sr. No.	Particulars	Information required w.r.t. Scheme	
a)	Date of Shareholders' Approval	The approval of the Shareholders' was obtained on August 12, 2011. The aforesaid Shareholders approval was modified on December 20, 2012.	
b)	Total Number of Options Approved	1,36,56,670	
c)	Vesting Requirements	As per the EOL ESOS 2011, (the options shall vest in a graded manner in three equal installments, at the end of 3rd / 4th / 5th years from the grant date)	
d)	Exercise Price	Options granted in 2011 - 12	Options granted in 2013 - 14
		₹ 69.05	₹ 52.20
e)	Maximum Term of options granted	12 years from the date of grant.	
f)	Source of Shares	Primary	
g)	Variations in terms of options	Not applicable	
h)	Method of Settlement	Settlement through Equity	

b) Method used to account for ESOS – Intrinsic method

c) The Company has recognized a compensation cost of Nil in financial year 2014 – 2015 based on the intrinsic value of options. However, had the Company used the fair value of options to determine the compensation cost for the year ended March 31, 2015, the profit for the year would have been lower by ₹ 1.72 crore and profit after tax would have been ₹ 1,519.75 crore. Accordingly, EPS basic and diluted earnings per share would have been ₹ 10.48 and ₹ 10.47 respectively.

d) The movement of options during the year:

Sr. No.	Particulars	ESOS 2011	
		Options Granted in 2011 – 12	Options Granted in 2013 – 14
1.	Number of options outstanding at the beginning of the year	20,45,883	20,78,335
2.	Number of options granted during the years	NIL	NIL
3.	Number of options forfeited / lapsed during the year	2,23,365*	NIL
4.	Number of options vested during the year	607,498	NIL
5.	Number of options exercised during the year	NIL	NIL
6.	Number of shares arising as a result of exercise of options	607,498	NIL
7.	Money realized by exercise of options during the year (If the scheme is directly implemented by the Company)	NIL	NIL
8.	Loan repaid by Trust during the year	NIL	NIL
9.	Number of options outstanding at the end of the year	1,822,518	20,78,335
10.	Number of options exercisable at the end of the year	607,498	NIL
11.	Weighted Average remaining contractual life (years)	8.67	10.65

* Subsequent to end of financial year 2014 – 15, the Nomination and Remuneration Committee at its meeting held on July 29, 2015 noted forfeiture of 28,081 stock options granted to eligible employee which is not included above.

e) The exercise price of ₹ 69.05 per share and ₹ 52.20 per share is equal to the market price at the time of grant of options. The weighted-average exercise price and weighted-average fair value of options is ₹ 69.05 and ₹ 128.98 per share for 3,211,391 option grant and ₹ 52.20 and ₹ 122.64 per share for 2,313,292 option grant, respectively for total number of options in force.

f) Employee wise details of options granted during the financial year 2014 – 15:

During the financial year 2014 – 15, no options were granted to any employee of the Company.

Employee wise details of options granted in the financial year 2011 – 12 and 2013 – 14 are given below:

i) Options granted to Senior managerial personnel:

a. For financial year 2011-12: 'Nil' at the time of grant of options. However, Mr. Chakrapany Manoharan, who was granted 191,509 stock options as an executive of the Company, was subsequently appointed as Director (Refinery).

b. For financial year 2013-14, Mr. Chakrapany Manoharan was granted 319,480 options.

ii) Employees who were granted options amounting to 5% or more of options granted are as follows:

Name of the employee	No. of options granted exceeding 5% of total grants*	
	2011 – 12	2013 – 14
Chakrapany Manoharan	191,509	319,480
Narendra Vachharajani	220,971	-
Suresh Jain	-	266,233
Srinivas Tuttagunta	-	198,167
Harsh Bhosale	-	194,899
Kumar Swain	-	182,744
Ramachandran Vaidyanathan	-	160,574
Ramamurthy Palepu	-	151,985
Sheikh Shaffi	-	130,318

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

iii) There were no employee who was granted options during any one year equal to or exceeding 1% of the issued equity shares of the Company at the time of the grant.

g) The key assumptions used to estimate the fair value of options in force as on March 31, 2015 are as follows:

Details	Year of Grant 2011–12	Year of Grant 2013-14
Risk – free interest rate	8.36%	8.36%
Expected life (years)	12	12
Expected volatility	49.09%	49.09%
Expected dividend	0.00%	0.00%
The price of underlying share in market at the time of option grant	₹ 69.05 per share	₹ 52.20 per share

h) Expected life of the options is based on the actual life of the options as per the scheme of the company as no historical data for early exercise of options is available.

i) Volatility is measured of the amount by which the price has fluctuated or is expected to fluctuate during a period. Volatility used in the Block-Scholes options pricing model has been derived on the volatility in the stock prices of the earlier periods.

j) No other feature has been considered for the fair valuation of options except as mentioned in h) above.

D) Details Related to Trust:

For the benefit of eligible employees, Essar Oil Limited has formed 'Essar Oil Employee Stock Option Scheme Trust' ('Trust') for administration of EOL ESOS 2011.

The details of the Trust are as follows:

(i) General information on EOL ESOS 2011

Sr. No.	Particulars	Details
1.	Name of the Trust	Essar Oil Employee Stock Option Scheme Trust
2.	Details of the Trustee	a) IL&FS Trust Company Limited – Corporate Trustee b) Mr. Sheikh Shaffi and Mr. Rahul Taneja – Individual Trustees
3.	Amount of loan disbursed by Company / any company in the Group during financial year 2014 – 15	NIL
4.	Amount of loan outstanding (repayable to the Company / any company in the group) as at March 31, 2015	NIL
5.	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	NIL
6.	Any other contribution made to the Trust during the year	₹ 1000/- was paid by the Company to the Trust during financial year 2014–15 towards settlement amount

(ii) Brief details of transactions in shares by the Trust:

- Number of shares held at the beginning of the year - NIL
- Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share – NIL
- Number of shares transferred to the employees / sold along with the purpose thereof – NIL
- Number of shares held at the end of the year – NIL

(iii) Information in case of secondary acquisition of shares

During the financial year 2014 – 15, the Trust has not acquired any Equity Shares of the Company from secondary market.

Sr. No.	Particulars	Number of Shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
1	Held at the beginning of the year	NIL	N.A.
2	Acquired during the year	NIL	N.A.
3	Sold during the year	NIL	N.A.
4	Transferred to the employees during the year	NIL	N.A.
5	Held at the end of the year	NIL	N.A.

For and on behalf of the Board of Directors

Mumbai
August 24, 2015

D J Thakkar
Director

L K Gupta
Managing Director & Ceo

Annexure - D

ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   A brief outline of the CSR Policy of the Company is as under:

   ### CSR Vision

   To empower the communities around our areas of operation towards development that is collaborative, progressive, inclusive and sustainable through optimal realisation of human potential and responsible utilisation of resources.

   ### CSR Mission

   - To undertake strategic sustainable development initiatives that contribute towards progress in human and social development indicators.
   - To complement and supplement the ongoing community development efforts of the Government while introducing innovations in areas where there is a scope and need for the same.
   - To encourage partnerships, support and build the capacities of community based institutions, civil society organizations.

   ### CSR Objectives

   - To undertake sustainable initiatives under agreed focus areas that lead to measurable progress in the targeted human development indicators especially in areas of education, maternal and child health indicators and environment.
   - To initiate and fuel the entrepreneurial aptitude among the people and institutions towards economic development of communities boosting an increase in the annual family income of targeted population.
   - To ensure care and support to the marginalised and vulnerable sections of the communities especially the elderly, women and children towards leading a life of dignity and self-dependence.

   ### Scope of CSR Activities

   - Communities and villages directly or indirectly impacted by the business operations.
   - Communities and villages surrounding the business operations in a particular location.
   - Any other areas adopted under any specific Memorandum of Understanding or agreement with the Government.

   ### Focus areas

   The Company will undertake CSR initiatives by investing resources in any of the following activities in India, excluding activities undertaken in pursuance of normal course of business of the Company and activities that benefit only the employees of the Company and their families:

   - Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water
   - Promoting education; including special education and employment enhancing vocational skills especially among children and women.
   - Enhancing livelihoods for the elderly and the differently abled, promoting gender equality, empowering women; setting up homes and hostels for women and orphans, setting up old age homes, day care centres, and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
   - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry and conservation of natural resources and taking measures wherever possible for maintaining of quality of soil, air and water.

- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up of public libraries; promotion and development of traditional arts and handicrafts.

- Measures for the benefit of armed forces veterans, war widows and their dependents.

- Training to promote rural sports, nationally recognised sports, Paralympics and Olympic sports.

- Contributions or funds to technology incubators located within academic institutions which are approved by the Central Government.

- Rural development projects including sanitation.

Implementation

The CSR initiatives will be implemented either directly by the Company or through implementing partners. The main implementing partner for EOL will be the "Essar Group Foundation" of which the Company is a Trustee. The other partners engaged directly by the Company or through the Essar Foundation may include the Government, Knowledge Institutions, Business Associates, NGOs, Community Based Organisations (CBOs) and the communities themselves. The precise roles of stakeholders depend on the local context and changes along with business phases, and the stages of community interventions.

The CSR Policy can be accessed on the website of the Company at the link http://www.essaroil.co.in/sustainability/reporting-and-communication.aspx.

2. As of March 31, 2015, the CSR Committee titled as 'CSR Safety & Sustainability Committee" comprised of Mr. K. N. Venkatasubramanian, Independent Director, Mr. L. K. Gupta, Managing Director & CEO, Mr. C. Manoharan, Director (Refinery) and the Nominee Director of LIC of India, Mr. R Sudarsan. Mr. Deepak K. Varma, Independent Director has been inducted as a member of the Committee on May 25, 2015.

3. Average net profits of the company for last three financial years ₹ (780.04) Crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

   The Company was not required to spend 2% of average net profit for the last three financial years as the Company incurred average net loss of ₹ (780.04) Crore in the preceding three financial years. However as a responsible corporate citizen, the Company has spent ₹ 952.63 lacs on CSR in financial year 2014-15.

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year;- ₹ 952.63 lacs

(b) Amount unspent , if any; - NA

(c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered (As per Schedule VII of the Companies Act, 2013)	Projects or programs 1. Local area or others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (Amount ₹ in Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or program 2. overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
		GUJARAT					
1	Janjagruti Express, Barricades for Police Department, Bricks and Clicks With Katha, Employee Volunteering, Fire Safety Awareness Programmes in 4 Villages, Indradhanush Event, Contribution for Education Research, Intra - Village Cricket Tournament in Jhakhar, Scholarship for Meritorious Students, Shala Pravesh Utsav	Promotion of Education	Devbhumi Dwarka & Jamnagar District	**147.75**	**141.09**	**141.09**	Implementing Agency-Essar Foundation
2	Celebration of World Environment Day, Hydro-geology study, Installation of Aero - Generator at INS, Valsura, Water Harvesting Project in the villages	Ensuring Environmental Sustainability	Devbhumi Dwarka & Jamnagar District	**34.77**	**33.02**	**33.02**	Implementing Agency-Essar Foundation
3	Health Care and Medical Facility (CSR PC)	Combating HIV, AIDS, Malaria & Other diseases	Devbhumi Dwarka & Jamnagar District	**100.00**	**89.54**	**89.54**	Implementing Agency-Essar Foundation
4	Animal Husbandry and Agriculture Development Project, Supply of Drinking Water Tanker in the villages, Fodder Assistance in the villages	Eradicating extreme hunger and poverty, Animal Welfare	Devbhumi Dwarka & Jamnagar District	**294.00**	**286.10**	**286.10**	Implementing Agency-Essar Foundation
5	State Level Republic Day Celebration	Promotion of Art and Culture	Devbhumi Dwarka & Jamnagar District	**13.00**	**12.32**	**12.32**	Implementing Agency-Essar Foundation
6	Ghee Dam Regional Water Supply Project, Refurbishment of Community Shelters, Refurbishment of Mother and Child Care Centre in Vadinar	Rural Development Project	Devbhumi Dwarka & Jamnagar District	**55.00**	**47.11**	**47.11**	Implementing Agency-Essar Foundation
7	Contribution towards Swachh Bharat and awareness programme, Construction of Toilets at Vadinar Primary School	Swachh Bharat Abhiyan	Devbhumi Dwarka & Jamnagar District	**30.80**	**30.78**	**30.78**	Implementing Agency-Essar Foundation
8	CSR Project Monitoring and Inspection Expenses	Project Monitoring and Inspection Expenses	Devbhumi Dwarka & Jamnagar District	**12.00**	**11.97**	**11.97**	Implementing Agency-Essar Foundation
9	Salary, Admin Cost & other miscellaneous of Essar Foundation	Project Monitoring and Inspection Expenses	Vadinar & Mumbai (Overheads)	**184.38**	**184.38**	**184.38**	Implementing Agency-Essar Foundation
		WEST BENGAL					

Sr. No.	CSR Projects or activities identified	Sector in which the project is covered (As per Schedule VII of the Companies Act, 2013)	Projects or programs 1. Local area or others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise (Amount ₹ in Lacs)	Amount spent on the projects or programs Sub heads: 1. Direct expenditure on projects or program 2. overheads (Amount ₹ in Lacs)	Cumulative expenditure upto the reporting period (Amount ₹ in Lacs)	Amount spent direct or through implementing agency
10	School Support Program	Promotion of Education	Burdwan District	**6.00**	**6.00**	**6.00**	Direct
11	Oldage Home and Cancer Hospital setup, Mother & Child Care Programme under CINI, Community Health Care Services through Mobile Medical Van under VHPL & HLFPPT	Setting up old age homes, such other facilities for senior citizens, Reducing Child Mortality and Improving Maternal Health, Combating from primary diseases	Burdwan District	**62.51**	**61.77**	**61.77**	Direct
12	Agriculture Development Program under IGS, Retail, Hospitality and BPO training for rural youth under B-able	Eradicating extreme hunger and poverty, Soft Skill Training for Livelihood	Burdwan District	**17.00**	**17.02**	**17.02**	Direct
13	Project Monitoring and development expenses, community welfare, stakeholder support	Such other matters as may be prescribed	Burdwan District	**17.50**	**17.41**	**17.41**	Direct
14	Support to school sports (Aanchalik & Circle) & rural youth	Sports Promotion	Burdwan District	**1.00**	**0.74**	**0.74**	Direct
15	Essar Jono Bikash Kendro - Tailoring & Kantha stitching centre, Kantha exclusive training & promotions and School Bag making project under DSWCS	Promoting Gender equality and empowering women	Burdwan District	**13.50**	**13.38**	**13.38**	Direct

* Some CSR activities have been carried out directly by the Company and some through Implementing agency, Essar Foundation.

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

K N Venkatasubramanian
Chairman of the CSR, Safety and Sustainability Committee
(DIN: 00007392)

L K Gupta
Managing Director & CEO
(DIN: 00017344)

Mumbai
August 24, 2015

Annexure - E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Essar Oil Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Essar Oil Limited** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended on 31st March, 2015:

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other laws specifically applicable to the Company:

(a) Petroleum Act, 1934 and rules made thereunder;

(b) The Mines Act, 1952 and Rules made thereunder including Oil Mines Regulation;

(c) Oil Field (Regulation and Development) Act, 1948;

(d) Merchant Shipping Act, 1958 and Rules made thereunder;

(e) Essential Commodity Act, 1955 and relevant orders

We have also examined compliance with the applicable clauses of the equity Listing Agreements entered into by the Company with Stock Exchanges viz., BSE Limited and National Stock Exchange of India Limited.

For the period covering financial year ended on 31st March, 2015, Secretarial Standards issued by the Institute of Company Secretaries of India, were not applicable to the Company, as the same were not approved by the Central Government under Section 118 (10) of the Act.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and as applicable to the company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as agreed by directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision of the Board of Directors is carried through and are captured and recorded as part of the minutes. There were no dissenting views.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above made:

- Approval of shareholders for delisting of equity shares in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ('delisting resolution'). However, the validity of the delisting resolution, being one year, has expired on August 5, 2015. The promoters of the company have sought some relaxations from SEBI, including extension of validity of the delisting resolution.

For P. K. Pandya & Co.
Practising Company Secretary

Prakash K Pandya
FCS No.: 3901
COP No.: 2311

Mumbai
August 24, 2015

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
Essar Oil Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Essar Oil Limited** (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about laws as may be specifically applicable to the company and compliance of some of the provisions of laws, rules and regulations during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P. K. Pandya & Co.
Practising Company Secretary

Prakash K Pandya
FCS No.: 3901
COP No.: 2311

Mumbai
August 24, 2015

Annexure - F

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy

Essar Oil Refinery is taking sustained efforts since commissioning towards energy conservation by investing on energy studies and by implementing many schemes resulting in reduced energy consumption. In past, the Company has engaged best energy consulting companies for benchmarking and energy gap closure.

A dedicated Energy Cell is focusing on energy management by fixing energy targets for each unit, closely monitoring energy consumption pattern of all units, identifying best energy saving schemes and implementing. The focused approach is adopted to ensure that all process units minimize energy consumption by practicing best operating procedures.

In the financial year 2014-15 the refinery implemented several projects which have contributed significantly in reduction of energy consumption. Major energy conservation measures taken during the year are as under:

- Installation of E-003 A/B(Feed-effluent) Exchangers in DHDT.
- Preheat improvement done in CDU by providing additional Exchangers.
- Captive power plant Regenerative Air Pre heater heating elements replaced for better heat exchange of flue gas with primary/ secondary air.
- Suspect condensate diverted from base to train-1 DM unit, reducing steam consumption in de-aerator.
- Base Refinery Acid Flare was routed to Expansion Flare header.
- DESAL condensate heat was recovered to heat DM water and reduce cooling tower Heat load.
- Periodic steam survey was done to identify and replace passing traps.
- CDU/VDU heater online cleaning done. This helped to reduce the fuel gas consumption by increasing COT.
- Process Cooling Tower Fans were replaced by Energy Efficient Fans.

These energy initiatives helped to reduce significant energy consumption of 25 Giga calories per hour.

At the Coal Bed Methane field at Raniganj, West Bengal, concerted efforts have been made both in terms of reducing dependence on higher emission fuels like High Speed Diesel (HSD) through substitution by relatively cleaner CBM and conservation of energy through innovative engineering solutions. Being a low pressure reservoir, it needs external energy for continuous evacuation of water and production of gas from the wells and pumps are used for the purpose. Additionally, we need to compress the gas to a delivery pressure based on end users specifications. Nearly all the power requirement for the pumps and compressors is being met through gas driven units.

Variable frequency drives (VFDs) are being used for running the pumps optimally which helps in conserving energy. We have also devised an innovative method of using a mix of active and passive harmonic filters to reduce the generation of harmonics in the system. This helps in increasing the power factor besides enabling us to optimize the size of the gensets, all of which results in conservation of energy.

(ii) The steps taken by the Company for utilizing alternate sources of energy

At the Refinery the Company has installed Solar day light harvester in ware-house building, solar signals on roads and LED lights. The Company has also planned to install solar harvester in maintenance buildings. Besides these, the Company is actively pursuing various options for setting up wind and/or solar power project at Vadinar. Pre-feasibility study is being done in house.

At Raniganj, CBM field HSD was primarily being used to power the generators required to run the pumps. We have now switched to gas generators and are using cleaner and cost effective gas produced from the wells as a fuel.

Additionally we have created a loop of gas pipeline to obtain continuous gas supply for newer well pads at which the gas is yet to break-out. Almost twenty new well-pads are using gas from the gas grid thereby avoiding use of HSD.

(iii) The capital investment on energy conservation equipment.

At the Refinery, following capital expenditure are being evaluated for conserving energy:

a) Heat recovery from FCCU Flue Gas

b) Increase in FCCU preheat by reducing MP steam generation and effective utilization of the process heat.

c) Increase in CDU preheat by implementing pinch study.

d) At Raniganj, we have invested approximately ₹ 10 crore towards energy conservation equipment.

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption

After commissioning all our expansion units in 2011-12 by absorbing latest technology in secondary processing units, innovative ideas were implemented to further improve the effectiveness and efficiency. During 2014-15, we added one more hydrogen generation unit (HMU-II) to improve the refinery margin.

Commissioning Expansion units, Optimization project and coal based power plant and use of latest technologies made the Refinery among the most complex and modern global refineries. Innovative culture of the refinery combined with enhanced complexity enabled to process over 94 per cent heavy and ultra-heavy of lower cost crude oils and increase middle distillate yields significantly. These enhancements also helped in reduction in fuel and cost of power and steam production.

(ii) The benefits derived like project improvement, cost reduction, product development or import substitution

The Company has carried out R&D activities in following areas:

a) Study of various crudes when blended with other for their compatibility.

b) Enhancing cetane number of diesel fuel without additives.

c) Designing and developing indigenous dynamic flow crude oil de-salter.

d) Developing cleaning agent for On-line cleaning of furnace heater tubes.

e) Use of a mix of active and passive harmonics filters at Raniganj CBM field.

The benefits derived as a result of the above R&D are:

a) Numerous heavy to ultra heavy crude oils are having very high viscosity and pour point which require high temperature while loading in vessels, transportation and unloading operation at SPM. Prior to shipment the compatibility study of these crudes are conducted at R&D centre. On the basis of this study two or three crudes can be blended offshore to ensure that there is no precipitation or sludge formation during transportation and making it easy to undertake unloading operation and processing at refinery. At an average about 6-7 shipments of blended crudes were received and processed at the refinery during the year. This has thus broadened the horizon for tough crude and enhanced the refinery GRM.

b) Various techniques were explored to enhance cetane number of diesel fuel. One of which was extracting the aromatic fraction from the diesel by solvent extraction. Extraction of aromatics from diesel improved the cetane number of diesel by 2-3 unit. This can be of the alternatives to enhance cetane number in future.

c) Currently various heavy to ultra heavy crudes, which are sourced at cheaper cost, are being processed at the refinery. Some of these crudes have high levels of salts and BS&W. It sometimes becomes difficult to separate out the salt in the de-salters in CDU. Carryover of salts lead to overhead corrosion in columns. In view of this, an indigenous dynamic flow crude oil de-salter was developed in-house. This facility once established, will conduct studies on various blends and help in optimizing de-salter parameters and operation at the refinery.

d) A cleaning agent has been developed for furnace heater tubes. This will help in substituting the imported chemicals by cheaper indigenous easily available chemicals in India and further reduce cost on cleaning.

e) The innovative mix of active and passive Harmonic Filters at Raniganj CBM field provides us a cost effective solution for countering generation of harmonics. This has helped improve the power factor from 0.88 to 0.98. As the activities scale up, the savings from these initiatives are expected to increase.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

a) The details of Technology Imported:

i. Imported UOP Technology for VGO Hydrotreater (VGOHT), Diesel Hydrotreater (DHDT) and ISOM unit during FY 2011-12, implemented and plants running successfully.

ii. Delayed Coker Unit Technology was imported from Chicago Bridge & Iron Company (CB&I) during FY 2011-12 to convert Vacuum Residue into valuable distillates and petroleum coke through severe thermal cracking and to eliminate production Fuel oil. This unit is also running successfully.

iii. Imported HALDOR TOPSOE, Denmark Technology for HMU-I during FY 2011-12 and HMU-II during FY 2014-15 to manufacture 99.9% pure Hydrogen is required for VGOHT, DHDT and ISOM units. HMU-II was commissioned successfully

iv. Imported JACOBS Technology, USA for Sulfur Recovery Unit during FY 2011-12

b) Year of import.

All above Technologies were imported in FY 2011-12

c) Has technology been fully absorbed?

i) UOP - Yes

ii) CB&I – Yes

iii) HALDOR TOPSOE – Yes

iv) JACOBS - Yes

d) If not fully absorbed, areas where this has not taken place, reasons thereof – NIL

(iv) The expenditure on R & D : ₹ 80.99 lakhs

a) Capital – ₹ 5.281 lakhs

b) Recurring – ₹ 75.71 lakhs

c) Total – ₹ 80.99 lakhs

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars relating to Foreign Exchange outgo and earnings appear in Note No. 31 and 33 to the standalone financial statements.

For and on behalf of the
Board of Directors

D J Thakkar
Director

L K Gupta
Managing Director & CEO

Mumbai
August 24, 2015

Annexure - G

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	L11100GJ1989PLC032116
2	Registration Date	September 12, 1989
3	Name of the Company	Essar Oil Limited
4	Category/Sub-category of the Company	Public Limited Company
5	Address of the Registered office & contact details	Khambhalia, Post Box No-24, District Devbhumi Dwarka, Gujarat, Tel: +91-2833-661444, Fax: +91-2833-662929, Email:EOLCompanySec@essar.com
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Datamatics Financial Services Limited, Unit: Essar Oil Limited, Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400 093, Tel: +91-22-66712151 to 6671212156, Fax: +91-22-66712209, Email:eolinvestors@dfssl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the company
1	Refining and Marketing	1920	99.94
2	Exploration and Production	6202	0.06

* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Oil & Gas Limited * 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Holding Company	50.25	2(46)
2	Essar Oil Trading Mauritius Limited 10, Frere Felix, DE Valios Street, Port Louis, Mauritius	NA	Subsidiary Company	100	2(87)
3	Vadinar Properties Limited Essar House,11 K K Marg, Mahalaxmi, Mumbai - 400034	U70100MH2006PLC160616	Subsidiary Company	100	2(87)
4	Vadinar Power Company Limited Vadinar Power Company Administration Building, Refinery Site,39 Km, Jamnagar-Okha Highway, Vadinar, Jamnagar, Gujarat	U40100GJ1997PLC033108	Associate Company	26.01	2(6)
5	Vadinar Liquid Terminals Limited Salaya Administrative Building, 44 KM, Mile Stone, Okha Highway, Jam Khambhaliya, Khajurda, Gujarat	U74140GJ2015PLC082393	Associate Company	26	2(6)

* Holder of Global Depository Shares represented by underlying equity shares of the Company

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	6,215,026	0	6,215,026	0.43	6,215,026	0	6,215,026	0.43	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A) (1)	6,215,026	0	6,215,026	0.43	6,215,026	0	6,215,026	0.43	0.00
(2) Foreign									
a) NRI Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	354,714,647	0	354,714,647	24.47	354,714,647	0	354,714,647	24.47	0.00
d) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A) (2)	354,714,647	-	354,714,647	24.47	354,714,647	-	354,714,647	24.47	0.00
TOTAL (A)	360,929,673	-	360,929,673	24.90	360,929,673	-	360,929,673	24.90	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	10,000,200	10,600	10,010,800	0.69	10,000,200	10,600	10,010,800	0.69	0.00
b) Banks / FI	11,270,102	50	11,270,152	0.78	11,021,382	50	11,021,432	0.76	-0.02
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	22,647,776	300	22,648,076	1.56	27,166,830	300	27,167,130	1.87	0.31
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	43,918,078	10,950	43,929,028	3.03	48,188,412	10,950	48,199,362	3.32	0.29
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
i) Indian	21,341,688	57,851	21,399,539	1.48	36,450,639	56,451	36,507,090	2.52	1.04
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	45,740,586	17,197,859	62,938,445	4.34	28,583,600	16,644,686	45,228,286	3.12	-1.22
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6,294,493	217,700	6,512,193	0.45	5,224,649	217,700	5,442,349	0.38	-0.07
c) Others (specify)									
NRIs and OCBc	1,574,368	769,800	2,344,168	0.16	1,012,236	734,050	1,746,286	0.00	0.01
Sub-total (B)(2):-	74,951,135	18,243,210	93,194,345	6.43	71,271,124	17,652,887	88,924,011	6.13	0.30
Total Public (B)	118,869,213	18,254,260	137,123,373	9.46	119,459,536	17,663,837	137,123,373	9.46	0.00
C. Shares held by Custodian for GDRs & ADRs*	951,463,854	0	951,463,854	65.64	951,463,854	0	951,463,854	65.64	0.00
Grand Total (A+B+C)	1,431,262,740	18,254,160	1,449,517,000	100.00	1,431,853,063	17,663,837	1,449,516,900	100.00	0.00

* GDS are held by promoter companies.

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Essar Energy Holdings Limited	354,714,547	24.47	17.52	**354,714,547**	**24.47**	**17.52**	0.00
2	Imperial Consultants And Securities Private Limited	6,215,026	0.43	0.29	**6,215,026**	**0.43**	**0.29**	0.00
3	Essar Power Hazira Holdings Limited	100	0.00	0.00	**100**	**0.00**	**0.00**	0.00
Total		360,929,673	24.90	17.81	**360,929,673**	**24.90**	**17.81**	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - There was no change in the Promoter's Shareholding during the financial year 2014-15

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name*	Shareholding at the begining of the year		Increase during the year	Decrease during the year	Cumulative shareholding during the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Life Insurance Corporation of India	10,767,782	0.74	0	0	**10,767,782**	**0.74**
2	LIC of India Market Plus I Growth Fund**	10,000,000	0.69	0	0	**10,000,000**	**0.69**
3	Puran Associates Pvt Ltd	0	0.00	8,309,600	0	**8,309,600**	**0.57**
4	VIC Enterprises Pvt Ltd	0	0.00	8,170,982	0	**8,170,982**	**0.56**
5	M B Finmart Pvt Ltd	0	0.00	8,016,242	0	**8,016,242**	**0.55**
6	Morgan Stanley Asia (Singapore) Pte.	0	0.00	7,414,726	377,614	**7,037,112**	**0.49**
7	Global Strong Growth Fund	0	0.00	4,180,000	700,000	**3,480,000**	**0.24**
8	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	3,173,339	0.22	0	0	**3,173,339**	**0.22**
9	K. A. Investments Consultancy LLP	1,478,237	0.10	2,490,423	1,759,129	**2,209,531**	**0.15**
10	The Emerging Markets Small Cap Series of the DFA Investment Trust Company	2,063,648	0.14	0	0	**2,063,648**	**0.14**
11	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc (Dfaidg)	1,640,928	0.11	88,321	0	**1,729,249**	**0.12**
12	Goldman Sachs (Singapore) Pte #	1,591,448	0.11	1,247,583	2,413,857	**425,174**	**0.03**
13	Merrill Lynch Capital Markets Espana S.A. S.V. #	1,619,478	0.11	140,695	1,649,792	**110,381**	**0.01**
14	Morgan Stanley Investment Management, Inc A/C Morgan Stanley India Investment Fund, Inc. #	2,264,183	0.16	0	2,264,183	**0**	**0.00**
15	Bijco Holdings Ltd #	1,472,050	0.10	100,000	1,572,050	**0**	**0.00**

* The shares of the Company are traded on a daily basis at stock exchanges in electronic mode. Hence the date wise increase/decrease in shareholding is not available.

Ceased to be in the list of Top Ten shareholders as on 31-03-2015. The same is reflected above since the shareholder was one of the Top Ten shareholder as on 01-04-2014.

** Shareholding in folios having common PAN no. have been clubbed.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	**K N Venkatasubramanian**				
	At the beginning of the year	6,500	0.00	**6,500**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**6,500**	**0.00**
2	**Dilip J Thakkar**				
	At the beginning of the year	300	0.00	**300**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**300**	**0.00**
3	**Naresh Kumar Nayyar**				
	At the beginning of the year	8,000	0.00	**8,000**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**8,000**	**0.00**
4	**S V Venkatesan**				
	As on October 10, 2014 (Refer note 1)	400	0.00	**400**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**400**	**0.00**
5	**Sudhir Garg**				
	As on September 10, 2014 (Refer note 2)	200	0.00	**200**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**200**	**0.00**
6	**Virendra Singh Jain**				
	At the beginning of the year	600	0.00	**600**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**600**	**0.00**
7	**Suresh Chandra Jain**				
	At the beginning of the year	475	0.00	**475**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**475**	**0.00**
8	**Sheikh S Shaffi**				
	At the beginning of the year	50	0.00	**50**	**0.00**
	Changes during the year	0.00	0.00	**0.00**	**0.00**
	At the end of the year	-	0.00	**50**	**0.00**

Notes:

1. Mr. S V Venkatesan was appointed as Director on October 10, 2014 and resigned w.e.f. March 31, 2015.
2. Mr. Sudhir Garg was appointed as Director on September 10, 2014.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23,778.07	67.35	-	**23,845.42**
ii) Interest due but not paid	-	-	-	**-**
iii) Interest accrued but not due	16.46	-	-	**16.46**
Total (i+ii+iii)	23,794.53	67.35	-	**23,861.88**
Change in Indebtedness during the financial year				
Addition	7,205.68	0.22	-	**7,205.90**
Reduction	(3,949.09)	(22.48)	-	**(3,971.57)**
Net Change	3,256.59	(22.26)	-	**3,234.33**
Indebtedness at the end of the financial year				
i) Principal Amount	27,029.99	45.09	-	**27,075.08**
ii) Interest due but not paid	-	-	-	**-**
iii) Interest accrued but not due	21.13	-	-	**21.13**
Total (i+ii+iii)	27,051.12	45.09	-	**27,096.21**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (₹)
	Name	Mr. L. K. Gupta	Mr. C. Manoharan	
	Designation	Managing Director and CEO	Director (Refinery)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,953,226	24,952,800	**68,906,026**
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	15,000	1,882,263	**1,897,263**
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	**-**
2	Stock Option	-	-	**-**
3	Sweat Equity	-	-	**-**
4	Commission	-	-	**-**
	- as % of profit	-	-	**-**
	- others, specify	-	-	**-**
5	Others, please specify (Contribution to provident fund)	1,745,280	864,000	**2,609,280**
Total (A)		45,713,506	27,699,063	**73,412,569**
Ceiling as per the Act		10% of net profit		

B. Remuneration to other Directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration					
1	**Independent Directors**	**Mr. D. J. Thakkar**	**Mr. K. N. Venkatasubramanian**	**Mr. V. S. Jain**	**Mr. S. V. Venkatesan**	**Mr. D. K. Varma**
	Fee for attending board / committee meetings	1,080,000	1,490,000	980,000	190,000	190,000
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (1)	1,080,000	1,490,000	980,000	190,000	190,000
2	**Other Non-Executive Directors**	**Mr. Prashant Ruia**	**Mr. Naresh K Nayyar**	**Mr. Sudhir Garg**	**Mr. R. Sudarsan**	**Mr. Rajiv Pal Singh**
	Fee for attending board committee meetings	100,000	20,000	60,000	140,000	40,000
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	100,000	20,000	60,000	140,000	40,000
	Total (B)=(1+2)	1,180,000	1,510,000	1,040,000	330,000	230,000
	Total Managerial Remuneration	4,290,000				
	Overall Ceiling as per the Act	Rs, 1,00,000 per meeting				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration		Name of Key Managerial Personnel			Total Amount (₹)
	Designation		CEO	CFO	CS	
1	Gross salary		Refer part VI A			
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		24,810,600	9,622,539	**34,433,139**
	(b)	Value of perquisites under section 17(2) Income-tax Act, 1961		15,000	15,000	**30,000**
	(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-	-	**-**
2	Stock Option			-	-	**-**
3	Sweat Equity			-	-	**-**
4	Commission			-	-	
	-	as % of profit		-	-	**-**
	-	others, specify		-	-	**-**
5	Others, please specify			-	-	**-**
	Contribution to Fund			301,200	663,000	**964,200**
	Total		-	25,126,800	10,300,539	**35,427,339**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NA

Annexure - H

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members of Essar Oil Limited

1. We have examined the compliance of conditions of Corporate Governance by ESSAR OIL LIMITED ("the Company"), for the financial year ended March 31, 2015, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Prakash K Pandya
P. K. Pandya & Co.
Practising Company Secretary
FCS: 3901
C.P. 2311

Mumbai, August 24, 2015

ESSAR OIL & GAS

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Essar Oil Limited believes that adhering to global standards of Corporate Governance is essential to enhance shareholders' value and achieve long term corporate goals. The Company is committed to ethical conduct of business, manages its affairs with fairness to all stakeholders and operates with openness, integrity and accountability. The Board of Directors conducts the business of the Company in due compliance with its Memorandum and Articles of Association and the laws applicable to the jurisdictions of the places where the Company operates and undertakes a periodic review of business plans, performance and compliance with regulatory requirements.

2. BOARD OF DIRECTORS

As on March 31, 2015 the Board consisted of 12 Directors, 6 of whom were Independent Directors. The composition of the Board of Directors and other required details as on March 31, 2015 are given below:

Name of the Director	Category	No. of Board Meetings attended	Whether attended last AGM	No. of other directorships held#	Committee Membership Δ $	
					Member	Chairman
Prashant S. Ruia Chairman	Non-Independent Non-Executive	5	No	1	Nil	Nil
Naresh K. Nayyar (Dy. Chairman)	Non-Independent Non-Executive	5	No	Nil	Nil	Nil
Lalit K. Gupta (Managing Director & CEO)	Executive	6	Yes	1	Nil	Nil
Chakrapany Manoharan (Director-Refinery)	Executive	6	Yes	1	Nil	Nil
D. J. Thakkar	Independent Non-Executive	6	Yes	7	8	3
K. N. Venkatasubramanian	Independent Non-Executive	5	Yes	6	3	Nil
V. S. Jain	Independent Non-Executive	6	No	3	3	1
Deepak Kumar Varma [1]	Independent Non-Executive	3	No	4	4	Nil
T. S. Narayanasami [2]	Independent Non-Executive	Nil	No	7	2	1
Rugmani Shankar [3]	Independent Non-Executive	Nil	NA	Nil	Nil	Nil
Sudhir Garg [4] (Nominee of IFCI Ltd.)	Non-Executive	3	Yes	5	4	Nil
R. Sudarsan (Nominee of LIC of India)	Non-Executive	5	No	Nil	Nil	Nil
S. V. Venkatesan [5]	Independent Non-Executive	3	No	9	5	5
Sushil Kumar Maroo [6]	Non-Independent Non-Executive	3	NA	2	Nil	Nil
Suneet Shukla [7]	Non-Executive	Nil	NA	2	Nil	Nil
R. P. Singh [8] (Nominee of State Bank of India)	Non-Executive	2	NA	1	1	Nil
Philip Aiken AM [9]	Non-Executive	Nil	NA	Nil	Nil	Nil

Excluding directorship in Private Limited Companies and Foreign Bodies Corporate and companies registered under Section 8 of the Companies Act, 2013.

Governance

Δ Relates to Memberships / Chairmanships of Audit Committee and Stakeholders' Relationship Committee. Number of Committees on which a Director is a Member includes the number of Committees on which he/she is a Chairman.

$ Directorships and Committee positions are as on the date of resignations for respective Directors resigned prior to March 31, 2015 and based on the records available with the Company.

1. Appointed as Director with effect from October 10, 2014
2. Appointed as Director with effect from October 10, 2014 and subsequently resigned on May 25, 2015
3. Appointed as Director with effect from March 31, 2015.
4. Appointed as Director with effect from September 10, 2014
5. Appointed as Director with effect from October 10, 2014 and resigned with effect from March 31, 2015.
6. Ceased to be Director with effect from October 14, 2014.
7. Ceased to be Director with effect from September 10, 2014.
8. Ceased to be Director with effect from July 11, 2014.
9. Ceased to be Director with effect from May 19, 2014.

Dr. Sabyasachi Sen has been appointed as an Independent Directors of the Company with effect from May 25, 2015.

During the year, six Board Meetings were held and the time gap between any two meetings did not exceed one hundred and twenty days. The dates on which the meetings were held are as follows: May 20, 2014; June 22, 2014; August 12, 2014; November 7, 2014; November 21, 2014 and February 10, 2015. The management of the Company is conducted by the Managing Director & CEO, who is assisted by Heads of Divisions/ Departments.

Mr. L. K. Gupta and Mr. C. Manoharan retire by rotation at the ensuing Twenty Fifth Annual General Meeting (AGM) and being eligible seek re-appointment. Section 149 the Companies Act, 2013 provides for appointment of Independent Directors at AGM, Ms. Rugmani Shankar and Dr. Sabyasachi Sen have been appointed as Independent Directors by the Board. The consent of shareholders will be sought at the AGM to approve their appointment for a period of one year each from the date of their appointment. Mr. K N Venkatasubramanian and Mr. V. S. Jain retire by rotation at the ensuing AGM and being eligible are proposed to be appointed as Independent Directors for a term of three years each commencing from the date of the AGM being held on September 30, 2015. In compliance with Clause 49 of the Listing Agreement, brief resume of the directors being re-appointed / appointed along with the nature of their expertise and the details of other directorships and the committee positions held by them and their shareholdings are annexed to the Notice for the ensuing AGM. None of the Directors is related to any other director on the Board.

As on March 31, 2015, Mr. Naresh Nayyar, Mr. D. J. Thakkar, Mr. K. N. Venkatasubramanian, Mr. V. S. Jain and Mr. Sudhir Garg held 8000, 300, 6500, 600 and 200 shares, respectively. None of the other directors held any shares in the Company as on March 31, 2015.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors has laid down a Code of Conduct ('Code') for Directors and Senior Management personnel one level below the Executive Directors including all Functional Heads. During the year ended March 31, 2015, the Code was suitably modified to include the duties of the Independent Directors as prescribed under the Companies Act, 2013. The Code has been posted on the Company's website.

All the Directors, Senior Management and Functional Heads have affirmed compliance with the Code for the year ended March 31, 2015. The declaration to this effect of the Managing Director & CEO is given below:

Declaration by Managing Director & CEO

I, Lalit Kumar Gupta, Managing Director & CEO, of Essar Oil Limited hereby declare that all the Board Members and Senior Executives one level below the Executive Directors including all Functional Heads have affirmed for the Financial Year ended March 31, 2015, compliance with the Code of Conduct of the Company laid down for them.

Lalit Kumar Gupta
Managing Director & CEO
August 24, 2015

3. AUDIT & RISK MANAGEMENT COMMITTEE

During the year the nomenclature of Audit & Governance Committee was changed to Audit & Risk Management Committee. The Committee was reconstituted on May 20, 2014 with the induction of Mr. Naresh Nayyar in place of Nominee of Life Insurance Corporation of India. As on March 31, 2015, the Audit & Risk Management Committee comprised of 3 members viz. Mr. Naresh Nayyar, Mr. D. J. Thakkar and Mr. K. N. Venkatasubramanian. Mr. D. J. Thakkar, a Practicing Chartered Accountant, Chairs the meetings of the Committee. The scope of the Committee was enhanced during the year to include the requirements of Section 177 of the Companies Act, 2013, Clause 49 of the listing agreement as amended and monitoring and reviewing risk management plan for the Company. All the members of the Committee are financially literate and the Chairman of the Committee has accounting and related financial management expertise. The Chairman of the Committee was present at the 24th Annual General Meeting to answer the shareholders' queries. The Committee invites Statutory Auditors, Internal Auditors, Managing Director & CEO, Chief Financial Officer and Vice President (Corporate Accounts) to attend the meetings. All department heads are invited to attend the meetings whenever audit issues or transactions with related parties concerning their departments are discussed in the meetings. The representative of the Cost auditor is invited to attend the meetings of the Committee when the cost audit report is placed for discussion. The Company Secretary acts as Secretary to the Committee.

During the year ten meetings of the Audit & Risk Management Committee were held. Mr. K. N. Venkatasubramanian and Mr. D. J. Thakkar attended all meetings. Mr. Naresh Nayyar attended five meetings and Mr. R. Sudarsan, Nominee of LIC of India attended one meeting.

4. NOMINATION & REMUNERATION COMMITTEE

As on March 31, 2015, the Nomination & Remuneration Committee comprised of 3 members viz.: Mr. Naresh Nayyar, Mr. K. N. Venkatasubramanian and Mr. V. S. Jain. Mr. D. J. Thakkar and Mr. Sushil Maroo ceased to be members of the Committee with effect from May 20, 2014 and October 14, 2014 respectively. Mr. K. N. Venkatasubramanian generally chairs the meetings.

During the year the Committee met six times. Mr. K. N. Venkatasubramanian and Mr. V. S. Jain attended all meetings. Mr. Naresh Nayyar attended 4 meetings. Mr. Sushil Maroo attended three meetings. Mr. D. J. Thakkar attended one meeting. The terms of reference of Nomination & Remuneration Committee, which were enhanced during the year, include development of selection criteria for Directors and Senior Management Personnel recommending the Board policies relating to diversity of Board and appointment, removal and remuneration payable to Directors, Key Managerial Personnel and other employees, recommending appointment and remuneration of the Directors and Key Managerial Personnel, review and finalisation of the performance of senior management executives just below the Managing Director, determine the criteria and fix the overall annual variable pay of all executives. The terms of reference of the Nomination & Remuneration Committee are in conformity with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company has adopted a policy for Board Diversity, Appointment, Remuneration Training and evaluation of Directors and Employees. The policy inter-alia includes the criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act. Relevant chapters of the Policy relating to Directors' appointment and remuneration are enclosed as Annexure A to the Directors' Report set out in the Annual Report.

Non-Executive Directors

The Non-Executive Directors do not draw any remuneration from the Company except for sitting fees. During the financial year 2014-15 the Non-Executive Directors have been paid sitting fees at the rate of ₹ 20,000/- each for attending meeting of the Board of Directors and Committee. Effective from May 20, 2014 the sitting fees payable to the Independent Directors was enhanced to ₹ 50,000/- for attending each meeting of the Board of Directors and Audit & Risk Management Committee and ₹ 40,000/- for attending each meeting of other Committees of the Board.

The sitting fees paid to the Directors for the year ended March 31, 2015 are as follows: Mr. Prashant S. Ruia: ₹ 1,00,000/-; Mr. Naresh Nayyar: ₹ 20,000/; Mr. D. J. Thakkar: ₹ 10,80,000/; Mr. K. N. Venkatasubramanian: ₹ 14,90,000/-; Mr. V. S. Jain: ₹ 9,80,000/-; Mr. S. V. Venkatesan: ₹ 1,90,000/-; Mr. Deepak K Varma: ₹ 1,90,000/-; Mr. R. Sudarsan: ₹ 1,40,000/- (paid to LIC of India); Mr. Sudhir Garg: ₹ 60,000/- (paid to IFCI Ltd.) and Mr. Rajiv Pal Singh: ₹ 40,000/-. During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to its Non–Executive Directors.

Executive Directors

During the financial year 2014-15, remuneration paid to the Executive Directors was as under:

(Amount in ₹)

	Mr. Lalit Kumar Gupta Managing Director & CEO	Mr. Chakrapany Manoharan Director (Refinery)
Basic Salary	1,45,44,000	72,00,000
Allowances & Perquisites	1,30,61,776	78,29,063
Retirement benefits	-	-
Performance Linked Incentives	1,63,62,450	1,01,25,000
Contribution to Provident Fund	17,45,280	8,64,000
Total	4,57,13,506	2,76,99,063
Service contract	5 years from December 2, 2011	3 years from March 29, 2015
Notice period	3 months	3 months

In terms of the Essar Oil Employee Stock Options Scheme – 2011, the Executive Directors are entitled to be granted stock options. Prior to being appointed as Director (Refinery), Mr. C. Manoharan, in his capacity as Head of Refinery, was granted 191,509 stock options in financial year 2011-12. In Financial Year 2013-14, 319,480 Stock Options were granted to Mr. C Manoharan. There is no separate provision for payment of severance fee to any of the Executive Directors.

5. INVESTORS' RELATIONS

a. Investors' Relations Committee

As on March 31, 2015 the Committee consists of three Directors viz. Mr. D. J. Thakkar; Mr. Naresh Nayyar and Mr. L. K. Gupta. Mr. Sushil Maroo ceased to be member of the Committee from October 14, 2014. Mr. D. K. Varma was inducted as member of the committee on May 25, 2015. Mr. D. J. Thakkar, a Non-Executive Director generally Chairs the meetings.

During the year four meetings were held. Mr. L. K. Gupta and Mr. D. J. Thakkar attended all 4 meetings, Mr. Naresh Nayyar attended 3 meetings and Mr. Sushil Maroo attended 2 meetings.

b. Compliance Officer

The Company Secretary, Mr. Sheikh S. Shaffi, is the Compliance Officer in terms of Clause 47 of the Listing Agreement.

c. Requests / complaints

There were no complaints from share/ debenture holders pending at the beginning of the financial year. During the financial year, 235 complaints were received and 232 complaints were replied to/resolved. As of March 31, 2015, there were 3 pending complaints.

705 requests involving transfer of 92,475 shares were received during the financial year.

d. Equity share certificates lying unclaimed

Details regarding the unclaimed certificates of equity shares lying with the Company in demat account titled "Essar Oil Limited – Unclaimed Suspense Account" are as follows:

Sr. No.	Particulars	No. of shares	No. of shareholders
1.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	40,250	249
2.	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	100	1
3.	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	100	1
4.	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	40,150	248

The voting rights on the shares outstanding in this suspense account as on March 31, 2015 shall remain frozen till rightful owner claims these shares.

6. 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
2013-14	December 24, 2014	3:00 p.m.	Khambhalia Post, Dist. Devbhumi Dwarka	1
2012-13	September 27, 2013	11:00 a.m.	Khambhalia Post, Dist. Jamnagar	1
2011-12	December 20, 2012	2:30 p.m.	Khambhalia Post, Dist. Jamnagar	3

b) Postal ballot

During the financial year 2014-15, by two separate postal ballot notices dated June 24, 2014 and October 7, 2014 the Company has obtained approval of its members by passing following special resolutions in accordance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

The details of voting pattern are as under:

Date of Postal Ballot notice	Date of declaration of result for postal ballot	Purpose	Outcome (percentage)	
			In favour	Against
June 24, 2014	August 6, 2014	Voluntary delisting of equity shares of the Company from BSE Limited and National Stock Exchange of India Limited pursuant to voluntary delisting offer made by Essar Energy Holdings Limited, the main shareholder and promoter of the Company		
		Including votes cast by promoter group companies	99.75	0.25
		Excluding votes cast by promoter group companies	97.36	2.64
October 7, 2014	November 17, 2014	To continue with the existing authorisation to the Board to create security on assets of the Company for borrowing funds upto ₹ 50,000 crore	99.70	0.30
		To continue with the existing authorisation to the Board to borrow funds upto ₹ 50,000 crore	99.70	0.30

Mr. Prakash Pandya, Practicing Company Secretary was appointed to act as Scrutinizer for both the postal ballot proposals.

The Company sent the Postal Ballot notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent by either casting their vote by sending back a postal ballot form by a postage pre-paid envelope sent to them along with the Notice or through e-voting which could be exercised on a secure platform provided by National Securities Depository Limited. The votes were to be casted within a period of 30 days from the date of dispatch of the respective notices. Upon the expiry of 30 days period, the scrutinizer submitted his report to the Company. The results of the postal ballot were announced on the dates mentioned in the respective notices for postal ballot by displaying them on the Notice Board of the Company at its registered office and also posted on the Company's website. Additionally the results was communicated to the stock exchanges.

Currently no special resolution is proposed to be undertaken by postal ballot.

7. DISCLOSURES

i) The Company does not have any material related party transactions that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in note 44 to the standalone and consolidated financial statements of the Company forming part of the Annual Report.

ii) There were no instances of non-compliance on any matter related to the capital markets and the Stock Exchange(s), SEBI or any other Statutory Authorities have not imposed any strictures, penalties during the last three years. Under the provisions of Clause 49 of the listing agreement, half of the Company's Board should comprise of Independent Directors. The Company has been complying with this requirement. However, the definition of Independent Director was revised by introduction of Clause 49(II)(B)(1) under which Nominee Directors, (Lenders Nominees) were excluded from being regarded as Independent. The Company was required to reconstitute the Board considering the revised criteria of Independence by September 30, 2014. The Company had taken effective steps to reconstitute the Board and complied with this requirement by October 14, 2014.

iii) The financial statements have been prepared in accordance with the accounting policies generally accepted in India. In compliance with clarificatory orders dated August 4, 2006 and August 11, 2006 issued by Hon'ble Gujarat High Court, interest on certain categories of debentures have been accounted on cash basis as detailed in note 7(ii)(a) to financial statements.

Regarding certain funded interest facilities as referred in note 7(ii)(c) to the financial statements, to give accounting effect to reflect substance of the transaction, the Facility Stoppage (FS) loan was, since inception, measured by the Company in accordance with the principles of IAS 39, Financial Instruments, Recognition and Measurement, in absence of specific guidance in Indian GAAP to cover the specific situation. Applying the principle of Accounting Standard 30, Financial Instruments, Recognition and Measurement, the FS loan has been re-measured in continuance of the above principle, considering present value of cash flow inclusive of future interest.

iv) The Company has adopted a Whistle Blower Policy as per the requirements of Listing Agreement and the Companies Act, 2013 which provides a mechanism to any of the employees to report genuine concerns or any violation. During the year no personnel has been denied access to the Audit & Risk Management Committee.

v) Mr. L. K. Gupta, Managing Director & CEO and Mr. Suresh Jain, Chief Financial Officer have certified to the Board of full compliance of Clause 49 (IX) of the Listing Agreement for the financial year ended March 31, 2015.

vi) A certificate issued by Practicing Company Secretaries, M/s. Prakash Pandya & Co. certifying that the Company complies with the conditions of the Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed as Annexure-H to the Directors' Report.

vii) In respect of compliance with the non-mandatory requirements, the quarterly, half-yearly and annual results are put up on Company's website http://essaroil.co.in. The results along with the press release being made to media after release of the results is also being sent to all the shareholders by email whose email IDs are registered with the Company / Depository Participants. The auditors have issued an unqualified report in respect of the audited financial results for the financial year ended on March 31, 2015. The auditors' observations have been adequately explained in the Notes to accounts wherever necessary. The posts of the Chairman and the Managing Director are held by separate persons. The Chief Internal Auditor reports directly to the Audit & Risk Management Committee.

8. MEANS OF COMMUNICATION

1. Quarterly/annual financial results are regularly submitted to Stock Exchanges in accordance with the Listing Agreement and published in all editions of English daily, Business Standard and in a Gujarati daily, Jai Hind. The quarterly/annual results are also made available at the Company's website, http://essaroil.co.in. 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.

2. 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.

3. Full text of Annual Reports of the Company are made available on the website of the Company; http://essaroil.co.in.

4. The quarterly/annual financial statements along with Corporate Governance report, Shareholding Pattern, Annual Reports, financial statements of subsidiaries and other documents in compliance with the requirements of Listing Agreement entered into with Stock Exchanges are available on the websites of BSE and NSE by the respective stock exchanges.

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

6. Reminders were sent to those investors whose interest/ redemption amount on debentures were unencashed as per records of the Company and was due for transfer to Investor Education and Protection Fund during the financial year 2014–15 advising them to seek demand drafts in lieu of their lapsed warrants.

9. GENERAL SHAREHOLDER INFORMATION

i.	Corporate Identification Number	L11100GJ1989PLC032116	
ii.	AGM date, time and venue	September 30, 2015 at 3:00 p.m. at the Registered Office of the Company at Khambhalia Post, Dist. Devbhumi Dwarka-361305	
iii.	Tentative Financial calendar	Approval of the results for the quarter ending June 30, 2015; September 30, 2015; and December 31, 2015.	Within 45 days of the end of quarter
		Audited annual results for the year ending March 31, 2016	Before May 30, 2016
iv	Cutoff date for remote e-voting		September 23, 2015
v.	Remote e-voting period	E-voting commences on	September 25, 2015 at 8:00 a.m.
		E-voting ends on	September 29, 2015 at 5:00 p.m.
vi.	Date of Book closure	September 29, 2015 to September 30, 2015	(both days inclusive)
vii.	Dividend payment date	N.A.	

viii. Listing of equity shares on stock exchanges

The equity shares of the Company are listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). The Company has paid the annual listing fees for the financial year 2015-16 to BSE and NSE.

The addresses of the Stock Exchanges are set out below:

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

The Company had on June 20, 2014 received a proposal from Essar Energy Holdings Ltd., Promoter Company offering to purchase all the publicly held equity shares of the Company (delisting offer) and upon successful completion of delisting offer, to voluntarily delist the shares of the Company from the Stock Exchanges. On August 6, 2014, the shareholders have passed a special resolution approving the Delisting Proposal by Postal Ballot mechanism. The Company received in-principle approval for delisting from the National Stock Exchange of India Limited and BSE Limited on July 2, 2015 and July 15, 2015 respectively. The shareholders' resolution was valid for one year i.e. up to August 5, 2015 for completing the delisting process. The Promoters have made an application to Securities and Exchange Board of India under regulation 25A of SEBI (Delisting of Equity Shares Regulations), 2009 seeking extension of time.

ix. Stock Codes

Equity shares

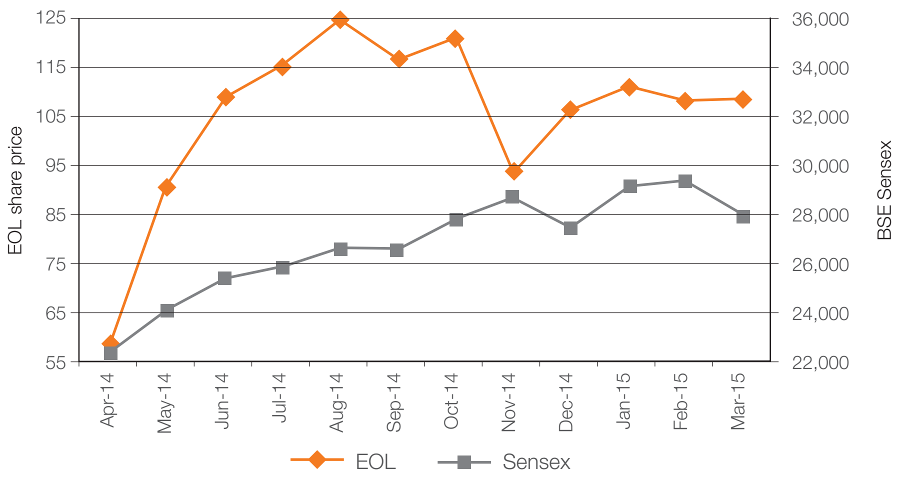
Trading Symbol:	
BSE Limited	500134
National Stock Exchange of India Limited	ESSAROIL
ISIN with NSDL and CDSL	
Equity shares	INE011A01019
Non-Convertible Debentures	
12.50% Secured Non-Convertible Debentures of ₹ 98.70 each redeemable on July 23, 2018	INE011A07073

x. Stock market price data for the financial year 2014-15

High / Low (based on daily closing prices), and the aggregate of daily traded volume at NSE and BSE for each month in the financial year ended March 31, 2015 are as under:

Month	Year	NSE (in ₹ per share)			BSE (in ₹ per share)		
		high	low	volume (in lakhs)	high	low	volume (in lakhs)
April	2014	66.45	50.75	640.57	66.40	50.85	230.20
May	2014	93.90	58.05	787.82	93.75	58.10	293.81
June	2014	119.35	89.10	488.69	119.30	89.15	201.69
July	2014	115.50	104.00	101.96	115.50	104.15	43.04
August	2014	125.50	113.00	120.80	125.30	112.55	34.36
September	2014	132.40	114.55	72.24	132.50	115.15	25.67
October	2014	124.75	115.10	38.45	125.00	115.00	11.75
November	2014	125.40	92.15	90.92	125.00	91.85	30.71
December	2014	122.60	93.80	192.18	122.80	94.00	60.51
January	2015	118.70	101.50	56.77	118.80	100.00	24.22
February	2015	117.00	106.00	52.47	117.00	106.50	19.44
March	2015	114.00	101.00	68.10	114.00	101.00	26.86

xi. Performance of share price in comparison to BSE SENSEX



xii. Share Transfer Agent

M/s. Datamatics Financial Services Ltd. is the Share Transfer Agent of the Company. The Share Transfer Agent acknowledges and executes transfers of securities and arranges for issue of interest/redemption warrants on debentures. The Share Transfer Agent also accepts, deals with and resolves requests, queries and complaints of share/debenture holders.

xiii. 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 10-15 days.

xiv. Distribution of shareholding as on March 31, 2015

No. of shares	No. of shareholders	%	No. of shares	%
Upto 500	2,86,005	96.63	3,45,49,711	2.38
501-1000	6,226	2.10	48,14,552	0.33
1001-2000	2,087	0.71	31,63,028	0.22
2001-3000	553	0.19	14,22,312	0.10
3001-4000	258	0.09	9,38,733	0.07
4001-5000	226	0.08	10,66,926	0.07
5001-10000	287	0.10	21,41,417	0.15
10001 and above	337	0.10	1,40,14,20,221	96.68
Total	**2,95,979**	**100.00**	**1,44,95,16,900**	**100.00**

xv. Shareholding pattern as on March 31, 2015

Sl.	Category	No. of shares			%
		Physical	Electronic	Total	
I	Promoters				
	a. Promoter and Promoter Group	0	36,09,29,673	36,09,29,673	24.90
	b. Depository for GDSs	0	95,14,63,854	95,14,63,854	65.64
Sub-total		**0**	**1,31,23,93,527**	**1,31,23,93,527**	**90.54**
II	Non-promoters				
	a. FIs and Banks	50	1,10,21,382	1,10,21,432	0.76
	b. Mutual Funds and UTI	10,600	1,00,00,200	1,00,10,800	0.69
	c. Foreign Institutional Investors	300	2,71,66,830	2,71,67,130	1.87
	d. Private Corporate Bodies	56,451	3,64,50,639	3,65,07,090	2.52
	e. Indian Public	1,68,62,386	3,38,08,249	5,06,70,635	3.50
	f. NRIs and OCBs	7,34,050	10,12,236	17,46,286	0.12
Sub-total		**1,76,63,837**	**11,94,59,536**	**13,71,23,373**	**9.46**
Total		**1,76,63,837**	**1,43,18,53,063**	**1,44,95,16,900**	**100.00**

The Company has on July 28, 2015 allotted 607,498 equity shares to Corporate Trustee of the Essar Oil Employee Stock Option Trust pursuant to the Essar Oil Limited Employees Stock Option Scheme – 2011 against an equal number of Options to enable to hold the equity shares for the benefit of eligible employees to exercise their Options that have vested at the end of 3rd year from the grant date.

xvi. Dematerialisation of shares

As on March 31, 2015, 98.78% of the Company's equity shares i.e. 1,43,18,53,063 shares were held in dematerialised form and 1.22% i.e. 1,76,63,837 shares were held in physical form.

xvii. Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

62,18,718 Global Depository Shares (GDSs) represented by 95,14,63,854 equity shares were outstanding as on March 31, 2015. Each GDS represents one hundred and fifty three (153) equity shares. There are no convertible instruments outstanding as on March 31, 2015.

xviii. Transfer of unclaimed amount to Investor Education & Protection Fund

For the financial year ended on March 31, 2015, the Company has transferred to Investor Education & Protection Fund (IEPF) in compliance with section 205C of the Companies Act, 1956. ₹ 2,75,64,831 debenture interest and principal amount remaining unpaid or unclaimed for a period of 7 years from the date the amount became due for payment.

xix. Plant Location

The Refinery of the Company is located at Khambhalia Post, Dist. Devbhumi Dwarka – 361305, Gujarat. The Company's oil fields are located at Mehsana, Gujarat and the Coal Bed Methane (CBM) fields are located in Durgapur, West Bengal.

xx. Address for communication

For any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialization of shares / debentures, change of address, non-receipt of Annual Report, interest warrant and any other query relating to the shares and debentures of the Company, please write to the following address: M/s. Datamatics Financial Services Ltd., Unit: Essar Oil Limited, Plot No. B - 5, Part B Cross Lane, MIDC, Andheri (East), Mumbai – 400093. Phone: 91-22-66712151 to 66712156, Fax: 91-22-66712209, Email: eolinvestors@dfssl.com

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

Independent Auditors' Report

To
THE MEMBERS OF ESSAR OIL LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **Essar Oil Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINION

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and further to the matters described in paragraph 8 below give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTERS

8. We draw attention to:

   (a) Note 7(ii) (a) to the financial statements regarding accounting for interest on debentures for the period October 1998 to April 2012 on cash basis, in accordance with the orders of the Gujarat High Court.

   (b) Note 7(ii) (c) to the financial statements regarding measurement of certain borrowings in accordance with the Accounting Standard 30 on Financial Instruments, Recognition and Measurement as per the accounting policy consistently followed by the Company.

   Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    (b) in our opinion, having regard and further to the matters described in paragraph 8 (a) above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    (d) having regard and further to the matters described in paragraph 8 above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

    (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, to the best of our knowledge and belief and according to the information and explanations given to us by the management:

        i. The Company has disclosed the impact as estimated of pending litigations on its financial position in its financial statements in accordance with generally accepted accounting principles– Refer Note 30 to the financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, May 25, 2015

Annexure to the Independent Auditors' Report

[Referred to in paragraph 9 under "Report on Other Legal and Regulatory Requirements" section of our report of even date]

1. In respect of its fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets of the Company have been physically verified during the year by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information and explanation given to us by the Management, no material discrepancies as compared to book records were noticed in respect of the fixed assets verified during the year.

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. In respect of coal inventory requiring technical expertise for establishing physical quantities, the Company has hired independent agencies for physical verification of such stocks whose certificate we have relied upon.

   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Act.

4. In our opinion and according to the information and explanations given to us, and considering that certain 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 During the course of our audit, we have not observed any failure to correct major weaknesses in internal controls.

5. According to the information and explanations given to us, the Company has not accepted any public deposit during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 (1) of Act 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. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues, as applicable, with the appropriate authorities.

   There are no undisputed amounts payable in respect of the above statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, details of Income tax, Sales tax, Service tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Crores)
Gujarat Value Added Tax Act, 2003	Sales Tax & Interest	Gujarat Sales Tax Tribunal	2007-08	0.21
		Jt. Commissioner Appeal, Rajkot	2008-09	690.27
Central Sales Tax Act, 1956	Sales Tax & Interest	Jt. Commissioner Appeal, Rajkot	2008-09, 2010-11	88.22
Central Excise Act, 1944	Excise Duty, Interest, Fine and Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2006-07 to 2012-13	77.79
Customs Act 1962	Customs Duty, Interest, Fine and Penalty	Commissioner of Customs (Appeals)	2009-10, 2012-13 and 2013-14	271.34
		Central Excise & Service Tax Appellate Tribunal (CESTAT)	2008-09	0.26
Service Tax Rules, 1994	Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2005-06 to 2009-10	1.77
		Commissioner of Central Excise (Appeals)	2004-05 2005-06	0.08
Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam, 1976	Entry Tax, Penalty and Interest	MP Commercial Tax Appellate Board, Bhopal	2008-09	0.02
		High Court of Madhya Pradesh	2007-08	0.06
Uttar Pradesh Value Added Tax Act, 2008	Sales tax and interest	Addl. Commissioner of Commercial Tax (Appeal)	2010-11	0.19
Income tax Act, 1961	Income tax and Interest	Supreme Court	AY 1998-99	0.18
		Bombay High Court	AY 2004-05	6.25

In respect of a customs duty demand of ₹ 2.86 crores, we are informed that the Company is in the process of filing an appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

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 Wealth Tax and Cess as on March 31, 2015.

(c) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

8. The accumulated losses of the Company at the end of the financial year are less than 50% of its net worth (before deducting such accumulated losses) and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

9. There have been no defaults in repayment of dues to financial institutions, banks, and debenture holders, barring repayment of two instalments aggregating to ₹ 1,576.76 crores to a bank, which were deferred pending availing of long term export advance guaranteed by the same bank. The guarantee is with a condition that the export advance proceeds are to be utilized solely for the repayment of such dues, which have since been repaid.

10. In our opinion and according to the information and explanations given to us, the terms and conditions of a guarantee given by the Company for a loan taken by others from a bank is not, prima facie, prejudicial to the interests of the Company.

11. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, May 25, 2015

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Financials

Balance Sheet as at March 31, 2015

(₹ in crore)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share capital	4	**1,466.12**	1,466.12
b) Reserves and surplus	5	**2,402.97**	964.51
Advance towards issue of global depository shares	6	**1,500.53**	-
Non-current liabilities			
a) Long-term borrowings	7	**15,189.35**	14,284.55
b) Deferred tax liabilities (Net)	8	**-**	-
c) Other long term liabilities	10	**478.91**	273.79
d) Long-term provisions	11	**5.14**	5.14
Current liabilities			
a) Short-term borrowings	12	**10,069.92**	6,756.98
b) Trade payables	9	**18,833.33**	19,815.05
c) Other current liabilities	10	**7,865.62**	8,452.69
d) Short-term provisions	11	**30.31**	43.98
TOTAL		**57,842.20**	52,062.81
ASSETS			
Non-current assets			
a) Fixed assets	13		
(i) Tangible assets		**21,087.15**	20,452.21
(ii) Intangible assets		**182.10**	181.01
(iii) Capital work-in-progress		**3,321.50**	3,467.68
(iv) Intangible assets under development		**280.09**	270.68
b) Non-current investments	14	**1,129.75**	103.00
c) Long-term loans and advances	18	**3,262.79**	984.24
d) Other non-current assets	19	**809.09**	1,660.27
Current assets			
a) Current investments	14	**1,195.00**	495.00
b) Inventories	15	**5,130.90**	9,309.96
c) Trade receivables	16	**12,411.47**	7,100.10
d) Cash and bank balances	17	**2,044.74**	3,630.08
e) Short-term loans and advances	18	**3,051.92**	2,810.55
f) Other current assets	19	**3,935.70**	1,598.03
TOTAL		**57,842.20**	52,062.81

The accompanying notes 1 to 45 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

ESSAR OIL & GAS

Statement of Profit and Loss for the year ended March 31, 2015

(₹ in crore)

Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
INCOME			
Revenue from operations (Gross)	20	**93,206.31**	107,438.67
Less: Excise duty		**6,141.72**	5,000.03
Revenue from operations before Sales tax / VAT		**87,064.59**	102,438.64
Less: Sales tax / VAT		**3,858.78**	3,836.77
Revenue from operations (net)		**83,205.81**	98,601.87
Other income	21	**1,026.41**	948.75
Total Revenue		**84,232.22**	99,550.62
EXPENSES			
Cost of raw materials consumed	22	**70,497.91**	88,824.12
Purchase of stock-in-trade	23	**2,921.77**	1,276.23
Changes in inventory of finished goods, work-in-progress and stock-in-trade	24	**1,479.01**	148.38
Employee benefits expense	25	**229.21**	224.61
Other expenses	26	**3,342.97**	4,296.59
		78,470.87	94,769.93
Earnings before finance costs, depreciation and amortisation, exceptional items and tax (EBIDTA)		**5,761.35**	4,780.69
Finance costs	27	**2,564.76**	3,296.39
Depreciation and amortisation expense	13	**757.12**	1,355.21
Profit before exceptional items and tax		**2,439.47**	129.09
Exceptional items	36	**918.00**	-
Profit before tax		**1,521.47**	129.09
Tax expense:			
(a) Current tax		**-**	3.29
(b) Deferred tax		**-**	-
Profit for the year		**1,521.47**	125.80
Earnings per equity share (Face value ₹ 10 per share) :	28		
(1) Basic (in ₹)		**10.50**	0.90
(2) Diluted (in ₹)		**10.48**	0.87

The accompanying notes 1 to 45 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2015

(₹ in crore)

	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	**1,521.47**	129.09
	Adjustments for :		
	Depreciation and amortisation expenses	**757.12**	1,355.21
	Fixed assets written off	**0.14**	0.64
	Interest on income tax refund	**(7.65)**	(19.32)
	Interest income on inter corporate deposits	**(103.32)**	-
	Interest income on bank deposits (other than margin deposits)	**(4.22)**	(5.14)
	(Profit) / Loss on sale of fixed assets (net)	**(0.01)**	(0.00)
	Unrealised exchange differences	**(133.47)**	14.09
	Mark to market - commodity and currency swap hedging losses (net)	**171.93**	3.03
	Interest expenses (including funding of interest)	**2,301.75**	2,530.45
	Provision for doubtful debts and debit balances written off	**2.20**	0.07
	Credit balances written back	**(1.81)**	(1.62)
	Operating profit before working capital changes	**4,504.13**	4,006.50
	Adjustments for :		
	Changes in inventories	**4,179.11**	1,278.44
	Changes in receivables, advances and other assets	**(6,113.68)**	(4,403.35)
	Changes in payables, liabilities and provision	**366.90**	9,126.27
	Net Cash generated from operating activities	**2,936.46**	10,007.86
	Income tax refund / (payment) (net) (including interest)	**52.50**	166.49
	Net cash generated from operating activities (A)	**2,988.96**	10,174.35
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to fixed assets	**(769.48)**	(1,368.01)
	Sale of fixed assets	**7.68**	0.01
	Purchase of Investments in a subsidiary and an associate	**(1.75)**	(0.00)
	Purchase of current Investment	**(700.00)**	(495.00)
	Advances against purchase of shares / debentures	**(1,435.06)**	-
	Placement of long term bank deposits	**(0.36)**	(10.74)
	Encashment of long term bank deposits	**10.74**	0.32
	Placement of inter corporate deposits	**(3,292.52)**	-
	Refund of inter corporate deposits	**1,299.66**	-
	Interest received on inter corporate deposits	**47.40**	-
	Interest received on bank deposits (other than margin deposits)	**5.67**	3.67
	Net cash used in investing activities (B)	**(4,828.02)**	(1,869.75)

Cash Flow Statement for the year ended March 31, 2015

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings {including funding of interest (refer note 7)}	**6,713.11**	10,219.33
Repayment of borrowings and deferred sales tax liabilities	**(8,713.23)**	(13,339.28)
Changes in short term borrowings (net)	**3,831.09**	(1,236.56)
Advances received towards issue of GDS	**1,500.53**	-
Interest paid (including funding of interest)	**(2,432.48)**	(3,020.99)
Net cash (used) / generated from financing activities (C)	**899.02**	(7,377.50)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(940.04)**	927.10
Cash and cash equivalents at the beginning of the year	**1,267.81**	340.71
Cash and cash equivalents at the end of the year	**327.77**	1,267.81
Net (decrease) / increase in cash and cash equivalents	**(940.04)**	927.10

Notes:

1 Non cash transaction:

During the year, Company has received 10.25% cumulative redeemable preference shares of Essar Power Limited, having an aggregate face value of ₹ 1,025.00 crore, from Essar House Limited (EHL) at par in part settlement of their dues.

During the previous year, the Company converted foreign currency compulsory convertible bonds (FCCCBs) into equity shares on December 09, 2013.

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

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash on hand and balances with banks		
Cash and cash equivalents (refer note 17)	**327.78**	1,267.82
Less : Effect of exchange rate changes	**0.01**	0.01
Cash and cash equivalents as restated*	**327.77**	1,267.81

* does not include cash and cash equivalents which are not readily available for use

"0.00" represents amount less than ₹ 0.01 crore

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Notes to financial statements for the year ended March 31, 2015

1. CORPORATE INFORMATION

Essar Oil Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is primarily engaged in the business of refining and marketing of petroleum products in domestic and overseas markets. It is also engaged in oil and gas exploration and production activities.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956, as applicable. Attention is invited to note (7) (ii) (a) and (c).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Actual results could differ from these estimates and adjustments are recognised in the periods in which the results are known / materialise.

b) Tangible fixed assets and depreciation (other than oil and gas exploration and production assets)

Tangible fixed assets are recorded at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use.

Depreciation on tangible fixed assets including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, by the straight line method, as specified in schedule II of Companies Act, 2013.

c) Intangible fixed assets and amortisation (other than oil and gas exploration and production assets)

Intangible fixed assets are recognised 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.

Company has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition.

d) Oil and gas exploration and production assets

The company follows the full cost method of accounting for its oil and gas exploration and production expenditures as laid out in the guidance note on Accounting for Oil and Gas Producing Activities issued by the ICAI.

Costs incurred are accumulated under cost pools (cost centers) and accounted for initially as capital work in progress/ intangible assets under development. Costs comprise all costs incurred on acquisition of interest (including land cost) in oil and gas blocks, exploration, development and related ancillary cost.

Upon a well being ready to commence commercial production, the accumulated costs in that cost pool are transferred to gross block of assets as tangible/intangible assets, under the head “producing properties”.

Development costs incurred thereafter in respect of the corresponding proved reserves are capitalized as incurred. In respect of reserves in the cost pool that are proved subsequently, the accumulated costs corresponding to such reserves are capitalized, when proven. Expenditure incurred which does not result in discovery of proved reserves are deemed dry and capitalized when so determined, over the costs of proved reserves.

Depreciation (depletion) on capitalized assets is calculated by unit-of-production method on the basis of the ratio that oil and gas production bears to the balance proved reserves at commencement of the year.

Oil and gas joint ventures are in the nature of jointly controlled assets. Accordingly, assets and liabilities as well as income and expenditures are accounted on a line-by-line basis with similar items in the company’s financial statements, according to the participating interest of the company.

e) 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.

f) Lease

Operating lease

Lease expenses and lease income are recognised on a straight line basis over the lease term in the statement of profit and loss or expenditure during construction / pre-production activities 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 over the lower of useful life of the asset specified in Schedule II to the Companies Act, 2013 and the lease period.

g) 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.

h) Valuation of inventories

Inventories (other than crude oil extracted) are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a weighted average basis.

Closing stock of crude oil extracted is valued at net realisable value.

i) Revenue recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Notes to financial statements for the year ended March 31, 2015

Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Company. Sale of goods are stated net of trade discounts and include duty draw back, recoverable sales tax / Value added tax (VAT) and excise duty. Revenue from sale of services is recognised under the completed service contract method.

Interest income is recognised on a time proportion basis.

j) Government grants

Government grants are recognised 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.

k) Employee benefits

i. In respect of Defined Contribution Plans/ Defined Benefit Plans

The Company's contributions paid/payable during the year to employee state insurance scheme are recognized in the statement of profit and loss or expenditure during construction / pre-production activities, as applicable.

Employee benefits under defined benefit plans, such as gratuity, compensated absences and provident fund, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized immediately in the statement of profit and loss or expenditure during construction / pre-production activities, as applicable.

Short term employee benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss or expenditure during construction / pre-production activities, as applicable, of the year in which the related service is rendered.

ii. In respect of Employee Stock Options Scheme

Stock options granted to employees under the Employees' Stock Option Scheme (ESOS) are accounted by adopting the intrinsic value method in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to statement of profit and loss account or expenditure during construction / pre-production activities, as applicable on straight-line basis over the vesting period.

l) Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date.

Monetary items denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. Exchange differences relating to long term monetary items are accounted for as under:

(i) in so far as they relate to the acquisition of a depreciable capital asset, these are 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 the "Foreign Currency Monetary Item Translation Difference Account" and amortised in the statement of profit and loss over the balance life of the long term monetary item.

All other exchange differences are dealt with in the statement of profit and loss or expenditure during construction / pre-production activities, as applicable.

Premia or discounts arising on forward exchange contracts, are recognized as finance costs over the life of the contracts.

m) Derivative instruments

In order to manage its exposure to certain commercial risks associated with commodity price, foreign exchange and interest rate fluctuations, the Company enters into derivative contracts.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date.

The Company applies the hedge accounting principles set out in "Accounting Standard 30 (AS 30) - Financial Instruments: Recognition and Measurement" and accordingly designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The Company does not enter into derivative contracts for trading or speculative purposes.

Derivative liabilities / assets are presented under trade payables (note 9) and other current liabilities / other long term liabilities (note 10) or other current assets / other non-current assets (note 19).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a "Hedging Reserve Account". The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss. Amounts deferred in the Hedging Reserve Account are recycled in statement of profit and loss in the periods when the hedged item is recognized in the statement of profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognized when the forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognized immediately in the statement of profit and loss.

Derivative contracts which are not designated for hedge accounting (in terms of AS 30) and not covered under Accounting Standard (AS) 11: The Effects of Changes in Foreign Exchange Rates, the gains / losses arising from settled derivative contracts and net marked to market (MTM) losses in respect of outstanding derivative contracts as at balance sheet date are recognised in the same line as the hedge item in the statement of profit and loss or expenditure during construction / pre-production activities, as applicable. The net MTM gains in respect of outstanding derivatives contracts are not recognised adopting the principles of prudence.

n) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

Notes to financial statements for the year ended March 31, 2015

o) **Taxation**

Tax expense comprises current and deferred taxes.

Current tax is measured at the amount expected to be paid to revenue authorities using, applicable rates and tax laws.

Minimum Alternative Tax (MAT) credit entitlement available under section 115JAA of the Income Tax Act, 1961 is recognized in accordance with the principles laid down in the Guidance Note on Accounting for credit available in respect of MAT under the Income Tax Act, 1961 issued by the ICAI, to the extent the credit will be available for discharge of future normal tax liability.

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 or virtual certainty, as relevant, in accordance with the principles laid down in Accounting Standard 22 on Accounting for Taxes on Income, that sufficient future taxable income will be available against which they will be realised.

p) **Measurement of EBIDTA**

The Company has elected to present earnings before interest (including finance costs), depreciation and amortisation expenses and tax (EBIDTA) as a separate line item on the face of the statement of profit and loss. The Company measures EBIDTA on the basis of profit / (loss) and does not include interest (including finance costs), depreciation and amortisation expenses, exceptional and extraordinary items and tax.

q) **Earnings per share (EPS)**

The Company reports basic and diluted EPS in accordance with Accounting Standard 20 “Earnings per Share”. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

r) **Cash Flow Statement**

The Cash Flow Statement is prepared using the “indirect method” as set out in Accounting Standard 3 “Cash Flow Statements” and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered, highly liquid bank balances.

s) **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.

Notes to financial statements for the year ended March 31, 2015

4. SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10 each	**5,000,000,000**	**5,000.00**	5,000,000,000	5,000.00
Issued and subscribed				
Equity shares of ₹ 10 each	**1,511,442,900**	**1,511.44**	1,511,442,900	1,511.44
Paid up				
Equity shares of ₹ 10 each fully paid up	**1,449,516,900**	**1,449.52**	1,449,516,900	1,449.52
Add : Forfeited shares - Equity shares of ₹ 10 each	**61,926,000**	**16.60**	61,926,000	16.60
		1,466.12		1,466.12

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	**1,449,516,900**	**1,449.52**	1,365,667,086	1,365.67
Add : Equity shares issued	**-**	**-**	83,849,814	83.85
Shares outstanding at the end of the year	**1,449,516,900**	**1,449.52**	1,449,516,900	1,449.52

The above includes 951,463,854 equity shares underlying 6,218,718 outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

b) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDS have no direct voting rights in respect of Shares, which underlie the GDS.

Notes to financial statements for the year ended March 31, 2015

c) **Shares held by holding / ultimate holding company and / or their subsidiaries / associates and shareholders holding more than 5% shares (including GDS) in the company:**

(₹ in crore)

Particulars	As at March 31, 2015			As at March 31, 2014		
	Number of shares	Amount	% of shares	Number of shares	Amount	% of shares
4,761,000 GDS held by Essar Oil & Gas Limited, Mauritius, the holding company	**728,433,000**	**728.43**	**50.25%**	728,433,000	728.43	50.25%
1,457,718 GDS held by Essar Energy Holdings Limited, Mauritius, a fellow subsidiary and an entity having significant influence over the Company	**223,030,854**	**223.03**	**15.39%**	223,030,854	223.03	15.39%
Equity shares held by Essar Energy Holdings Limited, Mauritius, a fellow subsidiary and an entity having significant influence over the Company	**354,714,547**	**354.71**	**24.47%**	354,714,547	354.71	24.47%
Equity Shares held by Essar Power Hazira Holdings Limited, a fellow subsidiary	**100**	**0.00**	**0.00%**	100	0.00	0.00%

"0.00" represents amount less than ₹ 0.01 crore

d) **Stock Options:**

Details of stock options granted to eligible employees under the Essar Oil Employee Stock Option Scheme 2011 are as under:

A) Employee stock options scheme :

Particulars	Tranche I	Tranche II
No. of options Granted	3,211,391	2,313,292
Grant price	₹ 69.05	₹ 52.20
Grant dates	December 02, 2011	November 20, 2013
Total options forfeited / cancelled	1,388,873	234,957
Options outstanding at the end of the year	1,822,518	2,078,335
Vesting of options	Three equal installments at the end of 3rd, 4th, 5th years from the grant date (into Equity shares of ₹ 10 each)	
Exercise period	7 years from date of vesting	

B) Movement of Options Granted :

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Options outstanding at the beginning of the year	**4,124,218**	2,519,058
Granted during the year	**-**	2,313,292
Options forfeited / cancelled during the year	**223,365**	708,132
Option exercised during the year	**-**	-
Options outstanding at the end of the year	**3,900,853**	4,124,218

Notes to financial statements for the year ended March 31, 2015

5. RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital reserve		
Balance as per last balance sheet	**40.89**	40.89
Securities premium account		
Balance as per last balance sheet	**6,184.60**	4,928.45
Add : Premium on conversion of Foreign Currency Compulsory Convertible Bonds into shares	**-**	1,256.15
	6,184.60	6,184.60
Debenture redemption reserve		
Balance as per last balance sheet	**37.33**	37.21
Add : Transferred from Balance in statement of profit and loss	**-**	0.12
	37.33	37.33
General reserve		
Balance as per last balance sheet	**22.25**	22.25
Cashflow hedge reserve (refer note 34)	**(171.08)**	11.84
Surplus / (Deficit) - Balance in statement of profit and loss		
Balance as per last balance sheet	**(5,219.58)**	(5,345.26)
Less : Depreciation on transition to schedule II to the Companies Act, 2013 {refer note 13(2)(b)}	**(33.63)**	-
Add : Net profit for the year	**1,521.47**	125.80
Less : Transfer to Debenture redemption reserve	**-**	0.12
	(3,731.74)	(5,219.58)
Foreign currency monetary item translation difference account {refer note 3(l)}		
Balance as per last balance sheet	**(112.82)**	(63.88)
Add : Effect of foreign exchange rate variation during the year	**20.88**	(173.73)
Less : Amortisation during the year	**0.16**	(124.79)
Less : Transferred to cashflow hedge reserve (refer note 34)	**(112.82)**	-
	20.72	(112.82)
Total	**2,402.97**	964.51

6. ADVANCE TOWARDS ISSUE OF GLOBAL DEPOSITORY SHARES

During the year, the Company has received ₹ 1,500.53 crore (USD 246.10 Million) as advance towards global depository shares from Essar Energy Holdings Limited (EEHL), a promoter company. The Company is in process of completing relevant formalities for allotment of the securities.

Notes to financial statements for the year ended March 31, 2015

7. LONG TERM BORROWINGS

(₹ in crore)

Particulars		As at March 31, 2015		As at March 31, 2014	
		Non current	Current	Non current	Current
(A)	**Secured Borrowings**				
	Debentures (refer note (ii)(a) below)				
	Non convertible debentures	**117.97**	**22.40**	140.33	8.96
	Amount included under Other current liabilities (refer note 10)		**(22.40)**		(8.96)
	(i)	**117.97**	**-**	140.33	-
	Term loans				
	From banks	**9,560.38**	**1,456.54**	11,076.19	2,687.11
	From financial institutions	**762.80**	**164.44**	927.24	85.35
	Funded interest facilities (refer note (ii)(c) below)				
	From banks	**1,196.55**	**20.16**	1,469.08	-
	From financial institutions	**637.72**	**16.75**	626.83	-
	Export advances from customers	**2,878.80**	**125.56**	-	-
	Amount included under Other current liabilities (refer note 10)		**(1,783.45)**		(2,772.46)
	(ii)	**15,036.25**	**-**	14,099.34	-
	(A) - (i+ii)	**15,154.22**	**-**	14,239.67	-
(B)	**Unsecured Borrowings**				
	Finance lease obligation {refer note 37(a)(i)}				
	From related parties (refer note 44)	**26.94**	**9.49**	-	-
	From others	**0.32**	**0.47**	37.23	8.66
	Other loans				
	Conditional grant from a bank	**7.87**	**-**	7.65	-
	From related parties (refer note 44)	**-**	**-**	-	13.81
	Amount included under Other current liabilities (refer note 10)		**(9.96)**		(22.47)
	(B)	**35.13**	**-**	44.88	-
Total	(A+B)	**15,189.35**	**-**	14,284.55	-

(i) **Security for term loans and funded interest facilities from banks and financial institutions and debentures**

a) Term loans and funded interest facilities of ₹ 4,898.25 crore (Previous year ₹ 5,882.27 crore) and debentures of ₹ 140.37 crore (Previous year ₹ 149.29 crore) are secured / to be secured by first ranking security interests {pari passu with loans for refinery expansion, refinery optimisation, certain External Commercial Borrowing (ECB) loans, Sales tax / General purpose term loan and Export Performance Bank Guarantee Facilities (EPBG)} on all present and future immovable assets of refinery division, all present and future movable assets other than current assets of refinery division, first ranking charge over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second ranking security interests on current assets, first ranking pledge of certain shares of the Company held by a related party, personal guarantees of some of the promoters and other collaterals being pledge of certain shares of related parties and mortgage over a property of a related party. Term Lenders have (barring one) released personal guarantees and collaterals thereto.

b) Corporate term loan from a bank of ₹ 500.02 crore (Previous year ₹ 1,000.00 crore) is secured by first charge on all present and future current assets (ranking pari passu with working capital facility), excluding that of exploration and production division, second charge by way of mortgage on all present and future fixed assets including the plant site of the refinery excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by body corporates and other collaterals being second ranking on pledge of certain shares of the Company and that of a related party held by related parties and second ranking mortgage over a property of a body corporate.

c) Sales tax / General purpose term loan from a bank of ₹ 1,500.00 crore (Previous year ₹ 3,250.00 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, refinery optimisation and EPBG) on all present and future fixed assets and second ranking security interests on all present and future current assets excluding that of exploration and production division, personal guarantees of some of the promoters and certain undertakings provided by related parties.

d) Term loan from a bank of ₹ 500.00 crore (Previous year ₹ Nil) is secured by subservient charge on moveable fixed assets of the Refinery Division and personal guarantee of one of the promoters.

e) ECB loan of ₹ 1,654.36 crore (Previous year ₹ 1,620.94 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets of refinery project excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies all in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second pari-passu charge on the current assets, pledge of certain shares of the Company held by a related party and certian undertakings provided by the related parties.

f) ECB loan of ₹ 1,502.19 crore (Previous year ₹ 1,442.40 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets of the in relation to the refinery project, including the rights to the refinery project land and the project site (but excluding (I) all immovable property leased to or provided for use by the entities implementing the terminal utility, the power utility and township project, and (II) any land for the second train); a first ranking charge by way of hypothecation of all moveable fixed assets in relation to the refinery project, both present and future (but excluding all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RJ (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all intangible and tangible assets with respect to the refinery project (but excluding Current Assets in relation to the refinery project and all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RJ (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all the bank accounts in relation to the refinery project, including without limitation the Trust and Retention Accounts, the Debt Service Reserve Account, the Escrow Account, all the rights, titles, permits, approvals, interests etc., under project documents, a second ranking charge by way of hypothecation on all current assets in relation to the refinery project, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.

g) Long term advances against export performance bank guarantees ₹ 3,004.36 crore (USD 480 million) from customers are secured by EPBG issued by domestic banks:

(i) EPBG of ₹ 2,378.45 crore (USD 380 million) (Previous year ₹ Nil (USD Nil)) is secured

Notes to financial statements for the year ended March 31, 2015

/ to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loan, Sales tax / General purpose term loan and refinery expansion) on plant site, all present and future fixed assets (except excluded assets), second ranking security interest on all present and future current assets (except excluded assets) and further by pledge of certain shares of the Company held by a related party, personal guarantees of promoters' of the Company together with collateral securities i.e. pledge over certain shares of related parties and mortgage over certain assets of a body corporate and certain guarantees from body corporates and undertakings from related parties and pledge of certain investments of the Company.

(ii) EPBG of ₹ 625.91 crore (USD 100 million) (Previous year ₹ Nil (USD Nil)) is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and refinery expansion) on plant site, over the rights, title and interest to the Refinery project including the HMU project, tangible and intangible assets, all present and future fixed assets (except excluded assets), second ranking security interest on present and future current assets (except excluded assets), pledge of certain shares of the Company held by a related party and undertaking of certain related parties.

h) Term loans of ₹ 2,420.47 crore (Previous year ₹ 3,001.03 crore) for the refinery expansion are secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets of refinery, all present and future movable assets, other than current assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of refinery including without limitation the cash sweep account, debt service reserve account, first charge on security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, including refinery expansion,charge over immovable properties leased to entities implementing the terminal utility, power utility and township utility (subject to prior charge in favour of the lenders financing the said utilities) and second ranking security interest on current assets of refinery and further by pledge and non-disposal undertaking of certain shares / global depository shares of the Company held by related parties, personal guarantees of promoters of the Company together with collateral securities i.e. pledge over certain shares of related parties, mortgage over certain assets of a body corporate, certain undertakings from related parties, residual charge on the company's participating interest, cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.

i) Term loans of ₹ 805.53 crore (Previous year ₹ 805.53 crore) for the refinery optimisation are secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets other than current assets of refinery project, all tangible and intangible assets of refinery project, bank accounts of optimisation project, security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, refinery expansion and refinery optimisation and second ranking security interests on current assets.

j) Term loans of ₹ 502.06 crore (Previous year ₹ 567.26 crore) is secured / to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests under the project documents, insurance policies, clearances, rights under letter of credit, guarantee, performance bond, corporate guarantee and bank guarantees, all in relation a CBM Project.

k) ECB Loan ₹ 603.71 crore (Previous year ₹ 579.68 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery, security interest on rights, title and interests under project documents, all present and future movable assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of HMU II project including without limitation to trust and retention accounts, debt service reserve account, project implementation account and second ranking security interests on current assets of refinery, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.

(ii) Repayment and other terms:

a) Outstanding debentures consists of :

12,780,193 (Previous year 13,592,050) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each amounting to ₹ 134.19 crore (Previous year ₹ 142.72 crore). These amounts carry interest ranging from fixed rate of 12.5% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018.

658,000 (Previous year 700,000) – Secured redeemable non – convertible debentures (NCDs) of ₹ 100 each on private placement basis partly paid up at ₹ 93.86 per debenture amounting to ₹ 6.18 crore (Previous year ₹ 6.57 crore). These amounts carry interest at a prime lending rate/ base rate of the bank plus margin and is repayable from December 2014 to June 2018.

The Hon'ble High Court of Gujarat has, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on debentures for the period October 1998 to April 2012 should be accounted for on cash basis. Accordingly, funded / accrued interest liabilities amounting to ₹ 250.65 crore (Previous year ₹ 304.93 crore) as at March 31, 2015 have not been accounted for in the books. These funded / accrued interest liabilities carry interest ranging from fixed rate of 4.98% p.a. to a prime lending rate / base rate of respective banks plus margin and is repayable from December 2014 to March 2027.

b) The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions amounting to ₹ 3,784.42 crore (Previous year ₹ 4,566.36 crore) is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different repayment installments starting from December 2009 to March 2026.

c) Certain loan facilities i.e. Facility VI of ₹ 2,265.63 crore (Previous year ₹ 2,471.64 crore) is repayable in installments from March 2021 to March 2026 and Facility VII Interest thereon as at March 31, 2015 amounting to ₹ 469.92 crore (Previous year ₹ 694.70 crore) is repayable in 40 equal quarterly installments beginning June 30, 2015. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term.

In order to give accounting effect to reflect the substance of the transaction, these facilities have, since inception, been measured by the Company in accordance with the principles of IAS 39, Financial Instruments, Recognition and Measurement, then in absence of specific guidance in Indian GAAP to cover the specific situation. Applying the principle of Accounting Standard 30, Financial Instruments, Recognition and Measurement, the facilities continue to be measured in line with the above principles, considering the present value of cash flows inclusive of future interest. Accordingly, the

Notes to financial statements for the year ended March 31, 2015

gross liability of ₹ 2,735.55 crore (Previous year ₹ 3,166.34 crore) of the above facilities as at March 31, 2015 {comprising of ₹ 1,696.04 crore to banks and ₹ 1,039.51 crore to financial institutions (Previous year comprising of ₹ 2,126.83 crore to banks and ₹ 1,039.51 crore to financial institutions)} have been measured at ₹ 1,828.58 crore (Previous year ₹ 2,057.32 crore) (comprising of ₹ 1,174.11 crore to banks and ₹ 654.47 crore to financial institutions) (Previous year comprising of ₹ 1,430.49 crore to banks and ₹ 626.83 crore to financial institutions).

The changes in the present obligation of the said loans ₹ 202.05 crore (Previous year ₹ 223.49 crore) have been treated as finance cost in the statement of profit and loss or capitalised as a part of cost fixed assets, as applicable.

A funded interest loan of ₹ 206.88 crore (Previous year ₹ 206.88 crore) is payable in a single bullet payment in 2031 and is continued to be measured in accordance with the aforementioned principles at ₹ 42.60 crore (Previous year ₹ 38.59 crore).

d) Term Loans amounting to ₹ 2,906.68 crore (Previous year ₹ 3,410.22 crore) carry interest rate linked with respective banks' prime lending rate / base rate / liquidity premium and are repayable in installments starting from December 2012 and ending in March 2020.

e) Term loans amounting to ₹ 502.06 crore (Previous year ₹ 567.26 crore) carry interest rate linked with respective banks prime lending rate/base rate/ 3 months LIBOR plus margin and are repayable in installments starting from March 2014 and ending in April 2022. Out of above ₹ 17.68 crore (Previous year ₹ 38.41 crore) pertains to Buyers' credit which will be ultimately converted into term loan.

f) ECB Loan amounting to ₹ 319.31 crore (Previous year ₹ 396.34 crore) carry interest rate of 3 months LIBOR + 2.75% p.a. are repayable in installments starting from January 2012 and ending in October 2018.

g) ECB Loans amounting to ₹ 3,156.54 crore (Previous year ₹ 3,063.34 crore) carry interest rate of 3 months / 6 months LIBOR + margin ranging from 4.70% p.a. to 5.00% p.a. are repayable in installments starting from March 2015 and ending in March 2024.

h) EPBG advances amounting to ₹ 3,004.36 crore (USD 480 million) (Previous year ₹ Nil (USD Nil)) carry interest rate of 3 months LIBOR + 2% margin are repayable over a period of two years with a rollover option, subject to discretion of the buyer, upto a period of 10 years .

i) Corporate term loan amounting to ₹ 500.02 crore (Previous year ₹ 1,000.00 crore) carry interest rate at banks' prime lending rate / base rate plus 3.75% p.a.(margin / liquidity premium) and is repayable in installments from June 2014 to March 2017.

j) General purpose term loan amounting to ₹ 1,500.00 crore (Previous year ₹ 3,250.00 crore) carry interest rate at banks' prime lending rate / base rate plus 3.00% p.a.(margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.

k) Term loan amounting to ₹ 500.00 crore (Previous year ₹ Nil) carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in 8 quarterly installments starting from June 2015 and ending on March 2017.

l) ECB Loan amounting to ₹ 603.71 crore (Previous year ₹ 579.68 crore) carry interest of LIBOR + 4.96% p.a. and is repayable in installments starting from June 2015 and ending in March 2021.

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

The conditional grant, in terms of the agreement, will be repayable in the event the Company puts the project to commercial use, and repayments to

Notes to financial statements for the year ended March 31, 2015

the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant. Commercial exploitation of the project is dependent upon getting necessary approvals from the Government of India.

n) Rupee loan from a related party amounting to ₹ Nil (Previous year ₹ 13.81 crore) carrying interest rate of 10.25% p.a. has been repaid during the year.

8. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

Particulars		As at March 31, 2015	As at March 31, 2014
Deferred tax liability			
Depreciation on Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)		**(3,079.47)**	(2,556.23)
	(A)	**(3,079.47)**	(2,556.23)
Deferred tax assets (restricted to the extent of deferred tax liability considering virtual / reasonable certainty, as applicable)			
Expenses allowed on payment basis		**676.05**	1,034.38
Unabsorbed depreciation / losses carried forward as per provisions of the Income Tax Act, 1961		**2,402.97**	1,521.82
Others		**0.45**	0.03
	(B)	**3,079.47**	2,556.23
Net deferred tax liabilities (net)	**(A)+(B)**	**-**	-

9. TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Micro and small enterprises (refer note 42)	**1.94**	**-**	1.49	-
Towards raw materials, goods and services	**18,831.39**	**-**	19,813.56	-
	18,833.33	**-**	19,815.05	-

10. OTHER LONG TERM LIABILITIES / CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Current maturities of Long term borrowings (refer note 7)	**1,815.81**	**-**	2,803.89	-
Interest accrued but not due on borrowings	**21.13**	**-**	16.46	-
Capital creditors	**320.40**	**-**	237.93	-
Statutory dues	**1,190.37**	**-**	2,304.39	-
Advances received from customers	**4,316.61**	**-**	3,005.79	-
Security deposits	**38.81**	**5.64**	28.61	4.75
Unclaimed debenture interest and principal (secured)* {For security details refer notes under note 7(i)(a)}	**22.32**	**-**	26.84	-
Other liabilities	**140.17**	**473.27**	28.78	269.04
Other Current Liabilities	**7,865.62**		8,452.69	
Other Long term Liabilities		**478.91**		273.79

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

Notes to financial statements for the year ended March 31, 2015

11. LONG TERM PROVISIONS / SHORT TERM PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Provision for employee benefits (refer note 43)				
Earned leave	**12.34**	**-**	33.67	-
Gratuity	**11.72**	**-**	4.06	-
Other Provisions				
Provision for taxation	**6.25**	**-**	6.25	-
Site restoration	**-**	**5.14**	-	5.14
Total	**30.31**	**5.14**	43.98	5.14

(₹ in crore)

Movement in Provision for Site Restoration	Year ended March 31, 2015	Year ended March 31, 2014
Opening Balance	**5.14**	5.14
Add: Provision made during the year	**-**	-
Closing Balance	**5.14**	5.14

Represents current cost of restoring the Exploration and production sites on abandonment or decommissioning of oil and gas wells and facilities at the end of their economic life.

12. SHORT TERM BORROWINGS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Borrowings		
Buyers' credits and bills discounting	**10,069.55**	6,756.33
Bank overdraft / Cash credit	**0.37**	0.65
Total	**10,069.92**	6,756.98

Security for short term borrowing:

(i) Buyers' credits and bills discounting:

a) ₹ 9,540.66 crore (Previous year ₹ 5,857.42 crore) secured by first charge on all current assets (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of land and building and plant and machinery and other movable assets, present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties and second ranking mortgage over a property of a body corporate.

b) ₹ 441.38 crore (Previous year ₹ 769.86 crore) secured by charge over receivables.

c) ₹ 87.51 crore (Previous year ₹ 129.05 crore) secured by fixed deposits maintained with a bank.

(ii) Bank overdraft / cash credit from bank of ₹ 0.37 crore (Previous year ₹ 0.65 crore) is secured by fixed deposits maintained with a bank.

13. FIXED ASSETS

(₹ in crore)

Description of the assets	Gross block (I)				Depreciation / amortisation (II)					Net block (III) = (I - II)	
	As at April 01, 2014	Additions	Deductions	As at March 31, 2015	As at April 01, 2014	During the year: For the year	During the year: Retrospective adjusments (refer note 1 below)	Deductions (refer note 2(b) below)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
A) Tangible assets											
Land	157.82	-	-	**157.82**	-	-	-	-	**-**	**157.82**	157.82
Buildings	731.39	12.31	-	**743.70**	197.03	32.36	(112.74)	(28.41)	**145.06**	**598.64**	534.36
Plant and machinery	24,947.27	1,403.61	31.33	**26,319.55**	5,257.50	879.01	-	21.00	**6,115.51**	**20,204.04**	19,689.77
Producing properties	31.11	-	-	**31.11**	1.76	0.63	-	-	**2.39**	**28.72**	29.35
Furniture and fixtures	25.58	0.18	0.13	**25.63**	13.41	1.86	(3.57)	0.10	**11.60**	**14.03**	12.17
Office equipments	53.76	13.72	2.13	**65.35**	40.45	8.98	(6.14)	(1.75)	**45.04**	**20.31**	13.31
Vehicles	13.12	0.64	0.17	**13.59**	9.91	1.74	(2.94)	0.08	**8.63**	**4.96**	3.21
Aircraft	10.00	-	-	**10.00**	5.11	0.45	(2.84)	-	**2.72**	**7.28**	4.89
Total (A)	25,970.05	1,430.46	33.76	**27,366.75**	5,525.17	925.03	(128.23)	(8.98)	**6,330.95**	**21,035.80**	20,444.88
B) Tangible assets taken on lease											
Land	0.17	-	-	**0.17**	-	0.13	-	-	**0.13**	**0.04**	0.17
Buildings	72.73	-	-	**72.73**	69.77	3.72	(47.87)	-	**25.62**	**47.11**	2.96
Plant and machinery	5.62	-	-	**5.62**	1.76	0.26	-	-	**2.02**	**3.60**	3.86
Furniture and fixtures	0.88	-	-	**0.88**	0.63	0.03	(0.24)	-	**0.42**	**0.46**	0.25
Office equipments	0.67	-	0.01	**0.66**	0.58	0.01	(0.06)	0.01	**0.52**	**0.14**	0.09
Total (B)	80.07	-	0.01	**80.06**	72.74	4.15	(48.17)	0.01	**28.71**	**51.35**	7.33
C) Tangible assets given on lease											
Plant and machinery	18.20	-	-	**18.20**	18.20	-	-	-	**18.20**	**-**	-
Total (C)	18.20	-	-	**18.20**	18.20	-	-	-	**18.20**	**-**	-
Total Tangible assets (A+B+C)	26,068.32	1,430.46	33.77	**27,465.01**	5,616.11	929.18	(176.40)	(8.97)	**6,377.86**	**21,087.15**	20,452.21
D) Intangible assets											
Softwares and licenses	71.12	11.04	0.09	**82.07**	50.14	6.45	-	-	**56.59**	**25.48**	20.98
Producing properties	171.07	-	-	**171.07**	11.04	3.41	-	-	**14.45**	**156.62**	160.03
Total Intangible assets (D)	242.19	11.04	0.09	**253.14**	61.18	9.86	-	-	**71.04**	**182.10**	181.01
Total (A+B+C+D)	26,310.51	1,441.50	33.86	**27,718.15**	5,677.29	939.04	(176.40)	(8.97)	**6,448.90**	**21,269.25**	20,633.22
Previous Year	25,600.01	722.01	11.51	**26,310.51**	4,325.86	1,360.53		9.10	5,677.29	**20,633.22**	
Intangible assets under development (Including pre production activities)										**280.09**	270.68
Capital work-in-progress (Including expenditure during construction / pre production activities)										**3,321.50**	3,467.68

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Notes to financial statements for the year ended March 31, 2015

NOTES:

1 During the year, the Company has changed its method of calculating depreciation on fixed assets, (other than plant and machinery which is being depreciated by the Straight Line method(SLM)), from the Written Down Value method to the SLM, in line with industry practice, which results in a more appropriate presentation of the financial statements. In accordance with the requirements of Accounting Standard 6 on Depreciation Accounting, depreciation has been recalculated according to the new method from the dates the assets came to use and the surplus amounting to ₹ 207.87 crore (including surplus of ₹ 176.40 crore upto March 31, 2014 arising from the retrospective re-computation) is adjusted in the statement of profit and loss.

2 (a) The Company has revised the estimated useful lives of its assets to align with the useful lives specified in Schedule II of the Companies Act, 2013. Consequently, depreciation expense in the statement of profit and loss for the year is lower by ₹ 399.72 crore. The change in estimated useful life will have effect of reduction in depreciation charge in subsequent periods.

(b) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, where the value of assets based on useful lives are determined to be nil as on April 1, 2014, carrying amount to such assets aggregating to ₹ 33.63 crores has been adjusted in the opening surplus/(deficit) balance in the statement of profit and loss under reserves and surplus.

3 Land includes ₹ 35.78 crore (Previous year ₹ 35.78 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL), Vadinar Power Company Limited (VPCL),Vadinar Ports and Terminals Limited (VPTL) and Vadinar Properties Limited (VPL). A charge has been created against the land leased to VOTL, VPCL and VPL in favour of lenders of VOTL, VPCL and VPL respectively.

4 Additions to plant and machinery includes exchange differences of ₹ 158.78 crore (Previous year ₹ 354.56 crore) and borrowing cost of ₹ 25.54 crore (Previous year ₹ 151.32 crore).

5 Expenditure during construction / pre production activities includes:

(₹ in crore)

Particulars		As at March 31, 2015	As at March 31, 2014
Opening Balance	**(A)**	**557.24**	199.90
Add: Incurred during the year			
Revenue from CBM sale		**(111.77)**	(56.18)
Interest income		**(18.40)**	(17.31)
Interest and other finance charges		**154.88**	236.42
Consumption of stores and spares		**0.86**	0.01
Salaries, wages and bonus		**49.30**	51.25
Contribution to / provision for provident and other funds		**2.56**	2.36
Staff welfare expenses		**6.46**	8.81
Insurance		**3.02**	3.21
Legal and professional fees		**26.53**	12.11
Rent		**25.09**	32.45
Repairs and maintenance		**6.33**	3.90
Depreciation		**5.52**	5.32
Sundry expenses		**40.19**	19.26
Exchange difference(Net)		**24.02**	80.09
Value of intermediates / products consumed during trial run (net)		**24.27**	-
Total	**(B)**	**238.86**	381.70
Less: Capitalised / transferred during the year	**(C)**	**411.87**	24.36
Expenditure during construction / pre production activities pending allocation	**(A+B-C)**	**384.23**	557.24

Notes to financial statements for the year ended March 31, 2015

14. NON CURRENT INVESTMENTS / CURRENT INVESTMENTS (Unquoted)

(₹ in crore)

Particulars	As at March 31, 2015 Non Current	As at March 31, 2015 Current	As at March 31, 2014 Non Current	As at March 31, 2014 Current
(1) Trade Investment				
(a) Investment in equity				
(i) Investment in subsidiaries (fully paid-up)				
100 (Previous year 100) equity shares of USD 1 each of Essar Oil Trading Mauritius Limited (EOTML)	**0.00**	**-**	0.00	-
50,000 (Previous year Nil) equity shares of ₹ 10 each of Vadinar Properties Limited (VPL)	**1.74**	**-**	-	-
(ii) Investment in associates (fully paid-up) (long- term)				
102,999,994 (Previous year 102,999,994) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL) (refer note 44)	**103.00**	**-**	103.00	-
13,000 (Previous year Nil) equity shares of ₹ 10 each of Vadinar Liquid Terminal Limited (VLTL)	**0.01**	**-**	-	-
(2) Other Investments				
(a) Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares	**1,025.00**	**-**	-	-
512,500,000 (Previous year Nil) preference shares of ₹ 20 each of Essar Power Limited (EPoL)* (refer note 44)				
(b) Investments in equity instruments (long term)				
13,000,000 (Previous year 13,000,000) equity shares of ₹ 10 each of Petronet VK Limited*	**13.00**	**-**	13.00	-
1,584,000 (Previous year 1,584,000) equity shares of ₹ 10 each of Petronet CI Limited (company under liquidation)	**1.58**	**-**	1.58	-
10,000,000 (Previous year 10,000,000) equity shares of ₹ 10 each of Petronet India Limited	**10.00**	**-**	10.00	-
(c) Investment in a mutual fund (current)	**-**	**1,195.00**	-	495.00
119,500,000 (Previous year 49,500,000) units of ₹ 100 each of India growth opportunities fund of Srei multiple asset investment trust				
	1,154.33	**1,195.00**	127.58	495.00
Less : Provision for diminution in value of Other Investments (Long term)	**24.58**	**-**	24.58	-
Total	**1,129.75**	**1,195.00**	103.00	495.00

Refer note 3 (g) for basis of valuation.

"0.00" represents amount less than ₹ 0.01 crore

*Pledged / being pledged with lender / guarantor.

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Notes to financial statements for the year ended March 31, 2015

15. INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Raw materials {including in transit ₹ 607.39 crore (Previous year ₹ 2,586.31 crore)}	**2,516.69**	5,452.61
Work-in-progress	**1,412.61**	2,628.55
Finished goods	**556.22**	819.66
Stock-in-trade	**0.74**	0.37
Stores and spare parts {including in transit ₹ 16.23 crore (Previous year ₹ 2.24 crore)}	**324.01**	279.71
Other consumables including coal {including in transit ₹ 104.80 crore (Previous year ₹ 38.66 crore)}	**320.63**	129.06
Total	**5,130.90**	9,309.96

Refer note 3 (h) for basis of valuation.

16. TRADE RECEIVABLES (Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from due date of payment		
- Considered good*	**151.95**	331.66
- Considered doubtful	**1.29**	0.09
Others - considered good	**12,250.14**	6,755.00
Bills Receivable	**9.38**	13.44
	12,412.76	7,100.19
Less : Provision for doubtful debts	**1.29**	0.09
Total	**12,411.47**	7,100.10

* ₹ 17.15 crore (Previous year ₹ 650.02 crore) secured by corporate / bank guarantees and / or letters of credit.

Dues from related parties - refer note 44

17. CASH AND BANK BALANCES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Cash and cash equivalents (As per AS - 3 Cash Flow Statement)				
Balances with banks in:				
- Current accounts	**311.59**	-	665.55	-
- Deposits with maturities less than 3 months	**11.98**	-	75.02	-
Cheques on hand	**3.66**	-	527.00	-
Cash on hand	**0.55**	-	0.25	-
(A)	**327.78**	-	1,267.82	-

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Other bank balances				
- Balances with banks in Current accounts - Earmarked accounts (unclaimed debenture interest)	**21.83**	**-**	25.86	-
- Margin deposits and escrow accounts*	**1,694.77**	**10.21**	2,325.66	23.20
- Other deposits	**0.36**	**-**	10.74	-
Amount disclosed under the head "Other current / Non current assets" (refer note 19)		**(10.21)**		(23.20)
(B)	**1,716.96**	**-**	2,362.26	-
Total (A+B)	**2,044.74**	**-**	3,630.08	-

*Deposit accounts comprises ₹ 1,704.98 crore (Previous year ₹ 2,348.86 crore) margin deposits mainly placed for letters of credit facilities, guarantees and short term borrowings from banks.

18. LONG TERM LOANS AND ADVANCES / SHORT TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Advances recoverable in cash or in kind or for value to be received				
- From related parties	**1,078.76**	**43.00**	1,864.61	-
- From others	**85.32**	**-**	107.07	-
Prepaid expenses				
- Related parties	**-**	**6.13**	-	-
- Others	**58.10**	**8.80**	54.88	4.35
Balances with government authorities				
- Considered good	**44.21**	**-**	38.31	-
- Considered doubtful	**-**	**-**	0.45	-
Less: Provision for doubtful advances	**-**	**-**	(0.45)	-
(A)	**1,266.39**	**57.93**	2,064.87	4.35
Inter Corporate Deposits				
- To related parties	**1,572.86**	**320.00**	-	-
- To others	**100.00**	**-**	-	-
(B)	**1,672.86**	**320.00**	-	-
Advances against purchase of shares / debentures				
- To related parties	**-**	**1,400.00**	-	-
- To others	**-**	**35.06**	-	-
(C)	**-**	**1,435.06**	-	-
Capital Advances				
- To related parties	**-**	**94.08**	-	540.56
- To others	**-**	**272.33**	-	89.27
(D)	**-**	**366.41**	-	629.83

Notes to financial statements for the year ended March 31, 2015

(₹ in crore)

Particulars		As at March 31, 2015		As at March 31, 2014	
		Current	Non Current	Current	Non Current
Security deposits					
- To related parties		**-**	**964.40**	590.00	311.40
- To others					
- Considered good		**81.33**	**106.18**	74.91	30.43
- Considered doubtful		**0.35**	**-**	0.35	-
Less: Provision for doubtful deposits		**(0.35)**	**-**	(0.35)	-
	(E)	**81.33**	**1,070.58**	664.91	341.83
Advance income tax / Tax deducted at source					
- Considered good		**31.34**	**12.81**	80.77	8.23
	(F)	**31.34**	**12.81**	80.77	8.23
Total	(A+B+C+D+E+F)	**3,051.92**	**3,262.79**	2,810.55	984.24

Dues from related parties - refer note 44

19. OTHER CURRENT / NON CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Other receivables	**3,776.91**	**437.16**	1,411.94	1,307.16
Export incentive receivables	**-**	**179.37**	-	127.70
Unamortised expenses				
- Ancillary borrowing costs	**82.72**	**181.19**	47.17	201.26
- Forward contracts premium	**0.17**	**-**	31.75	-
Interest accrued on deposits	**75.90**	**1.16**	107.17	0.95
Cash and bank balances (refer note 17)	**-**	**10.21**	-	23.20
Total	**3,935.70**	**809.09**	1,598.03	1,660.27

Other receivables include an amount of ₹ 1,162.01 crore (Previous year ₹ 1,942.58 crore) due from Essar House Limited (EHL) in respect of which the Company has made an assessment based on agreement / understanding with the party for settlement and the fair value of the net assets of EHL, its parent company (the guarantor) and financial support from a related party, and on the basis of which the outstanding has been considered as current and concluded to be good and recoverable.

Dues from related parties - refer note 44

20. REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of petroleum products	**89,512.88**	105,665.77
Sale of traded goods - crude and petroleum products	**3,465.81**	1,516.61
Sales - others	**4.29**	7.31
Other operating revenues	**223.33**	248.98
Revenue from operations (gross)	**93,206.31**	107,438.67

Notes to financial statements for the year ended March 31, 2015

21. OTHER INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
a) On deposits	**183.65**	212.61
b) Others	**754.47**	681.55
	938.12	894.16
Profit on sale of fixed assets	**0.01**	0.00
Profit on sale of current investments	**2.49**	8.66
Others	**85.79**	45.93
Total	**1,026.41**	948.75

"0.00" represents amount less than ₹ 0.01 crore

22. COST OF RAW MATERIALS CONSUMED

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Cost of raw materials consumed {refer note 32(a)}	**70,497.91**	88,824.12

23. PURCHASE OF STOCK-IN-TRADE

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Traded crude and petroleum products	**2,921.77**	1,275.87
Others	**-**	0.36
Total	**2,921.77**	1,276.23

24. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crore)

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Opening inventory:			
- Finished goods		**819.66**	1,052.49
- Work-in-progress		**2,628.55**	2,544.47
- Stock-in-trade		**0.37**	-
	(A)	**3,448.58**	3,596.96
Closing inventory:			
- Finished goods		**556.22**	819.66
- Work-in-progress		**1,412.61**	2,628.55
- Stock-in-trade		**0.74**	0.37
	(B)	**1,969.57**	3,448.58
Net Decrease / (Increase) in Inventory	Total (A) - (B)	**1,479.01**	148.38

Notes to financial statements for the year ended March 31, 2015

25. EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages and bonus	**201.39**	201.91
Contribution to / for provident and other funds	**17.67**	11.18
Staff welfare expenses	**10.15**	11.52
Total	**229.21**	224.61

26. OTHER EXPENSES

(₹ in crore)

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Operating Expenses:			
Consumption of stores and spare parts		**67.66**	65.22
Intermediate material handling charges		**133.09**	130.08
Consumption of fuel		**674.07**	755.55
Power and Fuel {Net of consumed out of own production ₹ 1,587.25 crore (Previous year ₹ 2,084.62 crore)}		**645.69**	722.64
Excise duty (difference between duty on opening and closing stock)		**55.46**	4.54
Other operating expenses		**280.82**	231.78
	(A)	**1,856.79**	1,909.81
Selling and Marketing Expenses			
Terminalisation charges		**4.52**	4.57
Rent / ROI for retail outlets		**15.12**	16.84
Adhoc compensation to retail outlets		**15.07**	38.18
Product handling charges		**389.71**	376.63
Other selling and distribution expenses		**139.20**	250.14
	(B)	**563.62**	686.36
General and Administrative Expenses			
Rates and taxes		**2.37**	4.59
Insurance		**58.15**	61.18
Legal and professional fees		**186.45**	119.40
Rent		**23.98**	22.77
Repairs and maintenance			
a) Buildings		**25.70**	26.50
b) Plant and machinery		**57.34**	65.58
c) Others		**30.72**	35.29
Fixed assets written off		**0.14**	0.64
Exchange differences (net)		**343.06**	1,225.50
Sundry expenses		**194.65**	138.97
	(C)	**922.56**	1,700.42
Total	**(A)+(B)+(C)**	**3,342.97**	4,296.59

Notes to financial statements for the year ended March 31, 2015

27. FINANCE COSTS

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
a) On debentures {refer note 7(ii)(a)}	**69.16**	94.89
b) On fixed loans	**1,704.11**	1,780.53
c) On others	**322.42**	518.42
Change in present obligation of certain loans {refer note 7(ii)(c)}	**206.06**	136.62
Other finance charges	**263.01**	765.93
Total	**2,564.76**	3,296.39

28. EARNINGS PER SHARE

Particulars		Year ended March 31, 2015	Year ended March 31, 2014
Profit after tax (₹ in crore)		**1,521.47**	125.80
Profit attributable to ordinary shareholders for Basic EPS (₹ in crore)	**(A)**	**1,521.47**	125.80
Impact on Profit (Net of Tax) for Diluted EPS (₹ in crore)		**-**	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ in crore)	**(B)**	**1,521.47**	125.80
		Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS		**1,449,516,900**	1,365,667,086
Add: Weighted average number of ordinary shares converted on December 09, 2013		**-**	25,958,984
Weighted average number of ordinary shares for basic EPS	**(C)**	**1,449,516,900**	1,391,626,070
Add: Shares deemed to be issued		**1,792,731**	57,890,830
Weighted average number of ordinary shares for diluted EPS	**(D)**	**1,451,309,631**	1,449,516,900
Nominal value of ordinary shares (₹)		**10/-**	10/-
Basic earnings per share (₹)	**(A/C)**	**10.50**	0.90
Diluted earnings per share (₹)*	**(B/D)**	**10.48**	0.87

*Advances against GDS not considered since the number of underlying shares per GDS has not presently been determined- (refer note 6).

29. CAPITAL AND OTHER COMMITMENTS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 0.11 crore (Previous year ₹ 0.11 crore) pertaining to joint ventures (refer note 38)}	**1,268.21**	710.36

Other commitments

The shareholders of the Company, on May 06, 2014, approved the acquisition of equity and participating preference shares of Vadinar Power Company Limited, for an amount not exceeding ₹ 2,100 crore from Essar Power Limited against which an advance payment of ₹ 1,400 crore has been made. The Company is in the process of completing relevant formalities for acquisition of these shares.

Notes to financial statements for the year ended March 31, 2015

30. CONTINGENT LIABILITIES

(₹ in crore)

Particulars			As at March 31, 2015	As at March 31, 2014
a)	**Claims against the Company not acknowledged as debts**			
	(i)	In respect of income tax	**68.34**	64.97
	(ii)	In respect of sales tax / VAT	**40.74**	10.40
	(iii)	In respect of custom duty / excise duty / service tax	**650.82**	282.94
	(iv)	Others {including ₹ 5.12 crore (Previous year ₹ 6.29 crore) pertaining to joint ventures (refer note 38)}	**249.04**	320.12
		Others includes certain arbitration matters ₹ 98.76 crore (Previous year ₹ 192.72 crore), Alop claim ₹ 102.99 crore (Previous year ₹ 89.28 crore), Gujarat entry tax ₹ 3.51 crore (Previous year ₹ 3.51 crore), additional compensation in land acquisition matter ₹ 0.74 crore (Previous year ₹ 0.66 crore), E & P legal disputes / claims ₹ 32.70 crore (Previous year ₹ 27.44 crore), Green cess matter ₹ 10.10 crore (Previous year ₹ 6.08 crore) and Other miscellaneous claims of ₹ 0.24 crore (Previous year ₹ 0.43 crore).		
b)	**Guarantees given by the Company on behalf of others**		**-**	63.98

Claims by parties based on management assessment and / or legal advice that the same are frivolous and not tenable, have not been considered as contingent liabilities as the possibility of outflow of resources embodying economic benefits is highly remote.

31. CIF VALUE OF IMPORTS INCLUDING GOODS IN TRANSIT

(₹ in crore)

Particulars		Year ended March 31, 2015	Year ended March 31, 2014
a)	Raw materials	**58,111.74**	71,287.12
b)	Components and spare parts (including other consumable spares and coal)	**751.68**	684.37
c)	Capital goods	**157.07**	90.47

32. DETAILS OF COST OF RAW MATERIALS CONSUMED AND STORES AND SPARE PARTS CONSUMPTION

Particulars			Year ended March 31, 2015		Year ended March 31, 2014	
			₹ in crore	%	₹ in crore	%
a)	**Cost of raw materials consumed*(including expenditure during construction)**					
	(1)	Imported	**59,261.57**	**82.95**	73,337.49	82.56
	(2)	Indigenous	**12,178.47**	**17.05**	15,486.63	17.44
Total			**71,440.04**	**100.00**	88,824.12	100.00
b)	**Consumption of stores and spare parts (including expenditure during construction)**					
	(1)	Imported	**11.84**	**17.28**	11.78	18.06
	(2)	Indigenous	**56.68**	**82.72**	53.45	81.94
Total			**68.52**	**100.00**	65.23	100.00

*Includes ₹ 918.00 crore (Previous year ₹ Nil) considered as exceptional item in statement of profit & loss (refer note 36)

33. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY INCLUDING EXPENDITURE DURING CONSTRUCTION / PRE PRODUCTION ACTIVITIES

(₹ in crore)

Particulars			Year ended March 31, 2015	Year ended March 31, 2014
a)	**Expenditure**			
	(i)	Interest	**274.92**	213.61
	(ii)	Travelling expenses	**0.97**	0.73
	(iii)	Professional / consultancy fees	**20.21**	12.96
	(iv)	Services	**301.45**	229.28
	(v)	On commodity hedging	**313.40**	1,111.20
	(vi)	Demurrage	**71.58**	39.54
	(vii)	Overseas Trading of Crude	**249.57**	-
	(viii)	Others	**45.45**	51.64
b)	**Earnings**			
	(i)	Interest	**96.79**	19.96
	(ii)	FOB value of exports	**36,981.99**	40,698.68
	(iii)	On commodity hedging	**2,387.83**	715.81
	(iv)	Income from technical services	**24.80**	8.11
	(v)	Overseas Trading of Crude	**248.12**	-
	(vi)	Others	**2.51**	0.64

34. HEDGE ACCOUNTING

The following table presents the movements in cashflow hedge reserves

(₹ in crore)

Particulars	Year ended March 31, 2015			Year ended March 31, 2014		
	Commodity derivatives	Financial derivatives	Total	Commodity derivatives	Financial derivatives	Total
Opening balance	**24.58**	**(12.74)**	**11.84**	104.90	-	104.90
Transferred from Foreign currency monetary item translation difference account	**-**	**(112.82)**	**(112.82)**	-	-	-
Recognised during the year	**332.26**	**(316.65)**	**15.61**	158.46	(107.00)	51.46
Recycled to statement of profit and loss	**(124.75)**	**39.04**	**(85.71)**	(238.78)	94.26	(144.52)
Closing balance	**232.09**	**(403.17)**	**(171.08)**	24.58	(12.74)	11.84

Pursuant to the opinion of the Expert Advisory Committee of the ICAI that the INR/USD currency swaps (Principal Only and Full Currency Swaps (POS / FCS)) entered into by the Company are governed by the hedge accounting principles laid out in Accounting Standard 30- Financial Instruments: Recognition and Measurement (AS 30) and are not covered under Accounting Standard 11- The Effects of Changes in Foreign Exchange Rates (AS 11), the Company has unwound the accounting under AS 11 previously adopted in respect of extant POS / FCS at the balance sheet date and followed hedge accounting under AS 30.

35. GDS PROCEEDS UTILISATION

As at balance sheet date, the unutilized balance of proceeds from issue of GDS / advance towards issue of GDS amounting to ₹ 12.37 crore (Previous year ₹ 12.25 crore) is lying in current / deposit accounts with banks.

36. EXCEPTIONAL ITEMS

Exceptional item comprises of inventory losses of ₹ 918.00 crore, consequent upon the month to month steep and unprecedented fluctuations in the global prices of crude oil during the year ended March 31, 2015.

Notes to financial statements for the year ended March 31, 2015

37. LEASES

a) Finance lease:-

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

(₹ in crore)

Particulars	Minimum Lease payments/Future lease rent payable		Interest		Present value of minimum lease payments	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Future lease rental obligation payable:						
Not later than one year	**14.61**	14.61	**4.65**	5.95	**9.96**	8.66
Later than one year but not later than five years	**21.05**	31.88	**11.40**	13.48	**9.65**	18.40
Later than five years	**29.09**	32.89	**11.48**	14.06	**17.61**	18.83
Total	**64.75**	79.38	**27.53**	33.49	**37.22**	45.89

(ii) General description of the leasing arrangements:

- Leased 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.

b) Operating lease:

(i) The Company's major leasing arrangements are in respect of commercial /residential premises (including furniture and fittings)/ retail outlet facilities. The lease rentals are recognised under "Other Expenses" or "Expenditure during construction / pre-production activities" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

(ii) Future minimum lease rentals payable as per the lease agreements:

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than one year	**7.19**	7.19
Later than one year but not later than five years	**7.19**	14.38
Later than five years	**-**	-
Total	**14.38**	21.57

Notes to financial statements for the year ended March 31, 2015

38. EXPLORATION AND PRODUCTION ACTIVITIES

a) As per the Company's policy of Full Cost method of accounting prescribed under the revised Guidance Note on "Accounting for Oil and Gas Producing Activities" issued by the "Institute of Chartered Accountants of India", the Company has identified the following 2 Cost Pools:

(i)	India CBM (Coal Bed Methane) Pool :	
	a)	Mehsana Pilot Project
	b)	RG (East) 2001/1 Block
	c)	RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand, India)
	d)	TL-CBM-2008/IV (Talcher, Orissa, India)
	e)	IB-CBM-2008/IV (IB Valley, Orissa, India)
	f)	SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)
(ii)	India Oil & Gas Pool :	
	a)	Block CB-ON/3
	b)	Ratna & R-Series
	c)	AA-ONN-2004/3

b) Summary of Cost Pools:

(₹ in crore)

Cost Pool	Producing Property (Tangible/ Intangible)		CWIP/Intangible assets under development		Total	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
India CBM	**Nil**	Nil	**2,269.74**	1,703.85	**2,269.74**	1,703.85
India Oil & Gas	**202.18**	202.18	**112.08**	110.68	**314.26**	312.86
Total	**202.18**	202.18	**2,381.82**	1,814.53	**2,584.00**	2,016.71

Notes to financial statements for the year ended March 31, 2015

c) Company's interest in oil & gas and CBM Joint Ventures as at March 31, 2015:

Sr. No.	Name of the Block	As at March 31, 2015	As at March 31, 2014
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	Ratna & R-Series (Maharashtra, India)	**##50%**	##50%
3	AA-ONN-2004/3 (Assam, India)	**###10%**	###10%
4	AA-ONN-2004/5 (Assam, India)	**###0%**	###10%
5	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
6	RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand,India)	**100%**	100%
7	TL-CBM-2008/IV (Talcher, Orissa, India)	**100%**	100%
8	IB-CBM-2008/IV (IB Valley, Orissa, India)	**100%**	100%
9	SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)	**100%**	100%

\# ONGC has exercised its back-in rights of 30% in ESU field, excluding well ESU#4, leaving the Company with a 70% participating Interest. However, the Company holds 100% interest in rest of CB-ON/3 Block.

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

\### Balance 90% interest in block AA-ONN-2004/3 is held by Essar Energy Holdings Limited (EEHL). Block AA-ONN-2004/5 was relinquished w.e.f. 20.05.2014.

d) i) Company's interest in Proved (1P) and Proved Developed reserves of crude oil as on March 31, 2015 is as under:

Area of operation		Proved		Proved developed	
		MT	MT	MT	MT
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Essar South Unawa (ESU) field Block CB-ON/3 - onshore Cambay Basin, India	Opening	**80,326**	82,335	**26,975**	28,984
	Addition	**-**	-	**-**	-
	Production	**1,500**	2,009	**1,500**	2,009
	Closing	**78,826**	80,326	**25,475**	26,975

ii) Company's interest in Proved (1P) and Proved Developed reserves of coal bed methane gas as on March 31, 2015 is as under:

Area of operation		Proved		Proved developed	
		MMSCM	MMSCM	MMSCM	MMSCM
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
RG(East)-CBM-2001/1 block, West Bengal, India	Opening	**581**	616	**352**	387
	Addition	**-**	-	**-**	-
	Production	**91**	35	**91**	35
	Closing	**490**	581	**261**	352

Notes to financial statements for the year ended March 31, 2015

e) i) The Company uses proved and probable reserves as the basis for impairment assessment for both crude oil and coal bed methane gas blocks.

ii) India CBM pool and Indian Oil & Gas pool are considered as separate cash generating units for impairment assessment purpose.

iii) Crude oil reserves are evaluated on yearly basis by inhouse technical team, based on available geological, geophysical and production data.

CBM reserve certification exercise was carried out by an independent external agency in September 2009 and September 2011. All estimates have been prepared in accordance with the definition and guidelines set forth in the 2007 Petroleum Resource Management System (PRMS) approved by Society of Petroleum Engineers (SPE).

iv) No exploration cost has been written off during the year.

39. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES

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

a) For hedging currency and interest related risks:

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

Currency	Amount		Buy/Sell	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Forward contracts :				
US Dollar in million	**141.90**	767.34	**Buy**	Buy
Interest rate swaps :				
US Dollar in million floating to fixed (Notional value)	**387.22**	298.22	**Swap**	Swap
Currency swaps :				
US Dollar in million	**603.56**	478.99	**Sell**	Sell

Notes to financial statements for the year ended March 31, 2015

(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		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in crore	FC in Million	₹ in crore	FC in Million	₹ in crore	FC in Million
JPY	**0.08** (0.01)	**1.60** (0.15)	**-** (0.03)	**-** (0.59)	**-** -	**-** -
USD	**7,062.13** (11,864.20)	**1,128.30** (1,974.08)	**12,165.17** (4,168.04)	**1,943.60** (693.52)	**15,950.20** (6,022.55)	**2,548.33** (1,002.09)
EURO	**1.65** (2.41)	**0.24** (0.29)	**1.00** (1.47)	**0.15** (0.18)	**6.00** (2.50)	**0.89** (0.30)
GBP	**0.65** (0.56)	**0.07** (0.06)	**0.66** (1.00)	**0.07** (0.10)	**-** -	**-** -
AUD	**-** -	**-** -	**0.86** -	**0.18** -	**-** -	**-** -
SGD	**-** (0.01)	**-** (0.00)	**0.01** (0.01)	**0.00** (0.00)	**-** -	**-** -
AED	**-** (0.00)	**-** (0.00)	**0.00** -	**0.00** -	**-** -	**-** -
Total	**7,064.51** (11,867.19)		**12,167.70** (4,170.55)		**15,956.20** (6,025.05)	

"0.00" represents amount less than 0.01 million in FC

"0.00" represents amount less than ₹ 0.01 crore in INR

Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2015 ₹ 90.79 crore (USD 14.50 million) {Previous year ₹ 366.64 crore (USD 61.00 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 / (sales) Qty. in Barrels ('000)		Petroleum products purchases / (sales) Qty. in Barrels ('000)	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
1	Spreads	**5,571**	(1,545)	**(5,550)**	(2,415)
2	Net Options	**(2,200)**	-	**-**	-
3	Margin hedging	**-**	-	**(1,950)**	(2,100)

Notes to financial statements for the year ended March 31, 2015

40. AUDITORS' REMUNERATION

(₹ in crore)

Particulars		As at March 31, 2015	As at March 31, 2014
-	Audit fees	**1.98**	1.65
-	Taxation matters	**0.26**	0.04
-	Other services	**1.53**	1.99
-	Reimbursement of expenses	**0.04**	0.02
Total		**3.81**	3.70

41. SEGMENT INFORMATION

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	**Information about primary segment - business:-**		
	Segment revenue		
	Refining and marketing	**83,426.49**	98,822.50
	Exploration and production activities	**6.68**	12.46
	Unallocated	**40.28**	23.83
	Total segment revenue	**83,473.45**	98,858.79
	Add : Interest income	**754.47**	681.55
	Add : Profit on sale of investment	**2.49**	8.66
	Add : Credit balances written back	**1.81**	1.62
	Total revenue	**84,232.22**	99,550.62
2	**Segment result before interest, extraordinary items and tax**		
	Refining and marketing	**3,386.67**	2,212.66
	Exploration and production activities	**(7.67)**	(0.53)
	Unallocated	**(314.55)**	(244.41)
	Total	**3,064.45**	1,967.72
	Less : Interest expense	**2,301.75**	2,530.46
	Add : Interest income	**754.47**	681.55
	Add : Profit on sale of Investments	**2.49**	8.66
	Add : Credit balances written back	**1.81**	1.62
	Profit / (Loss) before tax	**1,521.47**	129.09
	Less : Taxes	**-**	3.29
	Profit / (Loss) after tax	**1,521.47**	125.80
3	**Segment assets**		
	Refining and marketing	**52,305.11**	46,487.01
	Exploration and production activities	**3,840.73**	3,126.65
	Unallocated	**534.35**	506.57
	Total of segment assets	**56,680.19**	50,120.23
	Add : Amount recoverable against defeasement agreement	**1,162.01**	1,942.58
	Total assets	**57,842.20**	52,062.81
4	**Segment liabilities**		
	Refining and marketing	**24,294.92**	23,513.65
	Exploration and production activities	**250.35**	147.91
	Unallocated	**137.13**	124.52
	Total of segment liabilities	**24,682.40**	23,786.08
	Add : Loan funds (Including interest accrued but not due)	**27,096.21**	23,861.88
	Add : Liabilities towards deferred sales tax including interest thereon (refer note 2 below)	**693.97**	1,984.22
	Total liabilities	**52,472.58**	49,632.18

Notes to financial statements for the year ended March 31, 2015

41. SEGMENT INFORMATION (Contd.)

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
5	**Additions to Fixed Assets**		
	Refining and marketing	**1,427.40**	674.25
	Exploration and production activities	**1.67**	37.64
	Unallocated	**12.43**	10.12
	Total	**1,441.50**	722.01
6	**Depreciation and amortisation (excluding depreciation accounted in expenditure during construction / pre production activities)**		
	Refining and marketing	**749.26**	1,341.16
	Exploration and production activities	**4.95**	5.89
	Unallocated	**2.91**	8.16
	Total	**757.12**	1,355.21
7	**Significant non-cash expenses other than depreciation**		
	Refining and marketing	**38.87**	16.15
	Exploration and production activities	**-**	0.01
	Unallocated	**0.12**	0.05
	Total	**38.99**	16.21

Notes:

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

2) The sales tax liability payable in eight quarterly installments w.e.f. January 02, 2013 with interest is not considered as segment liability considering the substance of the terms.

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

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Within India	Outside India	Within India	Outside India
Segment revenue	**47,077.87**	**36,395.58**	58,784.27	40,074.52
Carrying amount of segment assets	**46,832.40**	**9,847.79**	46,009.15	4,111.08
Additions to fixed assets	**1,441.50**	**-**	722.01	-

42. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

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

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
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 the Micro, Small and Medium Enterprises Development Act, 2006	**0.01**	0.01
4	Payments made beyond the appointed day during the year	**1.71**	2.09
5	Interest due and payable for the period of delay	**-**	-
6	Interest accrued and remaining unpaid	**-**	-
7	Amount of further interest remaining due and payable in succeeding year	**-**	-

43. DEFINED BENEFIT PLANS / LONG TERM COMPENSATED ABSENCES

(a) Defined benefit plans / long term compensated absences - as per actuarial valuations as at March 31, 2015:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (iii) below}	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
A	**Net assets / liability recognised in the balance sheet (refer note v below)**						
1	Present value of defined benefit obligation	**26.62**	18.15	**12.34**	33.67	**136.71**	115.67
2	Fair value of plan assets	**14.90**	14.09	**-**	-	**136.71**	115.67
3	Funded status - surplus / (deficit)	**(11.72)**	(4.06)	**(12.34)**	(33.67)	**-**	-
4	Net assets / (liability) recognised in the balance sheet	**(11.72)**	(4.06)	**(12.34)**	(33.67)	**-**	-
B	**Expenses recognised in statement of profit and loss or expenditure during construction, as applicable for the year ended March 31, 2015**						
1	Current services cost	**2.37**	2.25	**3.30**	4.14	**8.05**	8.28
2	Interest cost	**1.56**	1.15	**3.04**	2.86	**11.02**	9.33
3	Expected return on plan assets	**(1.18)**	(1.06)	**-**	-	**(10.96)**	(9.33)
4	Past services cost	**-**	-	**-**	-	**-**	-
5	Actuarial losses/(gains)	**5.79**	0.53	**(26.68)**	(9.05)	**(0.06)**	-
6	Total expenses	**8.54**	2.87	**(20.34)**	(2.05)	**8.05**	8.28
C	**Change in obligation and assets**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at beginning of the year	**18.15**	15.16	**33.67**	36.90	**115.67**	95.95
2	Service cost	**2.37**	2.25	**3.30**	4.14	**8.05**	8.28
3	Interest cost	**1.56**	1.15	**3.04**	2.86	**11.02**	9.33
4	Plan Amendments	**-**	-	**-**	-	**-**	-
5	Acquisition adjustment/Transfer In/(Transfer Out)@	**0.98**	0.22	**0.29**	0.27	**7.71**	5.16
6	Actuarial losses/(gains)	**5.88**	0.61	**(26.68)**	(9.05)	**(0.06)**	1.33
7	Benefit payments	**(2.32)**	(1.24)	**(1.28)**	(1.45)	**(17.94)**	(15.99)
8	Employees contribution	**-**	-	**-**	-	**12.26**	11.61
9	Defined Benefit obligation at the end of the year	**26.62**	18.15	**12.34**	33.67	**136.71**	115.67
C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	**14.09**	12.00	**-**	-	**115.67**	95.95
2	Acquisition adjustment/Transfer In/(Transfer Out)@	**-**	-	**-**	-	**-**	-
3	Expected return on plan assets	**1.18**	1.06	**-**	-	**10.96**	9.33
4	Actual Company & employees contributions	**1.86**	2.19	**-**	-	**28.02**	25.05
5	Actuarial (losses)/gains	**0.09**	0.08	**-**	-	**-**	1.33
6	Benefits payments	**(2.32)**	(1.24)	**-**	-	**(17.94)**	(15.99)
7	Fair value of plan assets at the end of the year	**14.90**	14.09	**-**	-	**136.71**	115.67

Notes to financial statements for the year ended March 31, 2015

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (iii) below}	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
D	**Actuarial assumptions**						
1	Discount rate (per annum)	**7.80%**	9.20%	**7.80%**	9.20%	**7.80%**	9.20%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.75%**	8.75%
3	Mortality	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	**100%**	100%	**NA**	NA	**NA**	NA
	Government of India Security	**-**	-	**-**	-	**40.00%**	40.00%
	Corporate bonds	**-**	-	**-**	-	**60.00%**	60.00%
F	**Experience adjustment: (Refer note (v) below)**						
	Plan liabilities loss/(gain)	**(0.17)**	0.47	**(20.06)**	(0.50)	**NA**	NA
	Plan assets loss/(gain)	**(0.09)**	(0.08)	**-**	-	**NA**	NA
	Actuarial loss/(gain) due to change in assumption	**6.05**	0.15	**(6.62)**	(8.55)	**NA**	NA
G	**Employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date**	**3.48**	2.41	**NA**	NA	**8.85**	9.11

@ Employees were transferred from / to related parties / other body corporates 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 employer managed provident fund is considered as a defined benefit plan.

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

(v) Amounts for the current year and previous four years are as follows:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded) As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
a)	**Net assets / liability recognized in the Balance sheet**					
1	Present value of defined benefit obligation	**26.62**	18.15	15.16	11.71	9.74
2	Fair value of plan assets	**14.90**	14.09	12.00	11.71	9.13
3	Funded status - surplus / (deficit)	**(11.72)**	(4.06)	(3.16)	-	(0.61)
4	Net assets / (liability) recognised in the balance sheet	**(11.72)**	(4.06)	(3.16)	-	(0.61)
b)	**Experience adjustment:**					
1	Plan liabilities loss/(gain)	**(0.17)**	0.47	0.38	0.27	0.19
2	Plan assets loss/(gain)	**(0.09)**	(0.08)	(0.04)	(0.08)	(0.08)

(₹ in crore)

Sr. No.	Particulars	Employer Established Provident Fund As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
a)	**Net assets / liability recognized in the Balance sheet**					
1	Present value of defined benefit obligation	**136.71**	115.67	95.95	78.10	61.99
2	Fair value of plan assets	**136.71**	115.67	95.95	78.10	61.99
3	Funded status - surplus / (deficit)	**-**	-	-	-	-
4	Net assets / (liability) recognised in the balance sheet	**-**	-	-	-	-
b)	**Experience adjustment:**					
1	Plan liabilities loss/(gain)	**NA**	NA	NA	NA	NA
2	Plan assets loss/(gain)	**NA**	NA	NA	NA	NA

(b) Defined contribution plans :

Company's contribution to superannuation fund aggregating to ₹ 0.55 crore (Previous year ₹ 0.47 crore) are recognised in the statement of profit and loss / expenditure during construction / pre-production activities, as applicable. There is no obligation other than the contribution payable to the respective trusts.

44. RELATED PARTY DISCLOSURES

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates
Advances received from customers (net)	**-**	**-**	**254.91**	**-**
(EEOL - ₹ 254.76 crore) (Previous year - EEOL - ₹ 5.69 crore)	-	-	(5.69)	-
Expenses incurred on behalf of Joint Venture	**-**	**-**	**0.12**	**-**
(EEHL - ₹ 0.12 crore) (Previous year - EEHL - ₹ 5.78 crore)	-	-	(5.78)	-

Notes to financial statements for the year ended March 31, 2015

44. RELATED PARTY DISCLOSURES (Contd.)

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates
Purchase of fixed assets / intangible assets (including CWIP)	**-**	**-**	**435.46**	**-**
(EOSIL - ₹ 55.73 crore, ERPL - ₹ 350.35 crore) (Previous year - EPIL - ₹ 564.94 crore)	-	-	(621.44)	-
Advances given on capital account (net of repayments)	**-**	**-**	**1.15**	**-**
(EOSIL - ₹ 1.15 crore) (Previous year - ₹ Nil)	-	-	-	-
Advances given to vendors for services (net of repayments)	**-**	**-**	**4.66**	**0.00**
(ESL - ₹ 4.59 crore) (Previous year - VPCL - ₹ 1,290.82 crore)	-	-	-	(1,290.82)
Deposits given by the Company	**-**	**-**	**-**	**-**
(Previous year - VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore)	-	-	(298.00)	(590.00)
Sale of goods / power net of cash discount (including taxes)	**-**	**-**	**4,808.15**	**-**
(EEOL - ₹ 1,772.30 crore, PTOL - ₹ 2,554.96 crore) (Previous year - EEOL - ₹ 11,697.41 crore)	-	-	(12,603.00)	-
Interest income	**-**	**2.66**	**262.32**	**109.58**
(ESTL - ₹ 89.92 crore, VPCL - ₹ 109.58 crore, VPTL - ₹ 40.42 crore) (Previous year - EPIL - ₹ 45.49 crore, VPCL - ₹ 178.88 crore, VPTL - ₹ 31.79 crore)	-	-	(121.32)	(178.88)
Lease income (including lease tax)	**-**	**0.01**	**1.78**	**0.02**
(VOTL - ₹ 0.25 crore, VPTL - ₹ 1.52 crore) (Previous year - VPTL - ₹ 1.50 crore, VOTL - ₹ 0.25 crore)	-	-	(1.76)	(0.02)
Rendering of services	**0.24**	**-**	**64.84**	**39.09**
(EEHL - ₹ 24.80 crore, VOTL - ₹ 37.74 crore, VPCL - ₹ 39.09 crore) (Previous year - VOTL - ₹ 40.22 crore, VPCL - ₹ 19.17 crore)	(0.51)	-	(63.88)	(19.17)
Receiving of services	**-**	**-**	**1,042.88**	**533.43**
(VOTL - ₹ 570.07 crore, VPCL - ₹ 533.43 crore, VPTL - ₹ 322.75 crore) (Previous year - VOTL - ₹ 549.60 crore, VPCL - ₹ 615.07 crore, VPTL - ₹ 313.75 crore)	-	-	(1,002.06)	(615.07)
Purchase of goods / supply of materials (including material taken on loan)	**-**	**-**	**55.12**	**-**
(EPGL ₹ 28.79 crore, ESTL ₹ 26.33 crore) (Previous year - EEOL ₹ 619.00 crore, ESTL ₹ 300.54 crore)	-	-	(923.84)	-
Commodity derivatives	**-**	**-**	**2,008.29**	**-**
(EEOL ₹ 2,008.29 crore Gain) (Previous year - ₹ Nil)	-	-	-	-
Lease rent charged to Company	**-**	**2.82**	**-**	**-**
(VPL - ₹ 2.82 crore) (Previous year - ₹ Nil)	-	-	-	-

Notes to financial statements for the year ended March 31, 2015

44. RELATED PARTY DISCLOSURES (Contd.)

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates
Investments	-	-	-	**0.01**
(Purchase of equity shares from VOTL of VLTL - ₹ 0.01 crore) (Previous year - Purchase of equity shares from ESTL of EOTML - USD 100)	-	(0.00)	-	-
Interest / financial charges paid / funded	-	-	**3.84**	-
(ESTL - ₹ 3.70 crore) (Previous year - ESTL - ₹ 3.96 crore, VOTL - ₹ 3.11 crore)	-	-	(7.07)	(0.09)
Assignment of provision / liability towards employee benefit upon transfer of employees to the Company	-	-	-	-
(Previous year - EOSIL - ₹ 0.52 crore)	-	-	(0.52)	-
Foreign Currency Compulsory Convertible Bonds (FCCCBs) converted into equity shares	-	-	-	-
(Previous year - EEHL - ₹ 1,340.00 crore)	-	-	(1,340.00)	-
Advances received against global depository shares	-	-	**1,500.53**	-
(EEHL - ₹ 1,500.53 crore) (Previous year - ₹ Nil)	-	-	-	-
Inter Corporate Deposits given (including material given on loan)	-	-	**3,265.57**	-
(EPIL - ₹ 370.00 crore, ESTL - ₹ 2,063.21 crore) (Previous year - ₹ Nil)	-	-	-	-
Reimbursement of capital expenditure	-	-	**148.60**	-
(EGPL - ₹ 148.60 crore) (Previous year - ₹ Nil)	-	-	-	-
Sale of fixed assets	-	-	**9.67**	-
(EPIL - ₹ 9.67 crore) (Previous year - ₹ Nil)	-	-	-	-
Advances paid against purchase of shares	-	-	**1,400.00**	-
(EPOL - ₹ 1,400.00 crore)(Previous year - ₹ Nil)	-	-	-	-
Guarantees given on behalf of the Company	-	-	-	-
(Previous year - EEL - ₹ 47.23 crore)	(47.23)	-	-	-
Transactions with other classes of related parties				
Key management personnel (remuneration)*				
(Shri L K Gupta - ₹ 4.57 crore, Shri C Manoharan - ₹ 2.77 crore)				**7.34**
(Previous year - Shri L K Gupta - ₹ 3.93 crore, Shri C Manoharan - ₹ 2.42 crore)				(6.35)

*exclusive of provisions for liability in respect of earned leave 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.

Notes to financial statements for the year ended March 31, 2015

II. Balances with related parties

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates
Debit balances				
Security deposits	-	63.00	311.40	590.00
(VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore) (Previous year - VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore)	-	-	(311.40)	(590.00)
Investments	-	1.74	1,025.00	103.01
(Preference shares of EPoL - ₹ 1,025.00 crore) (Previous year - Equity shares of VPCL - ₹ 103.00 crore)	-	(0.00)	-	(103.00)
Trade receivables	-	-	374.09	0.01
(EPOL - ₹ 203.61 crore, EPGL - ₹ 39.35 crore, EPMPL - ₹ 38.18 crore) (Previous year - EEOL - ₹ 2,505.11 crore)	-	-	(2,912.52)	(0.01)
Advances recoverable in cash or in kind or for value to be received	0.00	43.01	24.08	1,054.67
(VPCL - ₹ 1,054.67 crore) (Previous year - VPCL - ₹ 1,828.29 crore)	(0.19)	-	(36.13)	(1,828.29)
Capital advances	-	77.14	16.94	-
(EOSIL - ₹ 16.71 crore,VPL - ₹ 77.14 crore) (Previous year - EPIL - ₹ 524.98 crore)	-	-	(540.56)	-
Prepaid expenses	-	6.13	-	-
(VPL - ₹ 6.13 crore) (Previous year - ₹ Nil)	-	-	-	-
Other receivables	1.53	41.57	2,368.86	46.33
(EEOL - ₹ 2,044.68 crore) (Previous year - EPIL - ₹ 65.00 crore, VPCL ₹ 213.46 crore, VPTL ₹ 45.76 crore)	(1.35)	-	(166.43)	(213.46)
Inter Corporate Deposits	-	4.31	1,888.55	-
(EPIL - ₹ 216.74 crore, EPOL - ₹ 255.00 crore, ESTL - ₹ 916.82 crore, VOTL - ₹ 200.00 crore, VPTL - ₹ 300.00 crore) (Previous year - ₹ Nil) ICD to Subsidiary - VPL ₹ 4.31 crore, (Maximum Outstanding ₹ 4.31 crore)	-	-	-	-
Advances against purchase of shares	-	-	1,400.00	-
(EPOL - ₹ 1,400.00 crore) (Previous year - ₹ Nil)	-	-	-	-
Credit balances				
Security deposits	-	-	1.15	-
(EPIL - ₹ 1.13 crore) (Previous year - EOSIL - ₹ 1.59 crore, EPIL - ₹ 10.93 crore)	-	-	(13.12)	-
Long term borrowing - Unsecured loans	-	36.43	-	-
(VPL - ₹ 36.43 crore) (Previous year - VOTL - ₹ 13.81 crore)	-	-	(13.81)	-
Trade payables / Other liabilities	0.01	0.00	57.07	0.00
(EPIL- ₹ 8.97 crore, EESML- ₹ 18.18 crore) (Previous year - EESML - ₹ 20.00 crore, EPIL - ₹ 84.67 crore)	(0.07)	-	(125.38)	(0.00)
Advances received from customers	-	-	260.72	-
(EEOL - ₹ 260.57 crore) (Previous year - EEOL - ₹ 12.02 crore)	-	-	(12.36)	-

II. Balances with related parties (Contd.)

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Companies	Subsidiaries	Fellow Subsidiaries	Associates
Advances towards global depository shares	**-**	**-**	**1,500.53**	**-**
(EEHL - ₹ 1,500.53 crore) (Previous year - ₹ Nil)	-	-	-	-
Other balances				
Outstanding guarantees given on behalf of the Company	**1,921.26**	**-**	**-**	**-**
(EGFL - ₹ 1,872.97 crore) (Previous year - EGFL - ₹ 3,515.22 crore)	(3,562.45)	-	-	-
Outstanding guarantees given by the Company	**-**	**-**	**-**	**-**
(Previous year - VOTL - ₹ 63.98 crore)	-	-	(63.98)	-

"0.00" represents amount less than ₹ 0.01 crore

Notes :

i) Names of related parties and description of relationship:

Holding Company	Essar Global Fund Limited, Cayman (Ultimate Holding Company) (EGFL)
Intermediate holding Companies	Essar Energy Limited, UK (Formerly Known as Essar Energy Plc)(EEL) Essar Oil & Gas Limited, Mauritius (EOGL)
Subsidiaries	Essar Oil Trading Mauritius Limited(EOTML) Vadinar Properties Limited (VPL) w.e.f. February 18, 2015
Associates	Vadinar Power Company Limited (VPCL) Vadinar Liquid Terminals Limited (VLTL) w.e.f. March 27, 2015
Key management personnel	Shri Lalit Kumar Gupta, Managing Director and CEO Shri C Manoharan, Director - Refinery
Fellow Subsidiaries	Aegis Aspire Consultancy Services Limited (AACSL), Aegis Limited (AEGIS), AGC Networks Limited (AGCNET), AGC Networks Pte. Ltd. (AGCNETPTE), Equinox Business Parks Private Limited (EBPPL), Essar Bulk Terminal Limited (EBTL), Essar Bulk Terminal Paradip Limited (EBTPL), Essar Bulk Terminal (Salaya) Limited (EBTSL), Essar Energy Holdings Limited (EEHL)*, Essar Energy Overseas Limited (EEOL), Essar Electric Power Development Corporation Limited (EEPDCL), Essar Exploration & Production Limited (EEPL), Essar Exploration & Production Limited, Nigeria (EEPLN), Essar Energy Services (Mauritius) Limited (EESML), Essar Exploration & Production (India) Limited (EEXPIL), Essar Gujarat Petrochemicals Limited (EGPL), Essar Logistics Limited (ELL), Essar Oil (UK) Limited (EOLUK), Essar Oilfields Services India Limited (EOSIL), Essar Power Gujarat Limited (EPGL), Essar Project (India) Limited (EPIL), Essar Ports Limited (EPL), Essar Power MP Limited (EPMPL), Essar Power Limited (EPoL), Equinox Realty & Infrastructure Private Limited (ERIPL), Essar Shipping Limited (ESL), Essar Steel Logistics Limited (ESTLL), Essar Steel India Limited (ESTL), Energy Transportation International Limited (ETIL), Navbharat Power Private Limited (NPPL), Peak Trading Overseas Limited (PTOL), Vadinar Oil Terminal Limited (VOTL), Vadinar Ports & Terminal Limited (VPTL), Essar Refinery Projects Limited, India (FKA Essar Road Projects Limited) upto February 26, 2015 (ERPL), Essar Power Hazira Holdings Limited (EPHHL). *also having significant influence over the Company.

Notes to financial statements for the year ended March 31, 2015

ii) Names of related parties, where the transactions during the year / balances as at March 31, 2015 with a single party are 10% or more, are disclosed under each nature of transaction / class of balances.

iii) The Company has reckoned with the carrying values of amounts due from related parties having regard to inter alia, expected realization based on agreement / understanding with the parties, guarantees / letters of support and fair values of the net assets of the parties / guarantors, on the basis of which Current / Non current classification has been made in the financial statements and the amounts due have been concluded to be good and recoverable.

iv) Previous year figures have been shown in brackets.

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

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Independent Auditors' Report

To
THE MEMBERS OF ESSAR OIL LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of **ESSAR OIL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Boards of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and further to the matters described in paragraph 8 below give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

EMPHASIS OF MATTER

8. We draw attention to:

    a) Note 7(ii) (a) to the consolidated financial statements regarding accounting of interest on debentures for the period October 1998 to April 2012 on cash basis, in accordance with the orders of the Gujarat High Court.

    b) Note 7(ii) (c) to the consolidated financial statements regarding measurement of certain borrowings in accordance with the Accounting Standard 30 on Financial Instruments, Recognition and Measurement as per the accounting policy consistently followed by the Group.

Our opinion is not modified in respect of these matters.

OTHER MATTERS

9. (a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 0.01 crores as at March 31, 2015, total revenues of ₹ NIL and net cash flows amounting to ₹ 0.002 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 5.72 crores for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and the associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the reports of the other auditors.

    (b) We did not audit the financial information of one subsidiary, whose financial information reflects total assets of ₹ 403.19 crores as at March 31, 2015, total revenues of ₹ 2.30 crores, and net cash flows amounting to ₹ (0.23) crores for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and associate companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section143(3) of the Act, we report, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, having regard and further to the matters described in paragraph 8 (a) above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) Having regard and further to the matters described in the paragraph 8 above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its associate companies incorporated in India, none of the directors of the Holding Company and its associate companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, to the best of our knowledge and belief and according to the information and explanations given to us by the Management and the basis of the reports of the associate companies incorporated in India:

i. The consolidated financial statements disclose the impact as estimated of pending litigations on the consolidated financial position of the Group and its associates in accordance with generally accepted accounting principles - Refer Note 30 to the consolidated financial statements.

ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. In case of associate companies incorporated in India there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, May 25, 2015

Annexure to the Independent Auditors' Report
on the Consolidated Financial Statements

[Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Our reporting on the Order includes 2 associate companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

In respect of one subsidiary company incorporated in India, which has been included in the consolidated financial statements based on unaudited financial information of such entity provided to us by the Management, whilst in our opinion, and according to the information and explanations given to us, reporting under the Order is applicable in respect of this entity, since the entity is unaudited, the possible effect of the same on our reporting under the Order in the case of this consolidated financial statements has not been considered.

(i) In respect of the fixed assets of the Holding Company and associate companies incorporated in India:

(a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the Holding Company and one of its associate Company have been physically verified during the year by the Management of the respective entities according to a phased programme designed to cover all the items over a period of three years, which in our opinion and the opinion of the other auditors, is reasonable having regards to the size of the Company and one of its associate and the nature of its assets. According to the information and explanations given to us and the other auditor, no material discrepancies were noticed on such verification.

(c) One of the associate companies does not have any fixed assets. Accordingly, the provisions of this clause are not applicable to it.

(ii) In respect of the inventories of the Holding Company and associate companies incorporated in India:

(a) As explained to us and as reported by the other auditor, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.

(b) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business. In respect of coal inventory requiring technical expertise for establishing the quantification thereof, the Holding Company has hired independent agencies for physical verification of such stocks and we have relied upon the same.

(c) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.

(d) One of the associate companies does not have any inventory. Accordingly, the provisions of this clause are not applicable to it.

(iii) The Holding Company and the associate companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act by the respective entities.

(iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, and considering that certain items purchased are of specialised nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control system in the Holding Company and associate companies incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods, electricity and services. During the course of our and other auditor's audit, no failure to correct major weaknesses in internal controls have been observed.

(v) According to the information and explanations given to us and other auditors, the Holding Company and associate companies incorporated in India have not accepted any public deposit during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable to them.

(vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Holding Company and one of its associate companies incorporated in India have, *prima facie*, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act. Neither we nor the other auditor have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

In case of One of the associate companies, maintenance of the cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, accordingly the provisions of this clause are not applicable to it.

(vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and associate companies incorporated in India:

(a) The respective entities have generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

There were no undisputed amounts payable by the respective entities in respect of the above statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty and Excise Duty and Value Added Tax which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Crores)
Gujarat Value Added Tax Act, 2003	Sales Tax & Interest	Gujarat Sales Tax Tribunal	2007-08	0.21
		Jt. Commissioner Appeal, Rajkot	2008-09	690.27
Central Sales Tax Act, 1956	Sales Tax & Interest	Jt. Commissioner Appeal, Rajkot	2008-09, 2010-11	88.22
Central Excise Act, 1944	Excise Duty, Interest, Fine and Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2006-07 to 2012-13	77.79
Customs Act 1962	Customs Duty, Interest, Fine and Penalty	Commissioner of Customs (Appeals)	2009-10, 2012-13 and 2013-14	271.34
		Central Excise & Service Tax Appellate Tribunal (CESTAT)	2008-09	0.26

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (₹ in Crores)
Service Tax Rules, 1994	Penalty	Central Excise & Service Tax Appellate Tribunal (CESTAT)	2005-06 to 2009-10	1.77
		Commissioner of Central Excise (Appeals)	2004-05 2005-06	0.08
Madhya Pradesh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam, 1976	Entry Tax, Penalty and Interest	MP Commercial Tax Appellate Board, Bhopal	2008-09	0.02
		High Court of Madhya Pradesh	2007-08	0.06
Uttar Pradesh Value Added Tax Act, 2008	Sales tax and interest	Addl. Commissioner of Commercial Tax (Appeal)	2010-11	0.19
Income tax Act, 1961	Income tax and Interest	Supreme Court	AY 1998-99	0.18
		Bombay High Court	AY 2004-05	6.25
		Income Tax Appellate Tribunal	AY 2010-11	0.43
		Commissioner of Income Tax	AY 2011-12	0.51
		Commissioner of Income Tax	AY 2012-13	1.15

In respect of a customs duty demand of ₹ 2.86 crores, we are informed that the Holding Company is in the process of filing an appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

There were no dues of Wealth Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities.

(c) The Holding Company has been generally regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. In case of associate companies incorporated in India, as reported by the other auditors there were no amounts which were required to be transferred to the Investor Education and Protection Fund

(viii) The consolidated accumulated losses of the Group and its associates at the end of the financial year are less than 50% of its consolidated net worth (before deducting accumulated losses) and the Group and its associates has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In case of a Holding Company, there have been no defaults in repayment of dues to financial institutions, banks, and debenture holders, barring repayment of two instalments aggregating to ₹ 1,576.76 crores to a bank, which were deferred pending availing of long term export advance guaranteed by the same bank. The guarantee is with a condition that the export proceeds are to be utilized solely for the repayment of such dues, which have since been repaid.

In case of one of the associate companies incorporated in India, it has not borrowed any amount from financial institutions or banks or has not issued any debentures. Accordingly, the provisions of this clause are not applicable to it. In case of one of the associates there are delays in repayment of dues (including interest and penal interest) to the financial institutions and banks amounting to ₹ 53.35 crores which have been regularised within a maximum period of 61 days from due dates. Further, dues amounting to ₹ 10.44 crores (not included in the aforementioned delay amount) becoming due on March 31, 2015 are yet to be paid, as on the date of issue of the other auditor's report. The said associate has not borrowed any sum through debentures.

(x) In our opinion and according to the information and explanations given to us the terms and conditions of a guarantee given by the Holding Company for a loan taken by others from a bank is not, *prima facie*, prejudicial to the interest of the Holding Company. As reported by the other auditors, the associate companies incorporated in India have not given any guarantee for loans taken by others from banks and financial institutions and accordingly, the provisions of this clause are not applicable to them.

(xi) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the term loans have been applied by the Holding Company and one of its associate companies incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.

In case of one of the associate companies incorporated in India, it has not taken any term loan. Accordingly, the provisions of this clause are not applicable to it.

(xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company and associate companies incorporated in India and no material fraud on the Holding Company and its associate companies incorporated in India has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

P. B. Pardiwalla
Partner
Membership No. 40005

MUMBAI, May 25, 2015

Consolidated Balance Sheet
as at March 31, 2015

(₹ in crore)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share capital	4	**1,466.12**	1,466.12
b) Reserves and surplus	5	**2,445.68**	1,002.14
Advance towards issue of global depository shares	6	**1,500.53**	-
Non-current liabilities			
a) Long-term borrowings	7	**15,240.51**	14,284.55
b) Deferred tax liabilities (Net)	8	**-**	-
c) Other long term liabilities	10	**556.22**	273.79
d) Long-term provisions	11	**5.14**	5.14
Current liabilities			
a) Short-term borrowings	12	**10,069.92**	6,756.98
b) Trade payables	9	**18,834.20**	19,815.15
c) Other current liabilities	10	**7,908.63**	8,452.69
d) Short-term provisions	11	**36.09**	43.98
TOTAL		**58,063.04**	52,100.54
ASSETS			
Non-current assets			
a) Fixed assets	13		
(i) Tangible assets		**21,109.16**	20,452.21
(ii) Intangible assets		**182.10**	181.01
(iii) Capital work-in-progress		**3,518.69**	3,467.68
(iv) Intangible assets under development		**280.09**	270.68
b) Goodwill on consolidation		**11.12**	0.05
c) Non-current investments	14	**1,183.94**	140.68
d) Long-term loans and advances	18	**3,090.15**	984.24
e) Other non-current assets	19	**809.16**	1,660.27
Current assets			
a) Current investments	14	**1,195.00**	495.00
b) Inventories	15	**5,130.90**	9,309.96
c) Trade receivables	16	**12,411.47**	7,100.10
d) Cash and bank balances	17	**2,045.32**	3,630.08
e) Short-term loans and advances	18	**3,186.53**	2,810.55
f) Other current assets	19	**3,909.41**	1,598.03
TOTAL		**58,063.04**	52,100.54

The accompanying notes 1 to 48 are an integral part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Statement of Consolidated Profit and Loss

for the year ended March 31, 2015

(₹ in crore)

Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
INCOME			
Revenue from operations (Gross)	20	**93,206.31**	107,438.67
Less: Excise duty		**6,141.72**	5,000.03
Revenue from operations before Sales tax / VAT		**87,064.59**	102,438.64
Less: Sales tax / VAT		**3,858.78**	3,836.77
Revenue from operations (net)		**83,205.81**	98,601.87
Other income	21	**1,026.04**	948.78
Total Revenue		**84,231.85**	99,550.65
EXPENSES			
Cost of raw materials consumed	22	**70,497.91**	88,824.12
Purchase of stock-in-trade	23	**2,921.77**	1,276.23
Changes in inventory of finished goods, work-in-progress and stock-in-trade	24	**1,479.01**	148.38
Employee benefits expense	25	**229.21**	224.61
Other expenses	26	**3,343.00**	4,296.68
		78,470.90	94,770.02
Earnings before finance costs, depreciation and amortisation, exceptional items and tax (EBIDTA)		**5,760.95**	4,780.63
Finance costs	27	**2,564.85**	3,296.38
Depreciation and amortisation expense	13	**757.12**	1,355.21
Profit before exceptional items and tax		**2,438.98**	129.04
Exceptional items	36	**918.00**	-
Profit before tax		**1,520.98**	129.04
Tax expense:			
(a) Current tax		**0.15**	3.29
(b) Deferred tax		**-**	-
Profit for the year before share of profit of Associates		**1,520.83**	125.75
Add : Share of profit in associates (refer note 46)		**5.72**	1.26
Profit for the year after share of profit of Associates		**1,526.55**	127.01
Earnings per equity share (Face value ₹ 10 per share) :	28		
(1) Basic (in ₹)		**10.53**	0.91
(2) Diluted (in ₹)		**10.52**	0.88

The accompanying notes 1 to 48 are an integral part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Consolidated Cash Flow Statement
for the year ended March 31, 2015

(₹ in crore)

	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	**1,520.98**	129.04
	Adjustments for :		
	Depreciation and amortisation expenses	**757.12**	1,355.21
	Fixed assets written off	**0.14**	0.64
	Interest on income tax refund	**(7.65)**	(19.32)
	Interest income on inter corporate deposits	**(105.61)**	-
	Interest income on bank deposits (other than margin deposits)	**(4.22)**	(5.14)
	(Profit) / Loss on sale of fixed assets (net)	**(0.01)**	(0.00)
	Unrealised exchange differences	**(133.47)**	14.09
	Mark to market - commodity and currency swap hedging losses (net)	**171.93**	3.03
	Interest expenses (including funding of interest)	**2,301.83**	2,530.46
	Provision for doubtful debts and debit balances written off	**2.20**	0.07
	Credit balances written back	**(1.81)**	(1.65)
	Operating profit before working capital changes	**4,501.43**	4,006.43
	Adjustments for :		
	Changes in inventories	**4,179.11**	1,278.44
	Changes in receivables, advances and other assets	**(6,113.75)**	(4,403.35)
	Changes in payables, liabilities and provision	**370.76**	9,126.34
	Net Cash generated from operating activities	**2,937.55**	10,007.86
	Income tax refund / (payment) (net) (including interest)	**51.99**	166.49
	Net cash generated from operating activities (A)	**2,989.54**	10,174.35
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to fixed assets	**(769.74)**	(1,368.01)
	Sale of fixed assets	**7.68**	0.01
	Purchase of Investments in a subsidiary and an associate	**(1.75)**	(0.00)
	Purchase of current Investment	**(700.00)**	(495.00)
	Advances against purchase of shares / debentures	**(1,435.06)**	-
	Placement of long term bank deposits	**(0.36)**	(10.74)
	Encashment of long term bank deposits	**10.74**	0.32
	Placement of inter corporate deposits	**(3,294.27)**	-
	Refund of inter corporate deposits	**1,299.66**	-
	Interest received on inter corporate deposits	**49.37**	-
	Interest received on bank deposits (other than margin deposits)	**5.67**	3.67
	Net cash used in investing activities (B)	**(4,828.06)**	(1,869.75)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from borrowings {including funding of interest (refer note 7)}	**6,713.11**	10,219.33
	Repayment of borrowings and deferred sales tax liabilities	**(8,713.30)**	(13,339.28)
	Changes in short term borrowings (net)	**3,831.09**	(1,236.56)
	Advances received towards issue of GDS	**1,500.53**	-
	Interest paid (including funding of interest)	**(2,433.17)**	(3,020.99)
	Net cash (used) / generated from financing activities (C)	**898.26**	(7,377.50)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(940.26)**	927.10
	Cash and cash equivalents at the beginning of the year	**1,267.81**	340.71

Consolidated Cash Flow Statement
for the year ended March 31, 2015

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash and cash equivalents on acquisition of subsidiary	**0.80**	-
Cash and cash equivalents at the end of the year	**328.35**	1,267.81
Net (decrease) / increase in cash and cash equivalents	**(940.26)**	927.10

Notes:

1 Non cash transaction:

During the year, Company has received 10.25% cumulative redeemable preference shares of Essar Power Limited, having an aggregate face value of ₹ 1,025.00 crore, from Essar House Limited (EHL) at par in part settlement of their dues.

During the previous year, the Company converted foreign currency compulsory convertible bonds (FCCCBs) into equity shares on December 09, 2013.

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

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash on hand and balances with banks		
Cash and cash equivalents (refer note 17)	**328.36**	1,267.82
Less : Effect of exchange rate changes	**0.01**	0.01
Cash and cash equivalents as restated*	**328.35**	1,267.81

* does not include cash and cash equivalents which are not readily available for use

"0.00" represents amount less than ₹ 0.01 crore

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai, May 25, 2015

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Notes to consolidated financial statements for the year ended March 31, 2015

1. CORPORATE INFORMATION:

Essar Oil Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is primarily engaged in the business of refining and marketing of petroleum products in domestic and overseas markets. It is also engaged in oil and gas exploration and production activities.

Essar Oil Trading Mauritius Limited, Mauritius (EOTML), a subsidiary, engaged in investment holding activities. This company was acquired by the Company on March 11, 2014 as a wholly owned subsidiary. There have been no operations in this company post acquisition till March 31, 2015.

Vadinar Properties Limited (VPL), a subsidiary, is engaged in construction and development of residential township, colonies and residential complexes. This company was acquired by the Company on February 18, 2015 as a wholly owned subsidiary.

Vadinar Power Company Limited (VPCL), an associate, owns and operates power plants at Vadinar and supplies steam and electricity to the Company.

Vadinar Liquid Terminals Limited (VLTL), an associate is engaged in the business of development of marine liquid terminal facilities including single point mooring (SPM) and product jetties. There have been no operations in this company till March 31, 2015.

2. BASIS OF PREPARATION :

The consolidated financial statements comprising of Essar Oil Limited (the Company) and its subsidiaries are together referred as "the Group" and the Group's share of profit / loss in its associates have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956 , as applicable. Attention is invited to note (7) (ii) (a) and (c).

(i) The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the subsidiaries and associates used in this consolidation are drawn upto the same reporting date of the Company.

b) The financial statements of the Company and its subsidiaries 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 and resulting unrealised profits or losses, if any.

c) Investment in associates are accounted using the equity method and are initially recognised at cost.

d) The excess of cost to the Company of its investment in a subsidiary over its share of the equity of subsidiary at the date on which the investment is made, is recognised as "Goodwill" in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary 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.

e) Since there were no operations in EOTML, a wholly owned subsidiary post acquisition, for the limited purpose of consolidation the entity has been treated as "Non integral foreign subsidiary". Accordingly, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

(ii) The consolidated financial statements of the Company, its subsidiaries and associate companies have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Also refer 3(b) below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Actual results could differ from these estimates and adjustments are recognised in the periods in which the results are known / materialise.

b) Tangible fixed assets and depreciation (other than oil and gas exploration and production assets)

Tangible fixed assets are recorded at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

Cost of acquisition comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to their intended use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use.

Depreciation on tangible fixed assets including assets whose ownership vests with a third party, is provided, pro-rata for the period of use, by the straight line method, as specified in schedule II of Companies Act, 2013.

In case of one of the associates, depreciation is provided as per straight line basis for plant and machinery and on written down value basis for other assets. The depreciation charge in respect of other assets for this entity is not material in the context of the consolidated financial statements. Depreciation is provided on the basis of useful life of Plant & Machinery and Buildings as assessed by the associate and certified by an independent chartered engineer and on other assets as per the useful lives specified in Schedule II to the Companies Act, 2013 (refer note 47).

Following is the comparison of Useful life as certified by independent chartered engineer and useful life prescribed in Schedule II to the Companies Act, 2013.

Description of Asset	As per technical assessment	Schedule II
Plant & Machinery	25-30 Years	40 Years
Buildings	40 Years	30 Years

c) Intangible fixed assets and amortisation (other than oil and gas exploration and production assets)

Intangible fixed assets are recognised 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.

The Company has estimated the useful life of software and licenses ranging from 3 - 5 years from the date of acquisition.

d) Oil and gas exploration and production assets

The Company follows the full cost method of accounting for its oil and gas exploration and production expenditures as laid out in the guidance note on Accounting for Oil and Gas Producing Activities issued by the ICAI.

Costs incurred are accumulated under cost pools (cost centers) and accounted for initially as capital work in progress/ intangible assets under development. Costs comprise all costs incurred on acquisition of interest (including land cost) in

Notes to consolidated financial statements for the year ended March 31, 2015

oil and gas blocks, exploration, development and related ancillary cost.

Upon a well being ready to commence commercial production, the accumulated costs in that cost pool are transferred to gross block of assets as tangible/intangible assets, under the head "producing properties".

Development costs incurred thereafter in respect of the corresponding proved reserves are capitalized as incurred. In respect of reserves in the cost pool that are proved subsequently, the accumulated costs corresponding to such reserves are capitalized, when proven. Expenditure incurred which does not result in discovery of proved reserves are deemed dry and capitalized when so determined, over the costs of proved reserves.

Depreciation (depletion) on capitalized assets is calculated by unit-of-production method on the basis of the ratio that oil and gas production bears to the balance proved reserves at commencement of the year.

Oil and gas joint ventures are in the nature of jointly controlled assets. Accordingly, assets and liabilities as well as income and expenditures are accounted on a line-by-line basis with similar items in the Company's financial statements, according to the participating interest of the Company.

e) **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 consolidated 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.

f) **Lease**

Operating lease

Lease expenses and lease income are recognised on a straight line basis over the lease term in the statement of consolidated profit and loss or expenditure during construction / pre-production activities 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 over the lower of useful life of the asset specified in Schedule II to the Companies Act, 2013 and the lease period.

g) **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.

h) **Valuation of inventories**

Inventories (other than crude oil extracted) are valued at the lower of cost and net realisable value.

Cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of crude oil and coal inventory is determined on a first in first out basis and the cost of all other inventories is determined on a weighted average basis.

Closing stock of crude oil extracted is valued at net realisable value.

i) **Revenue recognition**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from sale of goods is recognised when property in the goods is transferred to the buyer for a price, when significant risks and rewards of ownership have been transferred to the buyer and no effective control, to a degree usually associated with ownership, is retained by the Company. Sale of goods are stated net of trade discounts and include duty draw back, recoverable sales tax / Value added tax (VAT) and excise duty. Revenue from sale of services is recognised under the completed service contract method.

Interest income is recognised on a time proportion basis.

j) **Government grants**

Government grants are recognised 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.

k) **Employee benefits**

i. In respect of Defined Contribution Plans/ Defined Benefit Plans

The Company's contributions paid/payable during the year to employee state insurance scheme are recognized in the statement of consolidated profit and loss or expenditure during construction / pre-production activities, as applicable.

Employee benefits under defined benefit plans, such as gratuity, compensated absences and provident fund, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The Company's obligations recognized in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized immediately in the statement of consolidated profit and loss or expenditure during construction / pre-production activities, as applicable.

Short term employee benefits are recognised as an expense at the undiscounted amounts in the statement of consolidated profit and loss or expenditure during construction / pre-production activities, as applicable, of the year in which the related service is rendered.

ii. In respect of Employee Stock Options Scheme

Stock options granted to employees under the Employees' Stock Option Scheme (ESOS) are accounted by adopting the intrinsic value method in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on accounting for employee share based payments issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the excess of market price of the shares over the exercise price is recognised as deferred employee compensation and is charged to statement of consolidated profit and loss account or expenditure during construction / pre-production activities, as applicable on straight-line basis over the vesting period.

l) **Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the transaction date.

Exchange differences arising 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 consolidated profit and loss.

Monetary items denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. Exchange differences relating to long term monetary items are accounted for as under:

(i) in so far as they relate to the acquisition of a depreciable capital asset, these are added to / deducted from the cost of the asset

Notes to consolidated financial statements for the year ended March 31, 2015

and depreciated over the balance useful life of the asset;

(ii) in other cases such differences are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised in the statement of consolidated profit and loss over the balance life of the long term monetary item.

All other exchange differences are dealt with in the statement of consolidated profit and loss or expenditure during construction / pre-production activities, as applicable.

Premia or discounts arising on forward exchange contracts, are recognized as finance costs over the life of the contracts.

m) Derivative instruments

In order to manage its exposure to certain commercial risks associated with commodity price, foreign exchange and interest rate fluctuations, the Company enters into derivative contracts.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date.

The Company applies the hedge accounting principles set out in “Accounting Standard 30 (AS 30) - Financial Instruments: Recognition and Measurement” and accordingly designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The Company does not enter into derivative contracts for trading or speculative purposes.

Derivative liabilities / assets are presented under trade payables (note 9) and other current liabilities / other long term liabilities (note 10) or other current assets / other non-current assets (note 19).

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a “Hedging Reserve Account”. The gain or loss relating to the ineffective portion is recognised immediately in statement of consolidated profit and loss. Amounts deferred in the Hedging Reserve Account are recycled in the statement of consolidated profit and loss in the periods when the hedged item is recognized in the statement of consolidated profit and loss, in the same line as the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognized when the forecast transaction is ultimately recognized in the statement of consolidated profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognized immediately in the statement of consolidated profit and loss.

Derivative contracts which are not designated for hedge accounting (in terms of AS 30) and not covered under Accounting Standard (AS) 11: The Effects of Changes in Foreign Exchange Rates, the gains / losses arising from settled derivative contracts and net marked to market (MTM) losses in respect of outstanding derivative contracts as at balance sheet date are recognised in the same line as the hedge item in the statement of consolidated profit and loss or expenditure during construction / pre-production activities, as applicable. The net MTM gains in respect of outstanding derivatives contracts are not recognised adopting the principles of prudence.

n) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on “Borrowing Costs” are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

o) **Taxation**

Tax expense comprises current and deferred taxes.

Current tax is measured at the amount expected to be paid to revenue authorities using, applicable rates and tax laws.

Minimum Alternative Tax (MAT) credit entitlement available under section 115JAA of the Income Tax Act, 1961 is recognized in accordance with the principles laid down in the Guidance Note on Accounting for credit available in respect of MAT under the Income Tax Act, 1961 issued by the ICAI, to the extent the credit will be available for discharge of future normal tax liability.

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 or virtual certainty, as relevant, in accordance with the principles laid down in Accounting Standard 22 on Accounting for Taxes on Income, that sufficient future taxable income will be available against which they will be realised.

p) **Measurement of EBIDTA**

The Company has elected to present earnings before interest (including finance costs), depreciation and amortisation expenses and tax (EBIDTA) as a separate line item on the face of the statement of consolidated profit and loss. The Company measures EBIDTA on the basis of profit / (loss) and does not include interest (including finance costs), depreciation and amortisation expenses, exceptional and extraordinary items and tax.

q) **Earnings per share (EPS)**

The Company reports basic and diluted EPS in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

r) **Cash Flow Statement**

The Cash Flow Statement is prepared using the "indirect method" as set out in Accounting Standard 3 "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered, highly liquid bank balances.

s) **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.

Notes to consolidated financial statements for the year ended March 31, 2015

4. SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10 each	**5,000,000,000**	**5,000.00**	5,000,000,000	5,000.00
Issued and subscribed				
Equity shares of ₹ 10 each	**1,511,442,900**	**1,511.44**	1,511,442,900	1,511.44
Paid up				
Equity shares of ₹ 10 each fully paid up	**1,449,516,900**	**1,449.52**	1,449,516,900	1,449.52
Add : Forfeited shares - Equity shares of ₹ 10 each	**61,926,000**	**16.60**	61,926,000	16.60
		1,466.12		1,466.12

a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the year :**

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	**1,449,516,900**	**1,449.52**	1,365,667,086	1,365.67
Add : Equity shares issued	-	-	83,849,814	83.85
Shares outstanding at the end of the year	**1,449,516,900**	**1,449.52**	1,449,516,900	1,449.52

The above includes 951,463,854 equity shares underlying 6,218,718 outstanding global depository shares (GDS). Each GDS represents 153 underlying equity shares.

b) **The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Holders of GDS are entitled to receive dividends, subject to the terms of the Deposit Agreement, to the same extent as the holders of shares, less the fees and expenses payable under the Deposit Agreement and any Indian tax applicable to such dividends. Holders of GDS have no direct voting rights in respect of Shares, which underlie the GDS.

c) **Shares held by holding / ultimate holding company and / or their subsidiaries / associates and shareholders holding more than 5% shares (including GDS) in the Company:**

(₹ in crore)

Particulars	As at March 31, 2015			As at March 31, 2014		
	Number of shares	Amount	% of shares	Number of shares	Amount	% of shares
4,761,000 GDS held by Essar Oil & Gas Limited, Mauritius, the holding company	**728,433,000**	**728.43**	**50.25%**	728,433,000	728.43	50.25%
1,457,718 GDS held by Essar Energy Holdings Limited, Mauritius, a fellow subsidiary and an entity having significant influence over the Company	**223,030,854**	**223.03**	**15.39%**	223,030,854	223.03	15.39%
Equity shares held by Essar Energy Holdings Limited, Mauritius, a fellow subsidiary and an entity having significant influence over the Company	**354,714,547**	**354.71**	**24.47%**	354,714,547	354.71	24.47%
Equity Shares held by Essar Power Hazira Holdings Limited, a fellow subsidiary	**100**	**0.00**	**0.00%**	100	0.00	0.00%

"0.00" represents amount less than ₹ 0.01 crore

d) **Stock Options :**

Details of stock options granted to eligible employees under the Essar Oil Employee Stock Option Scheme 2011 are as under:

A) Employee stock options scheme :

Particulars	Tranche I	Tranche II
No. of options Granted	3,211,391	2,313,292
Grant price	₹ 69.05	₹ 52.20
Grant dates	December 02, 2011	November 20, 2013
Total options forfeited / cancelled	1,388,873	234,957
Options outstanding at the end of the year	1,822,518	2,078,335
Vesting of options	Three equal installments at the end of 3rd, 4th, 5th years from the grant date (into Equity shares of ₹ 10 each)	
Exercise period	7 years from date of vesting	

B) Movement of Options Granted :

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Options outstanding at the beginning of the year	**4,124,218**	2,519,058
Granted during the year	**-**	2,313,292
Options forfeited / cancelled during the year	**223,365**	708,132
Option exercised during the year	**-**	-
Options outstanding at the end of the year	**3,900,853**	4,124,218

Notes to consolidated financial statements for the year ended March 31, 2015

5. RESERVES AND SURPLUS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital reserve		
Balance as per last balance sheet	**40.89**	40.89
Securities premium account		
Balance as per last balance sheet	**6,184.60**	4,928.45
Add : Premium on conversion of Foreign Currency Compulsory Convertible Bonds into shares	**-**	1,256.15
	6,184.60	6,184.60
Debenture redemption reserve		
Balance as per last balance sheet	**37.33**	37.21
Add : Transferred from Balance in consolidated statement of profit and loss	**-**	0.12
	37.33	37.33
General reserve		
Balance as per last balance sheet	**22.25**	22.25
Cashflow hedge reserve (refer note 34)	**(171.08)**	11.84
Surplus / (Deficit) - Balance in statement of consolidated profit and loss		
Balance as per last balance sheet	**(5,181.95)**	(5,308.84)
Less : Depreciation on transition to schedule II to the Companies Act, 2013 {refer note 13(2)(b)}	**(33.63)**	-
Add : Net profit for the year	**1,526.55**	127.01
Less : Transfer to Debenture redemption reserve	**-**	0.12
	(3,689.03)	(5,181.95)
Foreign currency monetary item translation difference account {refer note 3(l)}		
Balance as per last balance sheet	**(112.82)**	(63.88)
Add : Effect of foreign exchange rate variation during the year	**20.88**	(173.73)
Less : Amortisation during the year	**0.16**	(124.79)
Less : Transferred to cashflow hedge reserve (refer note 34)	**(112.82)**	-
	20.72	(112.82)
Foreign currency translation reserve {refer note 2(e)}	**(0.00)**	0.00
Total	**2,445.68**	1,002.14

"0.00" represents amount less than ₹ 0.01 crore

6. ADVANCE TOWARDS ISSUE OF GLOBAL DEPOSITORY SHARES

During the year, the Company has received ₹ 1,500.53 crore (USD 246.10 Million) as advance towards global depository shares from Essar Energy Holdings Limited (EEHL), a promoter company. The Company is in process of completing relevant formalities for allotment of the securities.

Notes to consolidated financial statements for the year ended March 31, 2015

7. LONG TERM BORROWINGS

(₹ in crore)

Particulars		As at March 31, 2015		As at March 31, 2014	
		Non current	Current	Non current	Current
(A) Secured Borrowings					
Debentures (refer note (ii)(a) below)					
Non convertible debentures		**117.97**	**22.40**	140.33	8.96
Amount included under Other current liabilities (refer note 10)			**(22.40)**		(8.96)
	(i)	**117.97**	**-**	140.33	-
Term loans					
From banks		**9,560.38**	**1,456.55**	11,076.19	2,687.11
From financial institutions		**788.52**	**174.28**	927.24	85.35
Funded interest facilities (refer note (ii)(c) below)					
From banks		**1,196.55**	**20.16**	1,469.08	-
From financial institutions		**637.72**	**16.75**	626.83	-
Export advances from customers		**2,878.80**	**125.56**	-	-
Amount included under Other current liabilities (refer note 10)			**(1,793.30)**		(2,772.46)
	(ii)	**15,061.97**	**-**	14,099.34	-
	(A) - (i+ii)	**15,179.94**	**-**	14,239.67	-
(B) Unsecured Borrowings					
Debentures					
Fully convertible debentures		**52.38**	**-**	-	-
Finance lease obligation {refer note 37(a)(i)}					
From others		**0.32**	**0.47**	37.23	8.66
Other loans					
Conditional grant from a bank		**7.87**	**-**	7.65	-
From related parties (refer note 44)		**-**	**-**	-	13.81
Amount included under Other current liabilities (refer note 10)			**(0.47)**		(22.47)
	(B)	**60.57**	**-**	44.88	-
Total	(A+B)	**15,240.51**	**-**	14,284.55	-

(i) Security for term loans and funded interest facilities from banks and financial institutions and debentures

a) Term loans and funded interest facilities of ₹ 4,898.25 crore (Previous year ₹ 5,882.27 crore) and debentures of ₹ 140.37 crore (Previous year ₹ 149.29 crore) are secured / to be secured by first ranking security interests {pari passu with loans for refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and Export Performance Bank Guarantee Facilities (EPBG)} on all present and future immovable assets of refinery division, all present and future movable assets other than current assets of refinery division, first ranking charge over the rights, title and interests under project documents and over all licenses, permits, approvals, assignments, concessions and consents of project, security interest on rights, title and interests in trust and retention accounts and all sub accounts created there under, insurance policies in relation to the refinery including refinery expansion,

Notes to consolidated financial statements for the year ended March 31, 2015

refinery optimisation and HMU II and second ranking security interests on current assets, first ranking pledge of certain shares of the Company held by a related party, personal guarantees of some of the promoters and other collaterals being pledge of certain shares of related parties and mortgage over a property of a related party. Term Lenders have (barring one) released personal guarantees and collaterals thereto.

b) Corporate term loan from a bank of ₹ 500.02 crore (Previous year ₹ 1,000.00 crore) is secured by first charge on all present and future current assets (ranking pari passu with working capital facility), excluding that of exploration and production division, second charge by way of mortgage on all present and future fixed assets including the plant site of the refinery excluding certain category of assets, personal guarantees of some of the promoters and corporate guarantee by body corporates and other collaterals being second ranking pledge of certain shares of the Company and that of a related party held by related parties and second ranking mortgage over a property of a body corporate.

c) Sales tax / General purpose term loan from a bank of ₹ 1,500.00 crore (Previous year ₹ 3,250.00 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion,certain ECB loans, refinery optimisation and EPBG) on all present and future fixed assets and second ranking security interests on all present and future current assets excluding that of exploration and production division, personal guarantee of some of the promoters and certain undertakings provided by related parties.

d) Term loan from a bank of ₹ 500.00 crore (Previous year ₹ Nil) is secured by subservient charge on moveable fixed assets of the Refinery Division and personal guarantees of one of the promoters.

e) ECB loan of ₹ 1,654.36 crore (Previous year ₹ 1,620.94 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets of refinery project excluding current assets, security interest on the rights, title and interest under project documents, trust and retention accounts, insurance policies all in relation to the refinery including refinery expansion, refinery optimisation and HMU II and second pari-passu charge on the current assets, pledge of certain shares of the Company held by a related party and certain undertakings provided by the related parties.

f) ECB loan of ₹ 1,502.19 crore (Previous year ₹ 1,442.40 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets in relation to the refinery project, including the rights to the refinery project land and the project site (but excluding (I) all immovable property leased to or provided for use by the entities implementing the terminal utility, the power utility and township project, and (II) any land for the second train); a first ranking charge by way of hypothecation of all moveable fixed assets in relation to the refinery project, both present and future (but excluding all upstream oil & gas, coal bed methane related assets including but not limited to Ratna & R-series oil fields, CBON-3 (Mehsana), Raniganj RJ (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all intangible and tangible assets with respect to the refinery project and all upstream oil & gas, coal bed methane related assets including but not limited to Ratna

& R-series oil fields, CBON-3 (Mehsana), Raniganj RJ (East), CR-ON-90/1 (Cachar), Blocks L&A2 (Myanmar) and AA-ONN (Assam) blocks and Naphtha Receivables, all the bank accounts in relation to the refinery project, including without limitation the Trust and Retention Accounts, the Debt Service Reserve Account, the Escrow Account, all the rights, titles, permits, approvals, interests etc., under project documents, a second ranking charge by way of hypothecation on all current assets in relation to the refinery project, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.

g) Long term advances against export performance bank guarantees ₹ 3,004.36 crore (USD 480 million) from customers are secured by EPBG issued by domestic banks:

(i) EPBG of ₹ 2,378.45 crore (USD 380 million) (Previous year ₹ Nil (USD Nil)) is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and refinery expansion) on plant site, all present and future fixed assets (except excluded assets), second ranking security interest on all present and future current assets (except excluded assets) and further by pledge of certain shares of the Company held by a related party, personal guarantees of promoters' of the Company together with collateral securities i.e. pledge over certain shares of related parties and mortgage over certain assets of a body corporate and certain guarantees from body corporates and undertakings from related parties and pledge of certain investments of the Company.

(ii) EPBG of ₹ 625.91 crore (USD 100 million) (Previous year ₹ Nil (USD Nil)) is secured / to be secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and refinery expansion) on plant site, over the rights, title and interest to the Refinery project including the HMU project, tangible and intangible assets, all present and future fixed assets (except excluded assets), second ranking security interest on present and future current assets (except excluded assets), pledge of certain shares of the Company held by a related party and undertaking of certain related parties.

h) Term loans of ₹ 2,420.47 crore (Previous year ₹ 3,001.03 crore) for the refinery expansion are secured by first ranking security interests (pari passu with loans for refinery, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets of refinery, all present and future movable assets, other than current assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of refinery including without limitation the cash sweep account, debt service reserve account, first charge on security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, including refinery expansion,charge over immovable properties leased to entities implementing the terminal utility, power utility and township utility (subject to prior charge in favour of the lenders financing the said utilities) and second ranking security interest on current assets of refinery and further by pledge and non-disposal undertaking of certain shares / global depository shares of the Company held by related parties, personal guarantees of promoters of the Company together with collateral securities i.e. pledge over certain shares of related parties, mortgage over certain assets of a body corporate, certain undertakings

Notes to consolidated financial statements for the year ended March 31, 2015

from related parties, residual charge on the Company 's participating interest, cash flows related to upstream oil and gas, coal bed methane fields and related assets subject to certain approvals.

i) Term loans of ₹ 805.53 crore (Previous year ₹ 805.53 crore) for the refinery optimisation are secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery project, all present and future movable assets other than current assets of refinery project, all tangible and intangible assets of refinery project, bank accounts of optimisation project, security interest on rights, title and interests under project documents, trust and retention accounts, insurance policies in relation to the refinery, refinery expansion and refinery optimisation and second ranking security interests on current assets.

j) Term loans of ₹ 502.06 crore (Previous year ₹ 567.26 crore) is secured / to be secured by first charge on immovable assets and movable assets (present and future), first charge over book debts, operational cash flows, receivables, trust and retention account, Debt Service Reserve account, participating interest under CBM contract, security interest on rights, title and interests under the project documents, insurance policies, clearances, rights under letter of credit, guarantee, performance bond, corporate guarantee and bank guarantees, all in relation a CBM Project.

k) ECB Loan of ₹ 603.71 crore (Previous year ₹ 579.68 crore) is secured by first ranking security interests (pari passu with loans for refinery, refinery expansion, refinery optimisation, certain ECB loans, Sales tax / General purpose term loan and EPBG) on all present and future immovable assets (except certain leased out assets) of refinery, security interest on rights, title and interests under project documents, all present and future movable assets of refinery, all tangible and intangible assets of refinery, all the bank accounts of HMU II project including without limitation to trust and retention accounts, debt service reserve account, project implementation account and second ranking security interests on current assets of refinery, pledge of certain shares of the Company held by a related party and certain undertakings provided by related parties.

l) Term loan of ₹ 35.57 crore is secured by mortgage of certain immovable properties owned by the Company and a body corporate.

ii) Repayment and other terms:

a) Outstanding debentures consists of 12,780,193 (Previous year 13,592,050) – Secured redeemable non – convertible debentures (NCDs) of ₹ 105/- each amounting to ₹ 134.19 crore (Previous year ₹ 142.72 crore). These amounts carry interest ranging from fixed rate of 12.5% p.a to a prime lending rate/ base rate of respective banks plus margin and is repayable from December 2014 to June 2018.

658,000 (Previous year 700,000) – Secured redeemable non – convertible debentures (NCDs) of ₹ 100 each on private placement basis partly paid up at ₹ 93.86 per debenture amounting to ₹ 6.18 crore (Previous year ₹ 6.57 crore). These amounts carry interest at a prime lending rate/ base rate of the bank plus margin and is repayable from December 2014 to June 2018.

The Hon'ble High Court of Gujarat has, in response to the Company's petition, ruled vide its orders dated August 04, 2006 and August 11, 2006 that the interest on debentures for the period October 1998 to April 2012 should be accounted for on cash basis. Accordingly, funded / accrued interest liabilities amounting to ₹ 250.65 crore (Previous year ₹ 304.93 crore) as at March 31, 2015 have not been accounted for in the books. These funded / accrued interest liabilities carry interest ranging from fixed rate of 4.98% p.a. to a prime lending rate / base rate of respective banks plus margin and is repayable from December 2014 to March 2027.

b) The Interest rates for the loans covered under the Common Loan Agreement (the CLA) with Banks and Financial institutions amounting to ₹ 3,784.42 crore (Previous year ₹ 4,566.36 crore) is based on their prime lending rate / base rate / 1 month LIBOR plus margin (margin ranges from 2.12% p.a. to 3.00% p.a.) with different repayment installments starting from December 2009 to March 2026.

c) Certain loan facilities i.e. Facility VI of ₹ 2,265.63 crore (Previous year ₹ 2,471.64 crore) is repayable in installments from March 2021 to March 2026 and Facility VII Interest thereon as at March 31, 2015 amounting to ₹ 469.92 crore (Previous year ₹ 694.70 crore) is repayable in 40 equal quarterly installments beginning June 30, 2015. The Company has an option, subject to consent of the lenders, to prepay these facilities as per agreed terms at a reduced amount at any point of time during its term.

In order to give accounting effect to reflect the substance of the transaction, these facilities have, since inception, been measured by the Company in accordance with the principles of IAS 39, Financial Instruments, Recognition and Measurement, then in absence of specific guidance in Indian GAAP to cover the specific situation. Applying the principle of Accounting Standard 30, Financial Instruments, Recognition and Measurement, the facilities continue to be measured in line with the above principles, considering the present value of cash flows inclusive of future interest. Accordingly, the gross liability of ₹ 2,735.55 crore (Previous year ₹ 3,166.34 crore) of the above facilities as at March 31, 2015 {comprising of ₹ 1,696.04 crore to banks and ₹ 1,039.51 crore to financial institutions (Previous year comprising of ₹ 2,126.83 crore to banks and ₹ 1,039.51 crore to financial institutions)} have been measured at ₹ 1,828.58 crore (Previous year ₹ 2,057.32 crore) (comprising of ₹ 1,174.11 crore to banks and ₹ 654.47 crore to financial institutions) (Previous year comprising of ₹ 1,430.49 crore to banks and ₹ 626.83 crore to financial institutions).

The changes in the present obligation of the said loans ₹ 202.05 crore (Previous year ₹ 223.49 crore) have been treated as finance cost in the statement of consolidated profit and loss or capitalised as a part of cost fixed assets, as applicable.

A funded interest loan of ₹ 206.88 crore (Previous year ₹ 206.88 crore) is payable in a single bullet payment in 2031 and is continued to be measured in accordance with the aforementioned principles at ₹ 42.60 crore (Previous year ₹ 38.59 crore).

d) Term Loans amounting to ₹ 2,906.68 crore (Previous year ₹ 3,410.22 crore) carry interest rate linked with respective banks' prime lending rate / base rate / liquidity premium and are repayable in installments starting from December 2012 and ending in March 2020.

e) Term loans amounting to ₹ 502.06 crore (Previous year ₹ 567.26 crore) carry interest rate linked with respective banks prime lending rate/base rate/ 3 months LIBOR plus margin and are repayable in installments starting from March 2014 and ending in April 2022. Out of above ₹ 17.68 crore (Previous year ₹ 38.41 crore) pertains to Buyers' credit which will be ultimately converted into term loan.

f) ECB Loan amounting to ₹ 319.31 crore (Previous year ₹ 396.34 crore) carry interest rate of 3 months LIBOR + 2.75% p.a. are

Notes to consolidated financial statements for the year ended March 31, 2015

repayable in installments starting from January 2012 and ending in October 2018.

g) ECB Loans amounting to ₹ 3,156.54 crore (Previous year ₹ 3,063.34 crore) carry interest rate of 3 months / 6 months LIBOR + margin ranging from 4.70% p.a. to 5.00% p.a. are repayable in installments starting from March 2015 and ending in March 2024.

h) EPBG amounting to ₹ 3,004.36 crore (USD 480 million) (Previous year ₹ Nil (USD Nil)) carry interest rate of 3 months LIBOR + 2% margin are repayable over a period of two years with a rollover option, subject to discretion of the buyer, upto a period of 10 years .

i) Corporate term loan amounting to ₹ 500.02 crore (Previous year ₹ 1,000.00 crore) carry interest rate at banks' prime lending rate / base rate plus 3.75% p.a.(margin / liquidity premium) and is repayable in installments from June 2014 to March 2017.

j) General purpose term loan amounting to ₹ 1,500.00 crore (Previous year ₹ 3,250.00 crore) carry interest rate at banks' prime lending rate / base rate plus 3.00% p.a.(margin / liquidity premium) and is repayable in installments from December 2012 to September 2018.

k) Term loan amounting to ₹ 500.00 crore (Previous year ₹ Nil) carry interest rate at banks' prime lending rate / base rate plus 0.75% p.a.(margin / liquidity premium) and is repayable in 8 quarterly installments starting from June 2015 and ending on March 2017.

l) ECB Loan amounting to ₹ 603.71 crore (Previous year ₹ 579.68 crore) carry interest of LIBOR + 4.96% p.a. and is repayable in installments starting from June 2015 and ending in March 2021.

m) The pilot project for coal bed methane gas was partially financed by a conditional grant of USD 0.89 million (Previous year USD 0.89 million) and ₹ 2.31 crore (Previous year ₹ 2.31 crore) received from a bank.The conditional grant, in terms of the agreement, will be repayable in the event the Company puts the project to commercial use, and repayments to the bank will be based on gross annual sales derived from the commercial exploitation of the project, subject to a maximum repayment of 200% of the conditional grant. Commercial exploitation of the project is dependent upon getting necessary approvals from the Government of India.

n) Rupee loan from a related party amounting to ₹ Nil (Previous year ₹ 13.81 crore) carrying interest rate of 10.25% p.a. has been repaid during the year.

o) Term loan of ₹ 27.41 crore is repayable by May 2017 and carry interest rate of lender's Current prime landing rate (CPLR) payable monthly.

p) Term loan of ₹ 8.15 crore is repayable by December 2017 and carry interest rate of lender's CPLR payable monthly.

q) Fully Convertible Debentures Series I consists of 6,26,750 debentures of ₹ 100 each and Series II consists of 46,10,981 debentures of ₹ 100 each. Each Fully Convertible Debenture shall compulsorily get converted into equity share(s) of ₹ 10 each at such premium as may be agreed between the issuer and the holder at the expiry of 7 years from the date of allotment (i.e. March 31, 2011 in case of Series I and March 31, 2012 in case of Series II). The holder of the debentures shall also have the option to convert them into equity share(s) of ₹ 10 each any time after March 31, 2012 in case of Series I and March 31, 2013 in case of Series II at such premium as may be agreed between the issuer and the holder. The debentures shall not carry any interest and shall not be listed in any stock exchange.

8. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

Particulars		As at March 31, 2015	As at March 31, 2014
Deferred tax liability			
Depreciation on Fixed asset (excess net book value over written down value as per the provisions of the Income Tax Act, 1961)		**(3,079.47)**	(2,556.23)
	(A)	**(3,079.47)**	(2,556.23)
Deferred tax assets (restricted to the extent of deferred tax liability considering virtual / reasonable certainty, as applicable)			
Expenses allowed on payment basis		**676.05**	1,034.38
Unabsorbed depreciation / losses carried forward as per provisions of the Income Tax Act, 1961		**2,402.97**	1,521.82
Others		**0.45**	0.03
	(B)	**3,079.47**	2,556.23
Net deferred tax liabilities (net)	**(A)+(B)**	**-**	-

9. TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Micro and small enterprises (refer note 42)	**1.94**	**-**	1.49	-
Towards raw materials, goods and services	**18,832.26**	**-**	19,813.66	-
	18,834.20	**-**	19,815.15	-

10. OTHER LONG TERM LIABILITIES / CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Current maturities of Long term borrowings (refer note 7)	**1,816.17**	**-**	2,803.89	-
Interest accrued but not due on borrowings	**21.13**	**-**	16.46	-
Capital creditors	**360.47**	**-**	237.93	-
Statutory dues	**1,191.83**	**-**	2,304.39	-
Advances received from customers	**4,316.61**	**-**	3,005.79	-
Security deposits	**39.93**	**49.91**	28.61	4.75
Unclaimed debenture interest and principal (secured)* {For security details refer notes under note 7(i)(a)}	**22.32**	**-**	26.84	-
Other liabilities	**140.17**	**506.31**	28.78	269.04
Other Current Liabilities	**7,908.63**		8,452.69	
Other Long term Liabilities		**556.22**		273.79

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

Financials

Notes to consolidated financial statements for the year ended March 31, 2015

11. LONG TERM PROVISIONS / SHORT TERM PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Short term	Long term	Short term	Long term
Provision for employee benefits (refer note 43)				
Earned leave	**12.34**	**-**	33.67	-
Gratuity	**11.72**	**-**	4.06	-
Other Provisions				
Provision for taxation	**12.03**	**-**	6.25	-
Site restoration	**-**	**5.14**	-	5.14
Total	**36.09**	**5.14**	43.98	5.14

(₹ in crore)

Movement in Provision for Site Restoration	Year ended March 31, 2015	Year ended March 31, 2014
Opening Balance	**5.14**	5.14
Add: Provision made during the year	**-**	-
Closing Balance	**5.14**	5.14

Represents current cost of restoring the Exploration and production sites on abandonment or decommissioning of oil and gas wells and facilities at the end of their economic life.

12. SHORT TERM BORROWINGS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Borrowings		
Buyers' credits and bills discounting	**10,069.55**	6,756.33
Bank overdraft / Cash credit	**0.37**	0.65
Total	**10,069.92**	6,756.98

Security for short term borrowing:

(i) Buyers' credits and bills discounting:

a) ₹ 9,540.66 crore (Previous year ₹ 5,857.42 crore) secured by first charge on all current assets (ranking pari passu with Corporate term loan) excluding that of exploration and production division, second charge by way of mortgage of land and building and plant and machinery and other movable assets, present and future excluding certain category of assets, personal guarantees of some of the promoters, corporate guarantee by body corporates, other collaterals being second ranking pledge of certain shares of the Company and that of related parties held by other related parties and second ranking mortgage over a property of a body corporate.

b) ₹ 441.38 crore (Previous year ₹ 769.86 crore) secured by charge over receivables.

c) ₹ 87.51 crore (Previous year ₹ 129.05 crore) secured by fixed deposits maintained with a bank.

(ii) Bank overdraft / cash credit from bank of ₹ 0.37 crore (Previous year ₹ 0.65 crore) is secured by fixed deposits maintained with a bank.

13. FIXED ASSETS

(₹ in crore)

Description of the assets	Gross block (I)					Depreciation / amortisation (II)						Net block (III) = (I - II)	
							During the year						
	As at April 01, 2014	Additions consequent to acquisition of subsidiary	Additions	Deductions*	As at March 31, 2015	As at April 01, 2014	Additions consequent to acquisition of subsidiary	For the year	Retrospective adjustments (refer note 1 below)	Deductions {refer note 2(b) below)*	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
A) Tangible assets													
Land	157.82	21.80	-	-	**179.62**	-	-	-	-	-	**-**	**179.62**	157.82
Buildings	731.39	73.42	12.31	-	**817.12**	197.03	25.71	32.96	(112.74)	(28.41)	**171.37**	**645.75**	534.36
Plant and machinery	24,947.27	3.23	1,403.61	31.33	**26,322.78**	5,257.50	1.04	879.04	-	21.00	**6,116.58**	**20,206.20**	19,689.77
Producing properties	31.11	-	-	-	**31.11**	1.76	-	0.63	-	-	**2.39**	**28.72**	29.35
Furniture and fixtures	25.58	0.97	0.18	0.13	**26.60**	13.41	0.45	1.86	(3.57)	0.10	**12.05**	**14.55**	12.17
Office equipments	53.76	0.95	13.72	2.14	**66.29**	40.45	0.62	9.00	(6.14)	(1.76)	**45.69**	**20.60**	13.31
Vehicles	13.12	-	0.64	0.17	**13.59**	9.91	-	1.74	(2.94)	0.08	**8.63**	**4.96**	3.21
Aircraft	10.00	-	-	-	**10.00**	5.11	-	0.45	(2.84)	-	**2.72**	**7.28**	4.89
Total (A)	25,970.05	100.37	1,430.46	33.77	**27,467.11**	5,525.17	27.82	925.68	(128.23)	(8.99)	**6,359.43**	**21,107.68**	20,444.88
B) Tangible assets taken on lease													
Land	0.17	-	-	-	**0.17**	-	-	0.13	-	-	**0.13**	**0.04**	0.17
Buildings	72.73	-	-	72.73	**-**	69.77	-	3.12	(47.87)	25.02	**-**	**-**	2.96
Plant and machinery	5.62	-	-	3.23	**2.39**	1.76	-	0.23	-	1.04	**0.95**	**1.44**	3.86
Furniture and fixtures	0.88	-	-	0.88	**-**	0.63	-	0.03	(0.24)	0.42	**-**	**-**	0.25
Office equipments	0.67	-	-	0.67	**-**	0.58	-	0.01	(0.06)	0.53	**-**	**-**	0.09
Total (B)	80.07	-	-	77.51	**2.56**	72.74	-	3.52	(48.17)	27.01	**1.08**	**1.48**	7.33
C) Tangible assets given on lease													
Plant and machinery	18.20	-	-	-	**18.20**	18.20	-	-	-	-	**18.20**	**-**	-
Total (C)	18.20	-	-	-	**18.20**	18.20	-	-	-	-	**18.20**	**-**	-
Total Tangible assets (A+B+C)	26,068.32	100.37	1,430.46	111.28	**27,487.87**	5,616.11	27.82	929.20	(176.40)	18.02	**6,378.71**	**21,109.16**	20,452.21
D) Intangible assets													
Softwares and licenses	71.12	-	11.04	0.09	**82.07**	50.14	-	6.45	-	-	**56.59**	**25.48**	20.98
Producing properties	171.07	-	-	-	**171.07**	11.04	-	3.41	-	-	**14.45**	**156.62**	160.03
Total Intangible assets (D)	242.19	-	11.04	0.09	**253.14**	61.18	-	9.86	-	-	**71.04**	**182.10**	181.01
Total (A+B+C+D)	26,310.51	100.37	1,441.50	111.37	**27,741.01**	5,677.29	27.82	939.06	(176.40)	18.02	**6,449.75**	**21,291.26**	20,633.22
Previous Year	25,600.01		722.01	11.51	**26,310.51**	4,325.86		1,360.53		9.10	**5,677.29**	**20,633.22**	
Intangible assets under development (Including pre production activities)												**280.09**	270.68
Capital work-in-progress (Including expenditure during construction / pre production activities)												**3,518.69**	3,467.68

*Deductions include assets taken on lease from Vadinar Properties Limited, which has been transferred to respective heads of tangible assets since the date it became a subsidiary.

NOTES:

1 During the year, the Company has changed its method of calculating depreciation on fixed assets, (other than plant and machinery which is being depreciated by the Straight Line method(SLM)), from the Written Down Value method to the SLM, in line with industry practice, which results in a more appropriate presentation of the financial statements. In accordance with the requirements of Accounting Standard 6 on Depreciation Accounting, depreciation has been recalculated according to the new method from the dates the assets came to use and the surplus amounting to ₹ 207.87 crore (including surplus of ₹ 176.40 crore upto March 31, 2014 arising from the retrospective re-computation) is adjusted in the statement of consolidated profit and loss.

Notes to consolidated financial statements for the year ended March 31, 2015

2 (a) The Company has revised the estimated useful lives of its assets to align with the useful lives specified in Schedule II of the Companies Act, 2013. Consequently, depreciation expense in the statement of consolidated profit and loss for the year is lower by ₹ 399.72 crore. The change in estimated useful life will have effect of reduction in depreciation charge in subsequent periods.

(b) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, where the value of assets based on useful lives are determined to be nil as on April 1, 2014, carrying amount to such assets aggregating to ₹ 33.63 crores has been adjusted in the opening surplus/(deficit) balance in the statement of consolidated profit and loss under reserves and surplus.

3 Land includes ₹ 35.78 crore (Previous year ₹ 35.78 crore) representing cost of land leased to Vadinar Oil Terminal Limited (VOTL), Vadinar Power Company Limited (VPCL),Vadinar Ports and Terminals Limited (VPTL) and Vadinar Properties Limited (VPL). A charge has been created against the land leased to VOTL, VPCL and VPL in favour of lenders of VOTL, VPCL and VPL respectively.

4 Additions to plant and machinery includes exchange differences of ₹ 158.78 crore (Previous year ₹ 354.56 crore) and borrowing cost of ₹ 25.54 crore (Previous year ₹ 151.32 crore).

5 Expenditure during construction / pre production activities includes:

(₹ in crore)

Particulars		As at March 31, 2015	As at March 31, 2014
Opening Balance	(A)	**557.24**	199.90
Add: Incurred during the year			
Revenue from CBM sale		**(111.77)**	(56.18)
Interest income		**(18.40)**	(17.31)
Interest and other finance charges		**154.88**	236.42
Consumption of stores and spares		**0.86**	0.01
Salaries, wages and bonus		**49.30**	51.25
Contribution to / provision for provident and other funds		**2.56**	2.36
Staff welfare expenses		**6.46**	8.81
Insurance		**3.03**	3.21
Legal and professional fees		**26.53**	12.11
Rent		**25.09**	32.45
Repairs and maintenance		**6.33**	3.90
Depreciation		**5.54**	5.32
Sundry expenses		**40.30**	19.26
Exchange difference(Net)		**24.02**	80.09
Value of intermediates / products consumed during trial run (net)		**24.27**	-
Total	(B)	**239.00**	381.70
Less: Capitalised / transferred during the year	(C)	**411.87**	24.36
Expenditure during construction / pre production activities pending allocation	(A+B-C)	**384.37**	557.24

14. NON CURRENT INVESTMENTS / CURRENT INVESTMENTS (Unquoted)

(₹ in crore)

Particulars		As at March 31, 2015		As at March 31, 2014	
		Non Current	Current	Non Current	Current
(1)	**Trade Investment**				
(a)	**Investment in equity**				
(i)	**Investment in associates (fully paid-up) (long-term)**				
	102,999,994 (Previous year 102,999,994) equity shares of ₹ 10 each of Vadinar Power Company Limited (VPCL) (refer note 44)	**146.40**	**-**	140.68	-
	13,000 (Previous year Nil) equity shares of ₹ 10 each of Vadinar Liquid Terminal Limited (VLTL)	**0.01**	**-**	-	-
(2)	**Other Investments**				
(a)	**Investment in Essar Power Limited - 10.25% Cumulative redeemable preference shares**	**1,025.00**	**-**	-	-
	512,500,000 (Previous year Nil) preference shares of ₹ 20 each of Essar Power Limited (EPoL)* (refer note 44)				
(b)	**Investments in debentures**				
	54,000 Fully Convertible Debentures of Prajkta Estates Pvt Ltd of ₹100 each	**0.54**	**-**	-	-
	320,000 Fully Convertible Debentures of Trikaya Township Pvt. Ltd. (Formerly known as Trikaya Cultivations Private Limited) of ₹ 100 each	**3.20**	**-**	-	-
	878,820 Fully Convertible Debentures of Sangam Cultivators Pvt Ltd of ₹ 100 each	**8.79**	**-**	-	-
(c)	**Investments in equity instruments (long term)**				
	13,000,000 (Previous year 13,000,000) equity shares of ₹ 10 each of Petronet VK Limited*	**13.00**	**-**	13.00	-
	1,584,000 (Previous year 1,584,000) equity shares of ₹ 10 each of Petronet CI Limited (company under liquidation)	**1.58**	**-**	1.58	-
	10,000,000 (Previous year 10,000,000) equity shares of ₹ 10 each of Petronet India Limited	**10.00**	**-**	10.00	-
(d)	**Investment in a mutual fund (current)**	**-**	**1,195.00**	-	495.00
	119,500,000 (Previous year 49,500,000) units of ₹ 100 each of India growth opportunities fund of Srei multiple asset investment trust				
		1,208.52	**1,195.00**	165.26	495.00
	Less : Provision for diminution in value of Other Investments (Long term)	**24.58**	**-**	24.58	-
Total		**1,183.94**	**1,195.00**	140.68	495.00

Refer note 3 (g) for basis of valuation.

*Pledged / being pledged with lender / guarantor.

Notes to consolidated financial statements for the year ended March 31, 2015

15. INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Raw materials {including in transit ₹ 607.39 crore (Previous year ₹ 2,586.31 crore)}	**2,516.69**	5,452.61
Work-in-progress	**1,412.61**	2,628.55
Finished goods	**556.22**	819.66
Stock-in-trade	**0.74**	0.37
Stores and spare parts {including in transit ₹ 16.23 crore (Previous year ₹ 2.24 crore)}	**324.01**	279.71
Other consumables including coal {including in transit ₹ 104.80 crore (Previous year ₹ 38.66 crore)}	**320.63**	129.06
Total	**5,130.90**	9,309.96

Refer note 3 (h) for basis of valuation.

16. TRADE RECEIVABLES (UNSECURED AND CONSIDERED GOOD, UNLESS OTHERWISE STATED)

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from due date of payment		
-Considered good*	**151.95**	331.66
-Considered doubtful	**1.29**	0.09
Others - considered good	**12,250.14**	6,755.00
Bills Receivable	**9.38**	13.44
	12,412.76	7,100.19
Less : Provision for doubtful debts	**1.29**	0.09
Total	**12,411.47**	7,100.10

*₹ 17.15 crore (Previous year ₹ 650.02 crore) secured by corporate / bank guarantees and / or letters of credit.

Dues from related parties - refer note 44

17. CASH AND BANK BALANCES

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Cash and cash equivalents (As per AS - 3 Cash Flow Statement)				
Balances with banks in:				
- Current accounts	**312.17**	**-**	665.55	-
- Deposits with maturities less than 3 months	**11.98**	**-**	75.02	-
Cheques on hand	**3.66**	**-**	527.00	-
Cash on hand	**0.55**	**-**	0.25	-
(A)	**328.36**	**-**	1,267.82	-

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Other bank balances				
- Balances with banks in Current accounts - Earmarked accounts (unclaimed debenture interest)	**21.83**	**-**	25.86	-
- Margin deposits and escrow accounts*	**1,694.77**	**10.21**	2,325.66	23.20
- Other deposits	**0.36**	**-**	10.74	-
Amount disclosed under the head "Other current / Non current assets" (refer note 19)		**(10.21)**		(23.20)
(B)	**1,716.96**	**-**	2,362.26	-
Total (A+B)	**2,045.32**	**-**	3,630.08	-

*Deposit accounts comprises ₹ 1,704.98 crore (Previous year ₹ 2,348.86 crore) margin deposits mainly placed for letters of credit facilities, guarantees and short term borrowings from banks.

18. LONG TERM LOANS AND ADVANCES / SHORT TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Advances recoverable in cash or in kind or for value to be received				
-From related parties	**1,078.75**	**-**	1,864.61	-
-From others	**85.32**	**-**	107.07	-
Prepaid expenses	**58.16**	**8.80**	54.88	4.35
Balances with government authorities				
- Considered good	**44.71**	**7.82**	38.31	-
- Considered doubtful	**-**	**-**	0.45	-
Less: Provision for doubtful advances	**-**	**-**	(0.45)	-
(A)	**1,266.94**	**16.62**	2,064.87	4.35
Inter Corporate Deposits				
-To related parties	**1,672.11**	**320.00**	-	-
-To others	**120.49**	**-**	-	-
(B)	**1,792.60**	**320.00**	-	-
Advances against purchase of shares / debentures				
-To related parties	**-**	**1,400.00**	-	-
-To others	**-**	**35.06**	-	-
(C)	**-**	**1,435.06**	-	-
Capital Advances				
-To related parties	**-**	**16.94**	-	540.56
-To others	**-**	**277.12**	-	89.27
(D)	**-**	**294.06**	-	629.83

Notes to consolidated financial statements for the year ended March 31, 2015

(₹ in crore)

Particulars		As at March 31, 2015		As at March 31, 2014	
		Current	Non Current	Current	Non Current
Security deposits					
-To related parties		**-**	**901.40**	590.00	311.40
-To others					
- Considered good		**81.33**	**107.05**	74.91	30.43
- Considered doubtful		**0.35**	**-**	0.35	-
Less: Provision for doubtful deposits		**(0.35)**	**-**	(0.35)	-
	(E)	**81.33**	**1,008.45**	664.91	341.83
Advance income tax / Tax deducted at source					
- Considered good		**45.66**	**15.96**	80.77	8.23
	(F)	**45.66**	**15.96**	80.77	8.23
Total	(A+B+C+D+E+F)	**3,186.53**	**3,090.15**	2,810.55	984.24

Dues from related parties - refer note 44

19. OTHER CURRENT / NON CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Current	Non Current	Current	Non Current
Other receivables	**3,750.62**	**437.23**	1,411.94	1,307.16
Export incentive receivables	**-**	**179.37**	-	127.70
Unamortised expenses				
-Ancillary borrowing costs	**82.72**	**181.19**	47.17	201.26
-Forward contracts premium	**0.17**	**-**	31.75	-
Interest accrued on deposits	**75.90**	**1.16**	107.17	0.95
Cash and bank balances (refer note 17)	**-**	**10.21**	-	23.20
Total	**3,909.41**	**809.16**	1,598.03	1,660.27

Other receivables include an amount of ₹ 1,162.01 crore (Previous year ₹ 1,942.58 crore) due from Essar House Limited (EHL) in respect of which the Company has made an assessment based on agreement / understanding with the party for settlement and the fair value of the net assets of EHL, its parent company (the guarantor) and financial support from a related party, and on the basis of which the outstanding has been considered as current and concluded to be good and recoverable.

Dues from related parties - refer note 44

20. REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of petroleum products	**89,512.88**	105,665.77
Sale of traded goods - crude and petroleum products	**3,465.81**	1,516.61
Sales - others	**4.29**	7.31
Other operating revenues	**223.33**	248.98
Revenue from operations (gross)	**93,206.31**	107,438.67

Notes to consolidated financial statements for the year ended March 31, 2015

21. OTHER INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
a) On deposits	**183.65**	212.61
b) Others	**754.10**	681.55
	937.75	894.16
Profit on sale of fixed assets	**0.01**	0.00
Profit on sale of current investments	**2.49**	8.66
Others	**85.79**	45.96
Total	**1,026.04**	948.78

"0.00" represents amount less than ₹ 0.01 crore

22. COST OF RAW MATERIALS CONSUMED

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Cost of raw materials consumed {refer note 32(a)}	**70,497.91**	88,824.12

23. PURCHASE OF STOCK-IN-TRADE

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Traded crude and petroleum products	**2,921.77**	1,275.87
Others	**-**	0.36
Total	**2,921.77**	1,276.23

24. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crore)

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Opening inventory:			
- Finished goods		**819.66**	1,052.49
- Work-in-progress		**2,628.55**	2,544.47
- Stock-in-trade		**0.37**	-
	(A)	**3,448.58**	3,596.96
Closing inventory:			
- Finished goods		**556.22**	819.66
- Work-in-progress		**1,412.61**	2,628.55
- Stock-in-trade		**0.74**	0.37
	(B)	**1,969.57**	3,448.58
Net Decrease / (Increase) in Inventory	Total (A) - (B)	**1,479.01**	148.38

Notes to consolidated financial statements for the year ended March 31, 2015

25. EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, wages and bonus	**201.39**	201.91
Contribution to / for provident and other funds	**17.67**	11.18
Staff welfare expenses	**10.15**	11.52
Total	**229.21**	224.61

26. OTHER EXPENSES

(₹ in crore)

Particulars		For the year ended March 31, 2015	For the year ended March 31, 2014
Operating Expenses:			
Consumption of stores and spare parts		**67.66**	65.22
Intermediate material handling charges		**133.09**	130.08
Consumption of fuel		**674.07**	755.55
Power and Fuel {Net of consumed out of own production ₹ 1,587.25 crore (Previous year ₹ 2,084.62 crore)}		**645.69**	722.64
Excise duty (difference between duty on opening and closing stock)		**55.46**	4.54
Other operating expenses		**280.82**	231.78
	(A)	**1,856.79**	1,909.81
Selling and Marketing Expenses			
Terminalisation charges		**4.52**	4.57
Rent / ROI for retail outlets		**15.12**	16.84
Adhoc compensation to retail outlets		**15.07**	38.18
Product handling charges		**389.71**	376.63
Other selling and distribution expenses		**139.20**	250.14
	(B)	**563.62**	686.36
General and Administrative Expenses			
Rates and taxes		**2.37**	4.59
Insurance		**58.15**	61.18
Legal and professional fees		**186.47**	119.40
Rent		**23.97**	22.77
Repairs and maintenance			
a) Buildings		**25.70**	26.50
b) Plant and machinery		**57.34**	65.58
c) Others		**30.72**	35.29
Fixed assets written off		**0.14**	0.64
Exchange differences (net)		**343.06**	1,225.50
Sundry expenses		**194.67**	139.06
	(C)	**922.59**	1,700.51
Total	(A)+(B)+(C)	**3,343.00**	4,296.68

27. FINANCE COSTS

(₹ in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest		
a) On debentures {refer note 7(ii)(a)}	**69.16**	94.89
b) On fixed loans	**1,705.07**	1,780.53
c) On others	**321.54**	518.42
Change in present obligation of certain loans {refer note 7(ii)(c)}	**206.06**	136.62
Other finance charges	**263.02**	765.92
Total	**2,564.85**	3,296.38

28. EARNINGS PER SHARE

Particulars		Year ended March 31, 2015	Year ended March 31, 2014
Profit after tax (₹ in crore)		**1,526.55**	127.01
Profit attributable to ordinary shareholders for Basic EPS (₹ in crore)	(A)	**1,526.55**	127.01
Impact on Profit (Net of Tax) for Diluted EPS (₹ in crore)		**-**	-
Profit attributable to ordinary shareholders for Diluted EPS (₹ in crore)	(B)	**1,526.55**	127.01
		Nos.	Nos.
Ordinary shares at the beginning of the year for basic EPS		**1,449,516,900**	1,365,667,086
Add: Weighted average number of ordinary shares converted on December 09, 2013		**-**	25,958,984
Weighted average number of ordinary shares for basic EPS	(C)	**1,449,516,900**	1,391,626,070
Add: Shares deemed to be issued		**1,792,731**	57,890,830
Weighted average number of ordinary shares for diluted EPS	(D)	**1,451,309,631**	1,449,516,900
Nominal value of ordinary shares (₹)		**10/-**	10/-
Basic earnings per share (₹)	(A/C)	**10.53**	0.91
Diluted earnings per share (₹)*	(B/D)	**10.52**	0.88

*Advances against GDS not considered since the number of underlying shares per GDS has not presently been determined- (refer note 6).

29. CAPITAL AND OTHER COMMITMENTS

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) {including ₹ 0.11 crore (Previous year ₹ 0.11 crore) pertaining to joint ventures (refer note 38)}*	**1,512.36**	716.13
*Group's share in associates is ₹ 7.31 crore (Previous year ₹ 5.77 crore)		

Other commitments

a) The shareholders of the Company, on May 06, 2014, approved the acquisition of equity and participating preference shares of Vadinar Power Company Limited, for an amount not exceeding ₹ 2,100 crore from Essar Power Limited against which an advance payment of ₹ 1,400 crore has been made. The Company is in the process of completing relevant formalities for acquisition of these shares.

Notes to consolidated financial statements for the year ended March 31, 2015

b) The Group has exports obligations of ₹ 244.02 crore (previous year ₹ 234.31 crore) under Exports Promotion Capital Goods Scheme (EPCG) at balance sheet date, which is to be fulfilled by supplying power under the deemed export category or to SEZ as per the provisions of Foreign trade policy within a period of 8/12 years.

30. CONTINGENT LIABILITIES

(₹ in crore)

Particulars			As at March 31, 2015	As at March 31, 2014
a)	Claims against the Group and its associates not acknowledged as debts			
	(i)	In respect of income tax*	**68.63**	65.10
	(ii)	In respect of sales tax / VAT	**40.74**	10.40
	(iii)	In respect of custom duty / excise duty / service tax	**650.82**	282.94
	(iv)	Others {including ₹ 5.12 crore (Previous year ₹ 6.29 crore) pertaining to joint ventures (refer note 38)}	**249.04**	320.12
		Others includes certain arbitration matters ₹ 98.76 crore (Previous year ₹ 192.72 crore), Alop claim ₹ 102.99 crore (Previous year ₹ 89.28 crore), Gujarat entry tax ₹ 3.51 crore (Previous year ₹ 3.51 crore), additional compensation in land acquisition matter ₹ 0.74 crore (Previous year ₹ 0.66 crore), E & P legal disputes / claims ₹ 32.70 crore (Previous year ₹ 27.44 crore), Green cess matter ₹ 10.10 crore (Previous year ₹ 6.08 crore) and Other miscellaneous claims of ₹ 0.24 crore (Previous year ₹ 0.43 crore).		
b)	Guarantees given by the Group on behalf of others		**-**	63.98

*Group's share in associates is ₹ 0.29 crore (Previous year ₹ 0.13 crore)

Claims by parties based on management assessment and / or legal advice that the same are frivolous and not tenable, have not been considered as contingent liabilities as the possibility of outflow of resources embodying economic benefits is highly remote.

31. CIF VALUE OF IMPORTS INCLUDING GOODS IN TRANSIT

(₹ in crore)

Particulars		Year ended March 31, 2015	Year ended March 31, 2014
a)	Raw materials	**58,111.74**	71,287.12
b)	Components and spare parts (including other consumable spares and coal)	**751.68**	684.37
c)	Capital goods	**157.07**	90.47

Notes to consolidated financial statements for the year ended March 31, 2015

32. DETAILS OF COST OF RAW MATERIALS CONSUMED AND STORES AND SPARE PARTS CONSUMPTION

Particulars		Year ended March 31, 2015		Year ended March 31, 2014	
		₹ in crore	%	₹ in crore	%
a)	Cost of raw materials consumed*(including expenditure during construction)				
	(1) Imported	**59,261.57**	**82.95**	73,337.49	82.56
	(2) Indigenous	**12,178.47**	**17.05**	15,486.63	17.44
	Total	**71,440.04**	**100.00**	88,824.12	100.00
b)	Consumption of stores and spare parts (including expenditure during construction)				
	(1) Imported	**11.84**	**17.28**	11.78	18.06
	(2) Indigenous	**56.68**	**82.72**	53.45	81.94
	Total	**68.52**	**100.00**	65.23	100.00

*Includes ₹ 918.00 crore (Previous year ₹ Nil) considered as exceptional item in statement of profit & loss (refer note 36)

33. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY INCLUDING EXPENDITURE DURING CONSTRUCTION / PRE PRODUCTION ACTIVITIES

(₹ in crore)

Particulars		Year ended March 31, 2015	Year ended March 31, 2014
a)	**Expenditure**		
	(i) Interest	**274.92**	213.61
	(ii) Travelling expenses	**0.97**	0.73
	(iii) Professional / consultancy fees	**20.21**	12.96
	(iv) Services	**301.45**	229.28
	(v) On commodity hedging	**313.40**	1,111.20
	(vi) Demurrage	**71.58**	39.54
	(vii) Overseas Trading of Crude	**249.57**	-
	(viii) Others	**45.45**	51.64
b)	**Earnings**		
	(i) Interest	**96.79**	19.96
	(ii) FOB value of exports	**36,981.99**	40,698.68
	(iii) On commodity hedging	**2,387.83**	715.81
	(iv) Income from technical services	**24.80**	8.11
	(v) Overseas Trading of Crude	**248.12**	-
	(vi) Others	**2.51**	0.64

Notes to consolidated financial statements for the year ended March 31, 2015

34. HEDGE ACCOUNTING

The following table presents the movements in cashflow hedge reserves

(₹ in crore)

Particulars	Year ended March 31, 2015			Year ended March 31, 2014		
	Commodity derivatives	Financial derivatives	Total	Commodity derivatives	Financial derivatives	Total
Opening balance	**24.58**	**(12.74)**	**11.84**	104.90	-	104.90
Transferred from Foreign currency monetary item translation difference account	**-**	**(112.82)**	**(112.82)**	-	-	-
Recognised during the year	**332.26**	**(316.65)**	**15.61**	158.46	(107.00)	51.46
Recycled to statement of consolidated profit and loss	**(124.75)**	**39.04**	**(85.71)**	(238.78)	94.26	(144.52)
Closing balance	**232.09**	**(403.17)**	**(171.08)**	24.58	(12.74)	11.84

Pursuant to the opinion of the Expert Advisory Committee of the ICAI that the INR/USD currency swaps (Principal Only and Full Currency Swaps (POS / FCS)) entered into by the Company are governed by the hedge accounting principles laid out in Accounting Standard 30- Financial Instruments: Recognition and Measurement (AS 30) and are not covered under Accounting Standard 11- The Effects of Changes in Foreign Exchange Rates (AS 11), the Company has unwound the accounting under AS 11 previously adopted in respect of extant POS / FCS at the balance sheet date and followed hedge accounting under AS 30.

35. GDS PROCEEDS UTILISATION

As at balance sheet date, the unutilized balance of proceeds from issue of GDS / advance towards issue of GDS amounting to ₹ 12.37 crore (Previous year ₹ 12.25 crore) is lying in current / deposit accounts with banks.

36. EXCEPTIONAL ITEMS

Exceptional item comprises of inventory losses of ₹ 918.00 crore, consequent upon the month to month steep and unprecedented fluctuations in the global prices of crude oil during the year ended March 31, 2015.

37. LEASES

a) **Finance lease:-**

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

(₹ in crore)

Particulars	Minimum Lease payments/Future lease rent payable		Interest		Present value of minimum lease payments	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Future lease rental obligation payable:						
Not later than one year	**0.59**	14.61	**0.12**	5.95	**0.47**	8.66
Later than one year but not later than five years	**0.34**	31.88	**0.02**	13.48	**0.32**	18.40
Later than five years	**-**	32.89	**-**	14.06	**-**	18.83
Total	**0.93**	79.38	**0.14**	33.49	**0.79**	45.89

(ii) General description of the leasing arrangements:

- Leased Assets – 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.

b) Operating lease:

(i) The Group's major leasing arrangements are in respect of commercial / residential premises (including furniture and fittings)/ retail outlet facilities. The lease rentals are recognised under "Other Expenses" or "Expenditure during construction / pre-production activities" as applicable. These leasing arrangements are usually renewable by mutually agreed terms and conditions.

(ii) Future minimum lease rentals payable as per the lease agreements:

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than one year	**7.19**	7.19
Later than one year but not later than five years	**7.19**	14.38
Later than five years	**-**	-
Total	**14.38**	21.57

38. EXPLORATION AND PRODUCTION ACTIVITIES

a) As per the Company's policy of Full Cost method of accounting prescribed under the revised Guidance Note on "Accounting for Oil and Gas Producing Activities" issued by the "Institute of Chartered Accountants of India", the Company has identified the following 2 Cost Pools:

(i)	India CBM (Coal Bed Methane) Pool :	
	a)	Mehsana Pilot Project
	b)	RG (East) 2001/1 Block
	c)	RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand, India)
	d)	TL-CBM-2008/IV (Talcher, Orissa, India)
	e)	IB-CBM-2008/IV (IB Valley, Orissa, India)
	f)	SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)
(ii)	India Oil & Gas Pool :	
	a)	Block CB-ON/3
	b)	Ratna & R-Series
	c)	AA-ONN-2004/3

Notes to consolidated financial statements for the year ended March 31, 2015

b) Summary of Cost Pools

(₹ in crore)

Cost Pool	Producing Property (Tangible/ Intangible)		CWIP/Intangible assets under development		Total	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
India CBM	**Nil**	Nil	**2,269.74**	1,703.85	**2,269.74**	1,703.85
India Oil & Gas	**202.18**	202.18	**112.08**	110.68	**314.26**	312.86
Total	**202.18**	202.18	**2,381.82**	1,814.53	**2,584.00**	2,016.71

c) Company's interest in oil & gas and CBM Joint Ventures as at March 31, 2015:

Sr. No.	Name of the Block	As at March 31, 2015	As at March 31, 2014
1	CB-ON/3 (Gujarat, India)	**#100%**	#100%
2	Ratna & R-Series (Maharashtra, India)	**##50%**	##50%
3	AA-ONN-2004/3 (Assam, India)	**###10%**	###10%
4	AA-ONN-2004/5 (Assam, India)	**###0%**	###10%
5	RG (East) 2001/1 (West Bengal, India)	**100%**	100%
6	RM-(E)-CBM-2008/IV (Rajmahal, Jharkhand, India)	**100%**	100%
7	TL-CBM-2008/IV (Talcher, Orissa, India)	**100%**	100%
8	IB-CBM-2008/IV (IB Valley, Orissa, India)	**100%**	100%
9	SP(NE)-CBM-2008/4 (Sohagpur, Madhya Pradesh, India)	**100%**	100%

ONGC has exercised its back-in rights of 30% in ESU field, excluding well ESU#4, leaving the Company with a 70% participating Interest. However, the Company holds 100% interest in rest of CB-ON/3 Block.

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

Balance 90% interest in block AA-ONN-2004/3 is held by Essar Energy Holdings Limited (EEHL). Block AA-ONN-2004/5 was relinquished w.e.f. 20.05.2014.

d) i) Company's interest in Proved (1P) and Proved Developed reserves of crude oil as on March 31, 2015 is as under:

Area of operation		Proved		Proved developed	
		MT	MT	MT	MT
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Essar South Unawa (ESU) field Block CB-ON/3 - onshore Cambay Basin, India	Opening	**80,326**	82,335	**26,975**	28,984
	Addition	**-**	-	**-**	-
	Production	**1,500**	2,009	**1,500**	2,009
	Closing	**78,826**	80,326	**25,475**	26,975

ii) Company's interest in Proved (1P) and Proved Developed reserves of coal bed methane gas as on March 31, 2015 is as under:

Area of operation		Proved		Proved developed	
		MMSCM	MMSCM	MMSCM	MMSCM
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
RG(East)-CBM-2001/1 block, West Bengal, India	Opening	**581**	616	**352**	387
	Addition	**-**	-	**-**	-
	Production	**91**	35	**91**	35
	Closing	**490**	581	**261**	352

e) i) The Company uses proved and probable reserves as the basis for impairment assessment for both crude oil and coal bed methane gas blocks.

ii) India CBM pool and Indian Oil & Gas pool are considered as separate cash generating units for impairment assessment purpose.

iii) Crude oil reserves are evaluated on yearly basis by inhouse technical team, based on available geological, geophysical and production data.

CBM reserve certification exercise was carried out by an independent external agency in September 2009 and September 2011. All estimates have been prepared in accordance with the definition and guidelines set forth in the 2007 Petroleum Resource Management System (PRMS) approved by Society of Petroleum Engineers (SPE).

iv) No exploration cost has been written off during the year.

39. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURES

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

a) For hedging currency and interest related risks:

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

Currency	Amount		Buy/Sell	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Forward contracts :				
US Dollar in million	**141.90**	767.34	**Buy**	Buy
Interest rate swaps :				
US Dollar in million floating to fixed (Notional value)	**387.22**	298.22	**Swap**	Swap
Currency swaps :				
US Dollar in million	**603.56**	478.99	**Sell**	Sell

Notes to consolidated financial statements for the year ended March 31, 2015

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

Currency	Payables		Receivables		Loan Liabilities (Including Interest accrued)	
	₹ in Crore	FC in Million	₹ in Crore	FC in Million	₹ in Crore	FC in Million
JPY	**0.08**	**1.60**	**-**	**-**	**-**	**-**
	(0.01)	(0.15)	(0.03)	(0.59)	-	-
USD	**7,062.13**	**1,128.30**	**12,165.17**	**1,943.60**	**15,950.20**	**2,548.33**
	(11,864.20)	(1,974.08)	(4,168.04)	(693.52)	(6,022.55)	(1,002.09)
EURO	**1.65**	**0.24**	**1.00**	**0.15**	**6.00**	**0.89**
	(2.41)	(0.29)	(1.47)	(0.18)	(2.50)	(0.30)
GBP	**0.65**	**0.07**	**0.66**	**0.07**	**-**	**-**
	(0.56)	(0.06)	(1.00)	(0.10)	-	-
AUD	**-**	**-**	**0.86**	**0.18**	**-**	**-**
	-	-	-	-	-	-
SGD	**-**	**-**	**0.01**	**0.00**	**-**	**-**
	(0.01)	(0.00)	(0.01)	(0.00)	-	-
AED	**-**	**-**	**0.00**	**0.00**	**-**	**-**
	(0.00)	(0.00)	-	-	-	-
Total	**7,064.51**		**12,167.70**		**15,956.20**	
	(11,867.19)		(4,170.55)		(6,025.05)	

"0.00" represents amount less than 0.01 million in FC

"0.00" represents amount less than ₹ 0.01 crore in INR

Previous year figures have been shown in brackets.

(iii) Bank balance in foreign currency as at March 31, 2015 ₹ 90.79 crore (USD 14.50 million) {Previous year ₹ 366.64 crore (USD 61.00 million)}

b) For hedging commodity related risks:

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

Sr. No.	Nature of instrument	Crude oil purchases / (sales) Qty. in Barrels ('000)		Petroleum products purchases / (sales) Qty. in Barrels ('000)	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
1	Spreads	**5,571**	(1,545)	**(5,550)**	(2,415)
2	Net Options	**(2,200)**	-	**-**	-
3	Margin hedging	**-**	-	**(1,950)**	(2,100)

Notes to consolidated financial statements for the year ended March 31, 2015

40. AUDITORS' REMUNERATION

(₹ in crore)

Particulars	As at March 31, 2015	As at March 31, 2014
- Audit fees	**1.98**	1.65
- Taxation matters	**0.26**	0.04
- Other services	**1.53**	1.99
- Reimbursement of expenses	**0.04**	0.02
Total	**3.81**	3.70

41. SEGMENT INFORMATION

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	**Information about primary segment - business:-**		
	Segment revenue		
	Refining and marketing	**83,426.49**	98,822.50
	Exploration and production activities	**6.68**	12.46
	Unallocated	**40.28**	23.86
	Total segment revenue	**83,473.45**	98,858.82
	Add : Interest income	**754.10**	681.55
	Add : Profit on sale of investment	**2.49**	8.66
	Add : Credit balances written back	**1.81**	1.62
	Total revenue	**84,231.85**	99,550.65
2	**Segment result before interest, extraordinary items and tax**		
	Refining and marketing	**3,386.66**	2,212.66
	Exploration and production activities	**(7.67)**	(0.53)
	Unallocated	**(314.58)**	(244.46)
	Total	**3,064.41**	1,967.67
	Less : Interest expense	**2,301.83**	2,530.46
	Add : Interest income	**754.10**	681.55
	Add : Profit on sale of Investments	**2.49**	8.66
	Add : Credit balances written back	**1.81**	1.62
	Profit / (Loss) before tax	**1,520.98**	129.04
	Less : Taxes	**0.15**	3.29
	Profit / (Loss) after tax before share of profit of Associates	**1,520.83**	125.75
3	**Segment assets**		
	Refining and marketing	**52,113.42**	46,524.69
	Exploration and production activities	**3,840.73**	3,126.65
	Unallocated	**946.88**	506.62
	Total of segment assets	**56,901.03**	50,157.96
	Add : Amount recoverable against defeasement agreement	**1,162.01**	1,942.58
	Total assets	**58,063.04**	52,100.54
4	**Segment liabilities**		
	Refining and marketing	**24,294.92**	23,513.66
	Exploration and production activities	**250.35**	147.91
	Unallocated	**263.74**	124.61
	Total of segment liabilities	**24,809.01**	23,786.18
	Add : Loan funds (Including interest accrued but not due)	**27,147.73**	23,861.88
	Add : Liabilities towards deferred sales tax including interest thereon (refer note 2 below)	**693.97**	1,984.22
	Total liabilities	**52,650.71**	49,632.28

Notes to consolidated financial statements for the year ended March 31, 2015

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
5	**Additions to Fixed Assets**		
	Refining and marketing	**1,427.40**	674.25
	Exploration and production activities	**1.67**	37.64
	Unallocated	**12.43**	10.12
	Total	**1,441.50**	722.01
6	**Depreciation and amortisation (excluding depreciation accounted in expenditure during construction / pre production activities)**		
	Refining and marketing	**749.26**	1,341.16
	Exploration and production activities	**4.95**	5.89
	Unallocated	**2.91**	8.16
	Total	**757.12**	1,355.21
7	**Significant non-cash expenses other than depreciation**		
	Refining and marketing	**38.87**	16.15
	Exploration and production activities	**-**	0.01
	Unallocated	**0.12**	0.02
	Total	**38.99**	16.18

Notes:

1) 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 and marketing of petroleum products and Oil & Gas exploration.

2) The sales tax liability payable in eight quarterly installments w.e.f. January 02, 2013 with interest is not considered as segment liability considering the substance of the terms.

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

(₹ in crore)

Particulars	As at March 2015		As at March 2014	
	Within India	Outside India	Within India	Outside India
Segment revenue	**47,077.87**	**36,395.58**	58,784.30	40,074.52
Carrying amount of segment assets	**47,053.24**	**9,847.79**	46,046.88	4,111.08
Additions to fixed assets	**1,441.50**	**-**	722.01	-

42. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

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

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2015	As at March 31, 2014
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 the Micro, Small and Medium Enterprises Development Act, 2006	**0.01**	0.01
4	Payments made beyond the appointed day during the year	**1.71**	2.09
5	Interest due and payable for the period of delay	**-**	-
6	Interest accrued and remaining unpaid	**-**	-
7	Amount of further interest remaining due and payable in succeeding year	**-**	-

Notes to consolidated financial statements for the year ended March 31, 2015

43. DEFINED BENEFIT PLANS / LONG TERM COMPENSATED ABSENCES

(a) Defined benefit plans / long term compensated absences - as per actuarial valuations as at March 31, 2015:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (iii) below}	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
A	**Net assets / liability recognised in the consolidated balance sheet (refer note v below)**						
1	Present value of defined benefit obligation	**26.62**	18.15	**12.34**	33.67	**136.71**	115.67
2	Fair value of plan assets	**14.90**	14.09	**-**	-	**136.71**	115.67
3	Funded status - surplus / (deficit)	**(11.72)**	(4.06)	**(12.34)**	(33.67)	**-**	-
4	Net assets / (liability) recognised in the consolidated balance sheet	**(11.72)**	(4.06)	**(12.34)**	(33.67)	**-**	-
B	**Expenses recognised in statement of consolidated profit and loss or expenditure during construction, as applicable for the year ended March 31, 2015**						
1	Current services cost	**2.37**	2.25	**3.30**	4.14	**8.05**	8.28
2	Interest cost	**1.56**	1.15	**3.04**	2.86	**11.02**	9.33
3	Expected return on plan assets	**(1.18)**	(1.06)	**-**	-	**(10.96)**	(9.33)
4	Past services cost	**-**	-	**-**	-	**-**	-
5	Actuarial losses/(gains)	**5.79**	0.53	**(26.68)**	(9.05)	**(0.06)**	-
6	Total expenses	**8.54**	2.87	**(20.34)**	(2.05)	**8.05**	8.28
C	**Change in obligation and assets**						
C1	**Change in defined benefit obligation**						
1	Defined benefit obligation at beginning of the year	**18.15**	15.16	**33.67**	36.90	**115.67**	95.95
2	Service cost	**2.37**	2.25	**3.30**	4.14	**8.05**	8.28
3	Interest cost	**1.56**	1.15	**3.04**	2.86	**11.02**	9.33
4	Plan Amendments	**-**	-	**-**	-	**-**	-
5	Acquisition adjustment/Transfer In/(Transfer Out)@	**0.98**	0.22	**0.29**	0.27	**7.71**	5.16
6	Actuarial losses/(gains)	**5.88**	0.61	**(26.68)**	(9.05)	**(0.06)**	1.33
7	Benefit payments	**(2.32)**	(1.24)	**(1.28)**	(1.45)	**(17.94)**	(15.99)
8	Employees contribution	**-**	-	**-**	-	**12.26**	11.61
9	Defined Benefit obligation at the end of the year	**26.62**	18.15	**12.34**	33.67	**136.71**	115.67
C2	**Change in fair value of assets**						
1	Fair value of plan assets at the beginning of the year	**14.09**	12.00	**-**	-	**115.67**	95.95
2	Acquisition adjustment/Transfer In/(Transfer Out)@	**-**	-	**-**	-	**-**	-

Notes to consolidated financial statements for the year ended March 31, 2015

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)		Employer Established Provident Fund {refer note (iii) below}	
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
3	Expected return on plan assets	**1.18**	1.06	**-**	-	**10.96**	9.33
4	Actual Company & employees contributions	**1.86**	2.19	**-**	-	**28.02**	25.05
5	Actuarial (losses)/gains	**0.09**	0.08	**-**	-	**-**	1.33
6	Benefits payments	**(2.32)**	(1.24)	**-**	-	**(17.94)**	(15.99)
7	Fair value of plan assets at the end of the year	**14.90**	14.09	**-**	-	**136.71**	115.67
D	**Actuarial assumptions**						
1	Discount rate (per annum)	**7.80%**	9.20%	**7.80%**	9.20%	**7.80%**	9.20%
2	Expected rate of return on assets (per annum)	**8.50%**	8.50%	**NA**	NA	**8.75%**	8.75%
3	Mortality	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified	**Indian Assured Lives Mortality (2006-08) Ult. Modified**	Indian Assured Lives Mortality (2006-08) Ult. Modified
E	**Percentage of each category of plan assets to total fair value of plan assets**						
	Administered by Life Insurance Corporation of India	**100%**	100%	**NA**	NA	**NA**	NA
	Government of India Security	**-**	-	**-**	-	**40.00%**	40.00%
	Corporate bonds	**-**	-	**-**	-	**60.00%**	60.00%
F	**Experience adjustment: (Refer note (v) below)**						
	Plan liabilities loss/(gain)	**(0.17)**	0.47	**(20.06)**	(0.50)	**NA**	NA
	Plan assets loss/(gain)	**(0.09)**	(0.08)	**-**	-	**NA**	NA
	Actuarial loss/(gain) due to change in assumption	**6.05**	0.15	**(6.62)**	(8.55)	**NA**	NA
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**	**3.48**	2.41	**NA**	NA	**8.85**	9.11

@ Employees were transferred from / to related parties / other body corporates 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 employer managed provident fund is considered as a defined benefit plan.

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

(v) Amounts for the current year and previous four years are as follows:

(₹ in crore)

Sr. No.	Particulars	Gratuity (Funded)				
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
a)	**Net assets / liability recognized in the consolidated balance sheet**					
1	Present value of defined benefit obligation	**26.62**	18.15	15.16	11.71	9.74
2	Fair value of plan assets	**14.90**	14.09	12.00	11.71	9.13
3	Funded status - surplus / (deficit)	**(11.72)**	(4.06)	(3.16)	-	(0.61)
4	Net assets / (liability) recognised in the consolidated balance sheet	**(11.72)**	(4.06)	(3.16)	-	(0.61)
b)	**Experience adjustment:**					
1	Plan liabilities loss/(gain)	**(0.17)**	0.47	0.38	0.27	0.19
2	Plan assets loss/(gain)	**(0.09)**	(0.08)	(0.04)	(0.08)	(0.08)

(₹ in crore)

Sr. No.	Particulars	Employer Established Provident Fund				
		As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
a)	**Net assets / liability recognized in the consolidated balance sheet**					
1	Present value of defined benefit obligation	**136.71**	115.67	95.95	78.10	61.99
2	Fair value of plan assets	**136.71**	115.67	95.95	78.10	61.99
3	Funded status - surplus / (deficit)	**-**	-	-	-	-
4	Net assets / (liability) recognised in the consolidated balance sheet	**-**	-	-	-	-
b)	**Experience adjustment:**					
1	Plan liabilities loss/(gain)	**NA**	NA	NA	NA	NA
2	Plan assets loss/(gain)	**NA**	NA	NA	NA	NA

(b) Defined contribution plans :

Company's contribution to superannuation fund aggregating to ₹ 0.55 crore (Previous year ₹ 0.47 crore) are recognised in the statement of consolidated profit and loss / expenditure during construction / pre-production activities, as applicable. There is no obligation other than the contribution payable to the respective trusts.

Notes to consolidated financial statements for the year ended March 31, 2015

44. RELATED PARTY DISCLOSURES

I. Transactions with related parties

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Companies	Fellow Subsidiaries	Associates
Advances received from customers (net)	**-**	**254.99**	**-**
(EEOL - ₹ 254.76 crore) (Previous year - EEOL - ₹ 5.69 crore)	-	(5.69)	-
Expenses incurred on behalf of Joint Venture	**-**	**0.12**	**-**
(EEHL - ₹ 0.12 crore) (Previous year - EEHL - ₹ 5.78 crore)	-	(5.78)	-
Purchase of fixed assets / intangible assets (including CWIP)	**-**	**435.46**	**-**
(EOSIL - ₹ 55.73 crore, ERPL - ₹ 350.35 crore) (Previous year - EPIL - ₹ 564.94 crore)	-	(621.44)	-
Advances given on capital account (net of repayments)	**-**	**1.15**	**-**
(EOSIL - ₹ 1.15 crore) (Previous year - ₹ Nil)	-	-	-
Advances given to vendors for services (net of repayments)	**-**	**4.66**	**0.00**
(ESL - ₹ 4.59 crore) (Previous year - VPCL - ₹ 1,290.82 crore)	-	-	(1,290.82)
Deposits given by the Group	**-**	**-**	**-**
(Previous year - VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore)	-	(298.00)	(590.00)
Sale of goods / power net of cash discount (including taxes)	**-**	**4,808.15**	**-**
(EEOL - ₹ 1,772.30 crore, PTOL - ₹ 2,554.96 crore) (Previous year - EEOL - ₹ 11,697.41 crore)	-	(12,603.00)	-
Interest income	**-**	**264.61**	**109.58**
(ESTL - ₹ 89.92 crore, VPCL - ₹ 109.58 crore, VPTL - ₹ 40.42 crore) (Previous year - EPIL - ₹ 45.49 crore, VPCL - ₹ 178.88 crore, VPTL - ₹ 31.79 crore)	-	(121.32)	(178.88)
Lease income (including lease tax)	**-**	**1.78**	**0.02**
(VOTL - ₹ 0.25 crore, VPTL - ₹ 1.52 crore) (Previous year - VPTL - ₹ 1.50 crore, VOTL - ₹ 0.25 crore)	-	(1.76)	(0.02)
Rendering of services	**0.24**	**64.84**	**39.09**
(EEHL - ₹ 24.80 crore, VOTL - ₹ 37.74 crore, VPCL - ₹ 39.09 crore) (Previous year - VOTL - ₹ 40.22 crore, VPCL - ₹ 19.17 crore)	(0.51)	(63.88)	(19.17)
Receiving of services	**-**	**1,042.88**	**533.43**
(VOTL - ₹ 570.07 crore, VPCL - ₹ 533.43 crore, VPTL - ₹ 322.75 crore) (Previous year - VOTL - ₹ 549.60 crore, VPCL - ₹ 615.07 crore, VPTL - ₹ 313.75 crore)	-	(1,002.06)	(615.07)
Purchase of goods / supply of materials (including material taken on loan)	**-**	**55.12**	**-**
(EPGL ₹ 28.79 crore, ESTL ₹ 26.33 crore) (Previous year - EEOL ₹ 619.00 crore, ESTL ₹ 300.54 crore)	-	(923.84)	-

Notes to consolidated financial statements for the year ended March 31, 2015

(₹ in crore)

Nature of transactions	Holding Company / Intermediate Holding Companies	Fellow Subsidiaries	Associates
Commodity derivatives	**-**	**2,008.29**	**-**
(EEOL ₹ 2,008.29 crore Gain) (Previous year - ₹ Nil)	-	-	-
Investments	**-**	**-**	**0.01**
(Purchase of equity shares from VOTL of VLTL - ₹ 0.01 crore) (Previous year - ₹ Nil)	-	-	-
Interest / financial charges paid / funded	**-**	**3.84**	**-**
(ESTL - ₹ 3.70 crore) (Previous year - ESTL - ₹ 3.96 crore, VOTL - ₹ 3.11 crore)	-	(7.07)	(0.09)
Assignment of provision / liability towards employee benefit upon transfer of employees to the Group	**-**	**-**	**-**
(Previous year - EOSIL - ₹ 0.52 crore)	-	(0.52)	-
Foreign Currency Compulsory Convertible Bonds (FCCCBs) converted into equity shares	**-**	**-**	**-**
(Previous year - EEHL - ₹ 1,340.00 crore)	-	(1,340.00)	-
Advances received against global depository shares	**-**	**1,500.53**	**-**
(EEHL - ₹ 1,500.53 crore) (Previous year - ₹ Nil)	-	-	-
Inter Corporate Deposits given (including material given on loan)	**-**	**3,265.57**	**-**
(EPIL - ₹ 370.00 crore, ESTL - ₹ 2,063.21 crore) (Previous year - ₹ Nil)	-	-	-
Reimbursement of capital expenditure	**-**	**148.60**	**-**
(EGPL - ₹ 148.60 crore) (Previous year - ₹ Nil)	-	-	-
Sale of fixed assets	**-**	**9.67**	**-**
(EPIL - ₹ 9.67 crore) (Previous year - ₹ Nil)	-	-	-
Advances paid against purchase of shares	**-**	**1,400.00**	**-**
(EPOL - ₹ 1,400.00 crore) (Previous year - ₹ Nil)	-	-	-
Guarantees given on behalf of the Group	**-**	**-**	**-**
(Previous year - EEL - ₹ 47.23 crore)	(47.23)	-	-
Transactions with other classes of related parties			
Key management personnel (remuneration)*			
(Shri L K Gupta - ₹ 4.57 crore, Shri C Manoharan - ₹ 2.77 crore) (Previous year - Shri L K Gupta - ₹ 3.93 crore, Shri C Manoharan - ₹ 2.42 crore)			**7.34** (6.35)

*exclusive of provisions for liability in respect of earned leave 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.

Notes to consolidated financial statements for the year ended March 31, 2015

II. Balances with related parties :

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Companies	Fellow Subsidiaries	Associates
Debit balances			
Security deposits	**-**	**311.40**	**590.00**
(VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore) (Previous year - VPCL - ₹ 590.00 crore, VPTL - ₹ 298.00 crore)	-	(311.40)	(590.00)
Investments	**-**	**1,025.00**	**146.41**
(Preference shares of EPoL - ₹ 1,025.00 crore, Equity shares of VPCL - ₹ 146.61 crore) (Previous year - Equity shares of VPCL - ₹ 140.68 crore)	-	-	(140.68)
Trade receivables	**-**	**374.09**	**0.01**
(EPOL - ₹ 203.61 crore, EPGL - ₹ 39.35 crore, EPMPL - ₹ 38.18 crore) (Previous year - EEOL - ₹ 2,505.11 crore)	-	(2,912.52)	(0.01)
Advances recoverable in cash or in kind or for value to be received	**0.00**	**24.08**	**1,054.67**
(VPCL - ₹ 1,054.67 crore) (Previous year - VPCL - ₹ 1,828.29 crore)	(0.19)	(36.13)	(1,828.29)
Capital advances	**-**	**16.94**	**-**
(EOSIL - ₹ 16.71 crore) (Previous year - EPIL - ₹ 524.98 crore)	-	(540.56)	-
Other receivables	**1.53**	**2,384.07**	**46.33**
(EEOL - ₹ 2,044.68 crore) (Previous year - EPIL - ₹ 65.00 crore, VPCL ₹ 213.46 crore, VPTL ₹ 45.76 crore)	(1.35)	(166.43)	(213.46)
Inter Corporate Deposits	**-**	**1,992.11**	**-**
(EPIL - ₹ 216.74 crore, EPOL - ₹ 255.00 crore, ESTL - ₹ 937.62 crore, VOTL - ₹ 200.00 crore, VPTL - ₹ 300.00 crore) (Previous year - ₹ Nil)	-	-	-
Advances against purchase of shares	**-**	**1,400.00**	**-**
(EPOL - ₹ 1,400.00 crore)(Previous year - ₹ Nil)	-	-	-
Credit balances			
Security deposits	**-**	**31.15**	**8.00**
(EPGL - ₹ 24.00 crore, EPSL - ₹ 6.00 crore, VPCL - ₹ 8.00 crore) (Previous year - EOSIL - ₹ 1.59 crore, EPIL - ₹ 10.93 crore)	-	(13.12)	-
Long term borrowing - Unsecured loans	**-**	**-**	**-**
(Previous year - VOTL - ₹ 13.81 crore)	-	(13.81)	-
Trade payables / Other liabilities	**0.01**	**57.21**	**0.00**
(EPIL- ₹ 8.97 crore, EESML- ₹ 18.18 crore) (Previous year - EESML - ₹ 20.00 crore, EPIL - ₹ 84.67 crore)	(0.07)	(125.38)	(0.00)
Advances received	**-**	**276.72**	**-**
(EEOL - ₹ 260.57 crore) (Previous year - EEOL - ₹ 12.02 crore)	-	(12.36)	-
Advances received on capital account	**-**	**13.50**	**3.50**
(EPGL - ₹ 11.00 crore, EPSL - ₹ 2.50 crore, VPCL - ₹ 3.50 crore) (Previous year - Nil)	-	-	-
Advance towards global depository shares	**-**	**1,500.53**	**-**
(EEHL - ₹ 1,500.53 crore) (Previous year - ₹ Nil)	-	-	-

Notes to consolidated financial statements for the year ended March 31, 2015

(₹ in crore)

Nature of balances	Holding Company / Intermediate Holding Companies	Fellow Subsidiaries	Associates
Other balances			
Outstanding guarantees given on behalf of the Group	**1,921.26**	**-**	**-**
(EGFL - ₹ 1,872.97 crore) (Previous year - EGFL - ₹ 3,515.22 crore)	(3,562.45)	-	-
Outstanding guarantees given by the Group	**-**	**-**	**-**
(Previous year - VOTL - ₹ 63.98 crore)	-	(63.98)	-

"0.00" represents amount less than ₹ 0.01 crore

Notes :

i) Names of related parties and description of relationship:

Holding Company	Essar Global Fund Limited, Cayman (Ultimate Holding Company) (EGFL)
Intermediate holding Companies	Essar Energy Limited, UK (Formerly Known as Essar Energy Plc)(EEL)
	Essar Oil & Gas Limited, Mauritius (EOGL)
Associates	Vadinar Power Company Limited (VPCL)
	Vadinar Liquid Terminals Limited (VLTL) w.e.f. March 27, 2015
Key management personnel	Shri Lalit Kumar Gupta, Managing Director and CEO
	Shri C Manoharan, Director - Refinery
Fellow Subsidiaries	Aegis Aspire Consultancy Services Limited (AACSL), Aegis Limited (AEGIS), AGC Networks Limited (AGCNET), AGC Networks Pte. Ltd. (AGCNETPTE), Equinox Business Parks Private Limited (EBPPL), Essar Bulk Terminal Limited (EBTL), Essar Bulk Terminal Paradip Limited (EBTPL), Essar Bulk Terminal (Salaya) Limited (EBTSL), Essar Energy Holdings Limited (EEHL)*, Essar Energy Overseas Limited (EEOL), Essar Electric Power Development Corporation Limited (EEPDCL), Essar Exploration & Production Limited (EEPL), Essar Exploration & Production Limited, Nigeria (EEPLN), Essar Energy Services (Mauritius) Limited (EESML), Essar Exploration & Production (India) Limited (EEXPIL), Essar Gujarat Petrochemicals Limited (EGPL), Essar Logistics Limited (ELL), Essar Oil (UK) Limited (EOLUK), Essar Oilfields Services India Limited (EOSIL), Essar Power Gujarat Limited (EPGL), Essar Project (India) Limited (EPIL), Essar Ports Limited (EPL), Essar Power MP Limited (EPMPL), Essar Power Limited (EPoL), Equinox Realty & Infrastructure Private Limited (ERIPL), Essar Shipping Limited (ESL), Essar Steel Logistics Limited (ESTLL), Essar Steel India Limited (ESTL), Energy Transportation International Limited (ETIL), Navbharat Power Private Limited (NPPL), Peak Trading Overseas Limited (PTOL), Vadinar Oil Terminal Limited (VOTL), Vadinar Ports & Terminal Limited (VPTL), Essar Refinery Projects Limited, India (FKA Essar Road Projects Limited) upto February 26, 2015 (ERPL), Bhargava Properties Pvt Ltd.(BPPL), Essar Power Salaya Limited(EPSL), Ibrox Real Estate Development (IBROX), Essar Power Hazira Holdings Limited (EPHHL). *also having significant influence over the Company.

Notes to consolidated financial statements for the year ended March 31, 2015

ii) Names of related parties, where the transactions during the year / balances as at March 31, 2015 with a single party are 10% or more, are disclosed under each nature of transaction / class of balances.

iii) The Company has reckoned with the carrying values of amounts due from related parties having regard to inter alia, expected realization based on agreement / understanding with the parties, guarantees / letters of support and fair values of the net assets of the parties / guarantors, on the basis of which Current / Non current classification has been made in the financial statements and the amounts due have been concluded to be good and recoverable.

iv) Previous year figures have been shown in brackets.

45. ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS SUBSIDIARIES / ASSOCIATES

(₹ in crore)

Name of Entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent:				
Essar Oil Limited	**99.21%**	**5,369.62**	**99.67%**	**1,521.47**
Subsidiaries:-				
Indian:				
Vadinar Properties Limited	**-0.01%**	**(0.60)**	**-0.04%**	**(0.60)**
Foreign:				
Essar Oil Trading Mauritius Limited	**-0.00%**	**(0.09)**	**-0.00%**	**(0.04)**
Associates :-				
Indian :				
1 Vadinar Power Company Limited	**0.80%**	**43.40**	**0.37%**	**5.72**
2 Vadinar Liquid Terminals Limited	**-0.00%**	**(0.00)**	**-0.00%**	**(0.00)**

"0.00" represents amount less than ₹ 0.01 crore.

"0.00%" represents % less than 0.01%.

46. FOLLOWING SUBSIDIARIES AND ASSOCIATES HAVE BEEN CONSIDERED IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS.

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest (%)	
			As at March 31, 2015	As at March 31, 2014
1	Essar Oil Trading Mauritius Limited (Formerly known as Steel Trading Mauritius Limited) (w.e.f. March 11, 2014)*	Mauritius	**100%**	100%
2	Vadinar Properties Limited (w.e.f. February 18, 2015)@	India	**100%**	-
3	Vadinar Liquid Terminals Limited (w.e.f. March 27, 2015)*	India	**26.00%**	-
4	Vadinar Power Company Limited (w.e.f. September 09, 2009)*#	India	**26.01%**	26.01%

*Audited financial statements have been considered for consolidation.

@Unaudited financial statements have been considered for consolidation.

Effective holding is 13.69 %, considering the participating preference shares held by its holding company.

47. Vadinar Power Company Limited (VPCL), an associate, has revised the estimated useful lives of its assets as disclosed in note 3 (b). Had the associate provided the depreciation based on Schedule XIV of the Companies Act, 1956, the depreciation for the current year would have been higher by ₹ 66.54 crore and out of this, the Group's share would be ₹ 9.11 crore.

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

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES /ASSOCIATES COMPANIES

Part "A" - Subsidiaries

Name of the subsidiary	(₹ in crore) Vadinar Properties Limited	Amt in USD Essar Oil Trading Mauritius Limited	Amt in INR Essar Oil Trading Mauritius Limited
Reporting period	**31-03-15**	**31-03-15**	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	**INR**	**USD**	**1 US$ = ₹ 62.59**
Share capital	**0.05**	**100**	**6,259**
Reserves & surplus	**(9.96)**	**(21,990)**	**(1,376,372)**
Total assets	**439.61**	**1,390**	**87,001**
Total liabilities	**449.52**	**23,280**	**1,457,114**
Investments	**12.53**	**-**	**-**
Turnover	**2.90**	**-**	**-**
Profit before taxation	**(4.44)**	**(6,830)**	**(417,605)**
Provision for taxation	**1.31**	**-**	**-**
Profit after taxation	**(5.75)**	**(6,830)**	**(417,605)**
Proposed dividend	**-**	**-**	**-**
% of shareholding	**100%**	**100%**	
Names of subsidiaries which are yet to commence operations	**Essar Oil Trading Mauritius Limited**		
Names of subsidiaries which have been liquidated or sold during the year	**Nil**		

Part "B" - Associates

Name of the associate	Vadinar Power Company Limited	Vadinar Liquid Terminals Limited
1. Latest audited balance sheet date	**March 31, 2015**	**March 31, 2015**
2. Shares of associates held by the company at the year end		
Numbers	**102,999,994**	**13,000**
Amount of investment in associates (₹ in crore)	**103.00**	**0.01**
Extent of holding %	**26.01%**	**26.00%**
3. Description of how there is significant influence	**Based upon percentage holding**	**Based upon percentage holding**
4. Reason why the associate is not consolidated	**NA**	**NA**
5. Networth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	**146.40**	**0.01**
6. Profit / Loss for the year		
i. Considered in consolidation (₹ in crore)	**5.72**	**0.00**
ii. Not considered in consolidation	**NA**	**NA**
Names of associates which are yet to commence operations	**Vadinar Liquid Terminals Limited**	
Names of associates which have been liquidated or sold during the year	**Nil**	

"0.00" represents amount less than ₹ 0.01 crore

For and on behalf of the Board of Directors

Lalit Kumar Gupta
Managing Director and
Chief Executive Officer

Naresh Nayyar
Deputy Chairman

S. S. Shaffi
Company Secretary
Mumbai, May 25, 2015

Suresh Jain
Chief Financial Officer

Notice

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of members of ESSAR OIL LIMITED will be held at the Registered Office of the Company at Refinery Complex, Khambhalia Post (39th km. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka - 361305, Gujarat on **Wednesday, September 30, 2015 at 3:00 p.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2015 together with the reports of Board of Directors and Auditors thereon.

2. To receive, consider, approve and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2015 together with the report of Auditors thereon.

3. To appoint a Director in place of Mr. Lalit Kumar Gupta (DIN: 00017344) who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Chakrapany Manoharan (DIN: 00184471) who retires from office by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

5. **To appoint auditors and fix their remuneration**

   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 (Firm Registration number 117365W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

6. **To appoint Ms. Rugmani Shankar as an Independent Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and Clause 49 of the listing agreement with stock exchanges, Ms. Rugmani Shankar (DIN 00746124), who was appointed as an Additional Director by the Board of Directors with effect from March 31, 2015 pursuant to Section 161(1) of the Act and who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the listing agreement be and is hereby appointed as an Independent Director of the Company for a period of one year from March 31, 2015."

7. **To appoint Dr. Sabyasachi Sen as an Independent Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Clause 49 of the listing agreement with stock exchanges, Dr. Sabyasachi Sen (DIN 00107118), who was appointed as an Additional Director by the Board of Directors with effect from May 25, 2015 pursuant to Section 161(1) of the Act and who holds office up to the date of the ensuing Annual General

Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the listing agreement be and is hereby appointed as an Independent Director of the Company for a period of one year from May 25, 2015."

8. **To appoint Mr. K. N. Venkatasubramanian as an Independent Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Clause 49 of the listing agreement with stock exchanges, Mr. K. N. Venkatasubramanian (DIN 00007392), a Non-Executive Director of the Company, who was appointed as a Director liable to retire by rotation under erstwhile Section 256 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Clause 49 of the listing agreement, be and is hereby appointed as an Independent Director of the Company for a period of three years commencing from September 30, 2015, the date of this Annual General Meeting."

9. **To appoint Mr. V. S. Jain as an Independent Director of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Clause 49 of the listing agreement with stock exchanges, Mr. V. S. Jain (DIN 00253196), a Non-Executive Director of the Company, who was appointed as a Director liable to retire by rotation under erstwhile Section 256 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Clause 49 of the listing agreement, be and is hereby appointed as an Independent Director of the Company for a period of three years commencing from September 30, 2015, the date of this Annual General Meeting."

10. **To re-appoint Mr. C. Manoharan as Director (Refinery)**

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

    "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, the consent of the members be and is hereby accorded to the re-appointment of Mr. C. Manoharan (DIN 00184471) as Director (Refinery) for a period of three years with effect from March 29, 2015 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (herein after referred to as "the Board" which term shall include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions including period in office as may be agreed to between the Board of Directors and Mr. C. Manoharan, in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

11. To approve increase in remuneration payable to Mr. L K Gupta, Managing Director & CEO

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

"RESOLVED THAT in partial modification to the special resolution passed by the members at the Annual General Meeting of the Company held on December 24, 2014 and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to approval of Central Government, if required, the consent of the members be and is hereby accorded for revision in the terms of remuneration of Mr. L K Gupta, Managing Director & CEO of the Company with effect from April 1, 2015 for the remaining period of his term in office upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (herein after referred to as "the Board" which term shall include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions including period in office as may be agreed to between the Board of Directors and Mr. L K Gupta, in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To approve payment of commission to Independent Directors

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

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Clause 49 of the listing agreement entered into with stock exchanges, consent of the members be and is hereby accorded for payment of commission to the Independent Directors of the Company which shall not exceed 1% of the net profits of the Company in the aggregate, in each financial year, computed as per the provisions of Section 198 of the Act commencing from financial year ended on March 31, 2015 in addition to the sitting fee payable to the Independent Directors for attending the meetings of the Board of Directors and other meetings and/or reimbursement of expenses."

"RESOLVED FURTHER THAT the Board of Directors (herein after referred to as "the Board" which term shall include the Nomination and Remuneration Committee constituted by the Board) be and is hereby authorized to determine the actual amount of commission to be paid to the Independent Directors as per the criteria to be decided by the Board, the terms of payment and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution."

13. To ratify the remuneration payable to Cost Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Chandra Wadhwa & Co. Cost Accountants (Firm Registration number 000239) appointed as the Cost Auditors of the Company by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2016, be paid remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Sheikh S. Shaffi
Company Secretary

Mumbai
August 24, 2015

Registered Office:
Khambhalia Post, P. O. Box 24
Dist. Devbhumi Dwarka – 361305,
Gujarat.
Phone: 91 02833 661444,
Fax: 91 02833 662929
e-mail: eolinvestors@essar.com
website: http://essaroil.co.in

NOTES:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed hereto.

2. **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 3:00 p.m. of September 28, 2015.**

3. As per Section 105 of the Companies Act, 2013 (Act) and relevant rules made there under, a person can act as a proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company between 10:00 a.m. to 1:00 p.m. provided that not less than three days of notice in writing of the intention so to inspect the proxies is given to the Company.

5. The annual report for 2014-15 along with the notice of annual general meeting, attendance slip and proxy form is being sent by electronic mode to all the shareholders who have registered their email ids with the depository participants (DP) / Share transfer agent (STA) unless where any member has requested for the physical copy. Physical copies of said documents are being sent by permitted mode to members who have not registered their email ids. Members may further note that the said documents will also be available on the Company's website http://essaroil.co.in and at https://www.evoting.nsdl.com for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours i.e. from 10:00 a.m. to 1:00 p.m. on any working day, excluding Saturday and Sunday. For any communication, the shareholders may also send requests to the Company's investor email id viz. eolinvestors@essar.com.

6. 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 10:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting. Copies of the documents referred to in the accompanying Notice will also be kept open for inspection at the Corporate Office of the Company located at Equinox Business Park, 4th floor, Tower-2, Off Bandra Kurla Complex, L.B.S. Marg, Kurla (W), Mumbai – 400070.

7. Pursuant to Section 101 of the Act and rules made there under, companies are allowed to send communication to shareholders electronically. We thus, request you to kindly register/update your email ids with your respective DP (in case of electronically held shares) and Company's STA (in case of physical shares) and make this initiative a success.

8. The Register of Members and Share Transfer Books of the Company will remain closed from September 29, 2015 to September 30, 2015 (both days inclusive).

9. Members / proxies should bring the attendance slip duly filled in for attending the meeting.

10. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the AGM.

11. 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.

12. Mr. Lalit Kumar Gupta, Managing Director and Chief Executive Officer and Mr. Chakrapany Manoharan Director (Refinery) retire by rotation at the annual general meeting and seek re-appointment. Information

required under Secretarial Standard 2 and clause 49 of the listing agreement has been provided as part of explanatory statements to agenda items no. 10 and 11 annexed to this notice.

13. The retiring auditors M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 117365W) have been the Auditors of the Company since 2010-11 and have completed a term of five years. Prior to this, associates of DHS, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai and the firm that existed prior to its reorganization in 1999-2000 were the Auditors of the Company since the financial year 1996-97 till the financial year 2009-10. As per the provisions of Section 139 of the Companies Act, 2013, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. Accordingly, it is proposed to re-appoint DHS as auditors for a period of one year.

14. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to M/s. Datamatics Financial Services Ltd. The prescribed form in this regard may also be obtained from M/s Datamatics Financial Services Ltd. It can also be downloaded from the Company's website.

15. Pursuant to Sections 205C of the Companies Act, 1956, all unclaimed principal amount on debentures remaining unpaid or unclaimed for a period of seven years from the date they became due for payment during the financial year 2007-08 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 of Act read with the Companies (Management and Administration) Rules, 2014 as amended and clause 35B of the equity listing agreement, the Company will provide remote e-voting facility as an option to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The facility of casting the votes by the members using the electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

   It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link https://www.evoting.nsdl.com during the following voting period:

   - Commencement of e-voting:
     From 8.00 a.m. of September 25, 2015

   - End of e-voting :
     Up to 5.00 p.m. of September 29, 2015

   Remote e-voting shall not be allowed beyond 5:00 p.m. of September 29, 2015. During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote electronically. The cut-off date for the purpose of remote e-voting is September 23, 2015.

   Those shareholders who do not have access to remote e-voting facility can send their assent or dissent in writing by returning the ballot form which has been sent along with this Notice.

   You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

2. The notice of AGM will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on August 21, 2015 and any recipient of the notice whose name does not appear as a Member in relation to the shares as on the aforesaid date should treat the same as an intimation only.

3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

4. A member can opt for only one mode of voting i.e. either through remote e-voting or through ballot in lieu of remote e-voting or through poll to be conducted at the meeting. If a member casts vote by all these modes, the voting done through remote e-voting shall prevail.

5. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

6. The shareholders shall have one vote per equity share held by them. The facility of remote e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.

7. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of September 23, 2015.

8. Any person, who acquires shares of the Company and become member after dispatch of the notice and holding shares as of the cut-off date i.e. September 23, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or to the Share Transfer Agent Datamatics Financial Services Limited.

9. The Board of Directors of the Company has appointed Mr. Prakash Pandya (Membership No. FCS – 3901) of M/s P. K. Pandya & Co., Practicing Company Secretary as the scrutinizer for conducting the remote e-voting process in a fair and transparent manner.

10. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

11. The results of the voting on the resolution at the AGM shall be declared by the Chairman or his authorized representative or anyone of the Directors of the Company on/or after the date of the AGM within the prescribed time limits and shall be communicated to the stock exchanges.

12. The result of the e-voting along with the report of scrutiniser will also be placed on the website of the Company viz. http://essaroil.co.in and on the website of NSDL.

13. The scrutinizer's decision on the validity of remote e-voting and ballot in lieu of e-voting will be final.

INSTRUCTIONS FOR E-VOTING

Members are requested to follow the instructions below to cast their vote through e-voting:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

a) Open email and open PDF file namely "EOL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-voting. Please note that the password is an initial password.

b) Open the internet browser by typing the following URL: https://www.evoting.nsdl.com

c) Click on Shareholder - Login

d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

e) If you are logging in for the first time, please enter user ID and password provided in the PDF file attached with the email as initial password. Click Login.

f) The password change menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits or characters or combination of both. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

g) Once the remote e-voting home page opens, click on remote e-voting: Active Voting Cycles.

h) Select "EVEN" (E-voting Event Number) of Essar Oil Limited.

i) Now you are ready for remote e-voting as Cast Vote page opens.

j) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

k) Upon confirmation, the message "Vote cast successfully" will be displayed.

l) Once the vote on the resolution is cast, the members will not be allowed to change it subsequently.

m) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

n) In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and remote e-voting – Shareholders available at the download section of https://www.evoting.nsdl.com or send email to the Share Transfer Agents at eolinvestors@dfssl.com

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy] :

i. Initial password is provided as below, at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)
USER ID
PASSWORD

ii. Please follow all steps from Sl. No. (b) to Sl. No. (n) above, to cast vote.

INSTRUCTIONS FOR BALLOT IN LIEU OF REMOTE E-VOTING

1. Shareholders who do not have access to remote e-voting facility can send their assent or dissent in writing by returning the ballot form in lieu of e-voting which has been sent along with this Notice.

2. The ballot form must be completed and signed by the Member as per the specimen signature registered with the Company / Depository Participant. In case of joint-holding, the ballot form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his absence, by the next named Member.

3. The votes of a Member will be considered invalid on any of the following grounds:

- if the Member's signature does not tally;
- if the Member has marked his/ her/ its vote both 'FOR' and also 'AGAINST' the 'Resolution(s)' in such a manner that the aggregate Shares voted 'FOR' and 'AGAINST' exceeds total number of Shares held;
- if the Ballot Form is unsigned, incomplete or incorrectly filled;
- if the Ballot Form is received torn or defaced or mutilated such that it is difficult for the Scrutinizer to identify either, the Member, or the number of votes, or as to whether the votes are 'FOR' or 'AGAINST', or if the signature could not be verified or one or more of the above grounds.

4. The Scrutinizer's decision on the validity of the Ballot Form shall be final.

5. The voting by ballot in lieu of remote e-voting shall not be exercised by a proxy.

6. Duly completed Ballot Forms should reach the Scrutinizer not later than the close of working hours (5:00 p.m.) on September 29, 2015. All Ballot Forms received after this date and time will be strictly treated as if the reply from such Member has not been received.

7. The voting rights shall be reckoned in proportion to the paid-up value of the equity shares registered in the name of the Members as on the cut-off date fixed for remote e-voting i.e. September 23, 2015.

8. Where the ballot form has been signed by an authorized representative of a body corporate, trust or society, a certified true copy of the resolution of its board of directors / governing body authorizing such representative to vote on the

resolution on behalf of the body corporate, trust or society should accompany the Ballot Form. If the Ballot Form is signed by a 'Power of Attorney' holder for and on behalf of the Member, it must be accompanied by an attested true copy of such 'Power of Attorney'.

9. Members are requested not to send any extraneous/additional papers along with the ballot form.

10. There will be one ballot form for every 'Registered Folio'/ 'Client ID', irrespective of the number of joint holders.

11. A Member need not cast all his/ her votes in the same manner.

12. A Member may request for a duplicate ballot form, if so required. However, the duly filled in duplicate ballot form should reach the Scrutinizer, not later than the date specified at item 6 above.

13. Members are requested to fill the ballot form with indelible ink and not by any erasable writing mode.

14. If a Member has voted through the e-voting facility, he/she is not required to send the Ballot Form. If a Member votes through the e-voting facility and also sends his vote through the Ballot Form, then voting done through e-voting shall prevail and voting done by ballot form will be treated as invalid by the Scrutinizer.

ANNEXURE TO NOTICE

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 13 of the accompanying Notice:

Item No. 6 to 9

In accordance with the provisions of Section 149 of the Companies Act, 2013 (Act) read with clause 49 of the equity listing agreement, the Company is required to have at least one-half of the total number of Directors as Independent Directors who are not liable to retire by rotation and who shall hold office for a term of up to five years. They may be appointed for a maximum of two consecutive terms.

Ms. Rugmani Shankar and Dr. Sabyasachi Sen were appointed as Additional Directors on March 31, 2015 and May 25, 2015 respectively pursuant to section 161(1) of the Act, read with Article 82 of the Articles of Association of the Company in the capacity of Independent Directors and hold office of Director up to the date of the ensuing Annual General Meeting.

Mr. K N Venkatasubramanian and Mr. V. S. Jain, Independent Directors, joined the Board of Directors of the Company in October 2000 and May 2013 respectively. In terms of section 149 of the Act being eligible, it is proposed to appoint Mr. K N Venkatasubramanian and Mr. V. S. Jain as Independent Directors for a period of three years commencing from the date of this Annual General Meeting.

The Company has received consent from these Independent Directors and also declaration confirming that they are not disqualified from being appointed as Director/s in terms of Section 164 of the Act and meet the criteria of independence as prescribed under Section 149(6) of the Act as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

In this regard requisite notice in writing from member(s) have been received, proposing appointment of Ms. Rugmani Shankar, Dr. Sabyasachi Sen, Mr. K. N. Venkatasubramanian and Mr. V. S. Jain, as candidates for the office of Independent Directors of the Company.

The terms and conditions of appointment of Ms. Rugmani Shankar, Dr. Sabyasachi Sen, Mr. K. N. Venkatasubramanian and Mr. V. S. Jain, shall be open for inspection by the Members at the Registered Office and the Corporate Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

A brief profile along with other details of the Independent Directors is set out below:

a. Ms. Rugmani Shankar is 56 years old. She is a Chartered Accountant, Company Secretary and has done Diploma in Information Systems Audit (DISA) from Institute of Chartered Accountants of India. She has around 32 years of professional experience in corporate sector and service sector mainly in the field of audit, corporate governance, compliances and corporate advisory services. She set up a professional firm of accountants at Bangalore in 1992 and is actively involved in the practice since last two decades. Prior to starting her own practice, she was working with Indian Oil Corporation Limited. The other companies in which Ms. Rugmani Shankar is a Director are Startronix Modular Systems Private Limited, Vadinar Power Company Limited, Vadinar Properties Limited and Essar Gujarat Petrochemicals Limited. She is a member of E&P Business

Management Committee of the Board. Ms. Rugmani Shankar does not hold any shares in the Company.

b. Dr. Sabyasachi Sen is 63 years old. He is M.A. in Economics from University of Delhi and M.A. in Development Studies from University of Manchester. He has also done Ph.D. in Economics from University of Manchester. He started his career as professor in Hindu College. He joined Indian Administrative Services in 1977 and held various responsible positions in Government departments till his retirement in February 2013. He has also represented the State Government on the Board of Haldia Petrochemicals Limited for 7 years from 2003 to 2010. Dr. Sen is not a Director in any other company. Dr. Sen is a member of E&P Business Management Committee of the Board. Dr. Sabyasachi Sen does not hold any shares in the Company.

c. Mr. K. N. Venkatasubramanian is 77 years old. Mr. Venkatasubramanian was appointed to the Board of Directors on November 29, 2000. He is a Chemical Engineer from A.C. College of Technology, Chennai and an M.Tech from IIT, Kharagpur. He has over 51 years of experience in the oil & gas and petrochemicals sectors having worked for IPCL, IOCL and Gulf Oil Limited. He has previously served as Director, Marketing and Director, Operations of IPCL, Chairman and Managing Director of Engineers India Ltd., Chairman and Managing Director of IOCL and as Chairman of Gulf Oil Ltd. He is currently Chairman of Times Technoplast Ltd.

The other companies in which Mr. Venkatasubramanian is a Director are Gulf Carosseris India Limited, Gulf Oil Corporation Limited, Imperial Corporate Finance and Services Private Limited, Time Technoplast Limited, IDL Explosives Limited, M & B Engineering Limited and Orchid Chemicals & Pharmaceuticals Limited. Mr. Venkatasubramanian is a member of Audit & Risk Management Committee, Nomination and Remuneration Committee, CSR, Safety & Sustainability Committee, Business Management Committee and Committee of Directors (Capital Issues) of the Board. He holds 6,500 shares in the Company.

d. Mr. V. S. Jain is 69 years old. He was appointed to the Board of Directors on May 10, 2013. He a fellow member of the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India. He has worked with Indian Oil Corporation for 26 years. He was responsible for international negotiations for procurement of crude and petroleum products and implementation of financial strategies and financial appraisal of projects. Thereafter, he served another Maharatna – SAIL, first as Director – Finance and thereafter as the Chairman till his retirement in 2006. After retirement, he served the Jindal Group as Managing Director and CEO of Jindal Stainless Limited. He also held the post of Member of the Public Enterprises Selection Board till July 2011.

The other companies in which Mr. Jain is Director are Dalmia Bharat Limited and National Multi-Commodity Exchange of India Limited. Mr. Jain is a member of Nomination & Remuneration Committee and Business Management Committee of the Board. He holds 600 shares in the Company.

A detailed evaluation of the Board and individual Directors, who were on the Board as on March 31, 2015, has been carried out by the Independent Directors and by the Board. The performance of Mr. K. N. Venkatasubramanian and Mr. V. S. Jain has been rated as higher than 4 on a rating scale of 1 to 5. The Board is of the opinion that continued association of Mr. K. N. Venkatasubramanian and Mr. V. S. Jain would be beneficial to the Company. To further diversify the Board, it is proposed to appoint Ms. Rugmani Shankar and Dr. Sabyasachi Sen, who have extensive experience in their respective professions which would be beneficial for the Company.

In terms of sections 150, 152 and other applicable provisions of the Act, the appointment of Ms. Rugmani Shankar, Dr. Sabyasachi Sen, Mr. K. N. Venkatasubramanian and Mr. V. S. Jain as Independent Directors is subject to approval of shareholders in General Meeting. Accordingly, approval of shareholders is being sought by passing resolution no. 6 to 9 of the Notice.

Other than Ms. Rugmani Shankar, Dr. Sabyasachi Sen, Mr. K. N. Venkatasubramanian and Mr. V. S. Jain, who are interested in the respective resolutions relating to their appointment, none of the Directors, key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the proposed Resolutions as set out in item numbers 6 to 9 of this Notice. This Explanatory Statement may also be regarded as a disclosure under Secretarial Standards – 2 and Clause 49 of the Listing agreement with the Stock Exchanges. The Board recommends the Ordinary Resolutions as set out at item numbers 6 to 9 of the Notice for approval by the shareholders.

Item No. 10

Mr. Chakrapany Manoharan was appointed as Director (Refinery) on March 29, 2012 for a period of three years. Taking into consideration the valuable contributions made by Mr. C Manoharan in expansion of the refining capacity, implementation of the Hydrogen Manufacturing Unit-2 at the refinery, managing the refinery operations with an excellent safety track record and the requirements of the Company to have an able and experienced person like Mr. C Manoharan to lead the refinery operations, the Board of Directors has approved re-appointment of Mr. C. Manoharan as Director (Refinery) for a period of three years from March 29, 2015 subject to approval of shareholders. Under the provisions of Section 197 of the Companies Act, 2013 re-appointment of Mr. C Manoharan will require approval of shareholders.

Mr. C Manoharan is 61 years old. He is a Chemical Engineer from Calicut University, Kerala. He joined Essar Oil Limited as Head of Refinery in May 2008. He started his career as Engineer Trainee in 1977 at Indian Oil Corporation Limited (IOCL), Gujarat Refinery, Baroda. He handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member and also served as Chairman of Indian Oil Technologies Limited. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A.

The remuneration paid to Mr. Manoharan during the financial year ended March 31, 2015 was 2.77 crore.

The particulars of remuneration payable to Mr. C Manoharan as Director (Refinery) are ₹ 1.65 crore per annum comprising of basic salary, allowances and perquisites including house rent allowance / company provided accommodation, special allowance, reimbursement of vehicle operating, entertainment, telephone, professional perquisite, leave travel allowance and medical expenses as per Company rules. In addition he will be paid annual performance linked incentive of ₹ 1.10 crore which depending on performance of the Company and his performance assessed as per Company policy can range from 100% to 200% as may be decided by the Board / Nomination / Remuneration Committee. He will also be covered under Company's Provident Fund / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. The total of salary / perquisites / allowances / Performance linked incentive / other benefits as may be decided by the Board of Directors or the Nomination & Remuneration Committee during his tenure in office, will not exceed ₹ 4.25 crore per annum. The perquisite value of the facilities/benefits/allowances and performance linked incentive shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed there under. The Employee Stock Options granted / to be granted to Mr. C Manoharan from time to time are not to be included for the purpose of computation of overall ceiling of remuneration.

In the event of loss or inadequacy of profits in any financial year during the period of appointment, the remuneration payable by way of salary, perquisites, allowances and performance linked incentive as aforesaid, will be paid to Mr. C Manoharan as specified above, subject to the approval of the Central Government, if required.

During the financial year 2014-15, six board meetings were held and Mr. Manoharan attended all six meetings. He is a member of CSR, Safety & Sustainability Committee and Business Management Committee of the Company. He does not hold any shares in the Company. Mr. Manoharan is a Director in Vadinar Power Company Limited (VPCL) and a member of CSR, Safety & Sustainability Committee of VPCL.

The Board of Directors is of the opinion that proposed re-appointment of Mr. C. Manoharan as Director (Refinery) of the Company on the terms set out hereinabove would be in the interest of your Company. Accordingly, the Directors recommend the resolution at Item No.10 of the Notice for your approval.

Mr. C Manoharan is not related to any Director or any other key managerial personnel of the Company. Except for Mr. C. Manoharan, none of the other Directors / Key managerial personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no.10 of the Notice.

Item No.11

Mr. L K Gupta was appointed as Managing Director & CEO of the Company for a period of 5 years with effect from December 2, 2011. The shareholders had at the Annual General Meeting held on December 20, 2012 approved the appointment. The remuneration paid to Mr. L K Gupta during the financial year ended March 31, 2015 was ₹ 4.57 crore.

As Managing Director & CEO, Mr. L K Gupta is responsible for all the day to day operations of the Company's Refinery and Marketing Business subject to superintendence and control of the Board of Directors. Under his leadership, the Company expanded the refining capacity to 20 MMTPA by implementing the Expansion and Optimization projects. The performance of your Company has substantially improved under his leadership. For the financial year ended March 31, 2015 the Company generated highest ever throughput at 20.49 million metric tonnes, current price gross refining margins of USD 8.37/bbl and profits after tax of ₹ 1,521 crore. After evaluation of the annual performance of Mr. L K Gupta the Board of Directors has decided to give a regular annual increment to Mr. L K Gupta which may result in the remuneration payable inn future exceeding the remuneration limits approved by the shareholders. Accordingly, under the provisions of Section 197 of the Act increase in remuneration payable to Mr. L K Gupta will require approval of shareholders. The proposed resolution would amend the special resolution passed at the annual general meeting held on December 14, 2014. Hence, it is proposed to seek approval of shareholders for passing this resolution as a special resolution.

Mr. L K Gupta is 54 years old. Mr. Gupta is a Rank Holder Chartered Accountant, a Company Secretary and holds a Bachelors degree in Commerce (Gold Medallist), from Jiwaji University, Gwalior. Mr. Gupta has over 34 years of leadership experience in core sectors of Energy (Oil & Gas), Utilities (Power) and Steel. He was CEO and Joint Managing Director of JSW Energy Ltd. from June 2010 till November 2011. Prior to this from May 2006 he was Director (Finance) of Mangalore Refinery & Petrochemicals Ltd., an ONGC subsidiary. He was recognised by CNBC TV18 as the Best Performing CFO in the Indian Oil & Gas sector in 2008-2009.

The revised remuneration payable to Mr. L K Gupta with effect from April 1, 2015 for the remaining period of his term in office as Managing Director & CEO are ₹ 3.12 crore comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of vehicle operating, entertainment, telephone, professional pursuit, leave travel allowance and medical expenses as per Company rules. In addition he will be paid annual performance linked incentive of ₹ 2.08 crore which depending on performance of the Company and his performance assessed as per Company policy can range from 100% to 200% as may be decided by the Board / Nomination & Remuneration Committee. He will also be covered under Company's Provident Fund / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. The total of salary / perquisites / allowances / performance linked incentives / other benefits (excluding / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy) as may be decided by the Board of Directors or the Nomination & Remuneration Committee during his tenure in office, will not exceed ₹ 7.60 crore per annum. The perquisite value of the facilities / benefits / allowances and performance linked incentive shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed thereunder. The Employee Stock Options to be granted to Mr. L K Gupta from time to time are not to be included for the purpose of computation of overall ceiling of remuneration.

In the event of loss or inadequacy of profits in any financial year during the period of appointment, the remuneration payable by way of salary, perquisites, allowances and performance linked incentive as aforesaid, will be paid to Mr. L K Gupta as specified above, subject to the approval of the Central Government, if required.

During the financial year 2014-15 six board meetings were held and Mr. L K Gupta attended all six meetings. He is a member of Investors' Relation Committee, Banking & Finance Committee, CSR, Safety & Sustainability Committee, Business Management Committee, E&P Business Management Committee and Committee of Directors (Capital Issues) in the Company. Mr. Gupta does not hold any shares in the Company. Mr. L. K. Gupta is Managing Director of Vadinar Power Company Limited (VPCL) and a member of Nomination & Remuneration Committee of VPCL.

The Board of Directors is of the opinion that payment of proposed remuneration to Mr. L K Gupta as Managing Director & CEO of the Company would be in the interest of your Company. Accordingly, the Directors recommend the resolution at Item No.11 of the Notice for your approval.

Except for Mr. L K Gupta, none of the other Directors, Key managerial personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no.11 of the Notice.

Item No.12

In view the enhanced role, responsibilities and duties of Independent Directors, it is considered appropriate that the remuneration payable to them by the Company should be commensurate with the contributions they are expected to make. The Company presently pays to its Independent Directors sitting fee of ₹ 50,000 for attending each meeting of the Board. In respect of the Board Committees of which the Independent Directors are members, they are entitled to sitting fee of ₹ 50,000 for attending Audit & Risk Management Committee and ₹ 40,000 for attending any other meeting. The Companies Act, 2013 ('Act') and listing agreement entered into with stock exchanges provides for payment of commission to Non-Executive Directors including Independent Directors. Section 197 of the Act requires obtaining of approval of shareholders for payment of profit related commission to Independent Directors. Clause 49 of the listing agreement required obtaining of prior approval of the shareholders in general meeting for payment of commission.

The Company accordingly seeks approval of the members for payment of commission not exceeding 1% of the net profits of the Company in the aggregate in each financial year calculated in a manner prescribed under Section 198 of the Act commencing from financial year ended on March 31, 2015.

Accordingly, the Directors recommend the resolution at Item No.12 of the Notice for your approval.

All the Independent Directors of the Company viz. Mr. D. J. Thakkar, Mr. K. N. Venkatasubramanian, Mr. V. S. Jain, Mr. D. K. Varma, Ms. Rugmani Shankar and Dr. Sabyasachi Sen may be deemed to be concerned or interested in this resolution to the extent of commission that may be paid to them from time to time. None of the other Directors, key managerial personnel and their relatives are in any way concerned or interested financially or otherwise in the resolution.

Item No.13

The Board of Directors, on the recommendation of the Audit & Risk Management Committee, has approved the appointment of M/s. Chandra Wadhwa & Co., Cost Accountants as Cost Auditors of the Company for the financial year ending on March 31, 2016 and the Cost Audit fees has been fixed at ₹ 7.5 lakh excluding service tax and cess thereon, reimbursement of out of pocket expenses and filing of cost records with Ministry of Corporate Affairs.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No.13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2016.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested financially or otherwise in the said Resolution.

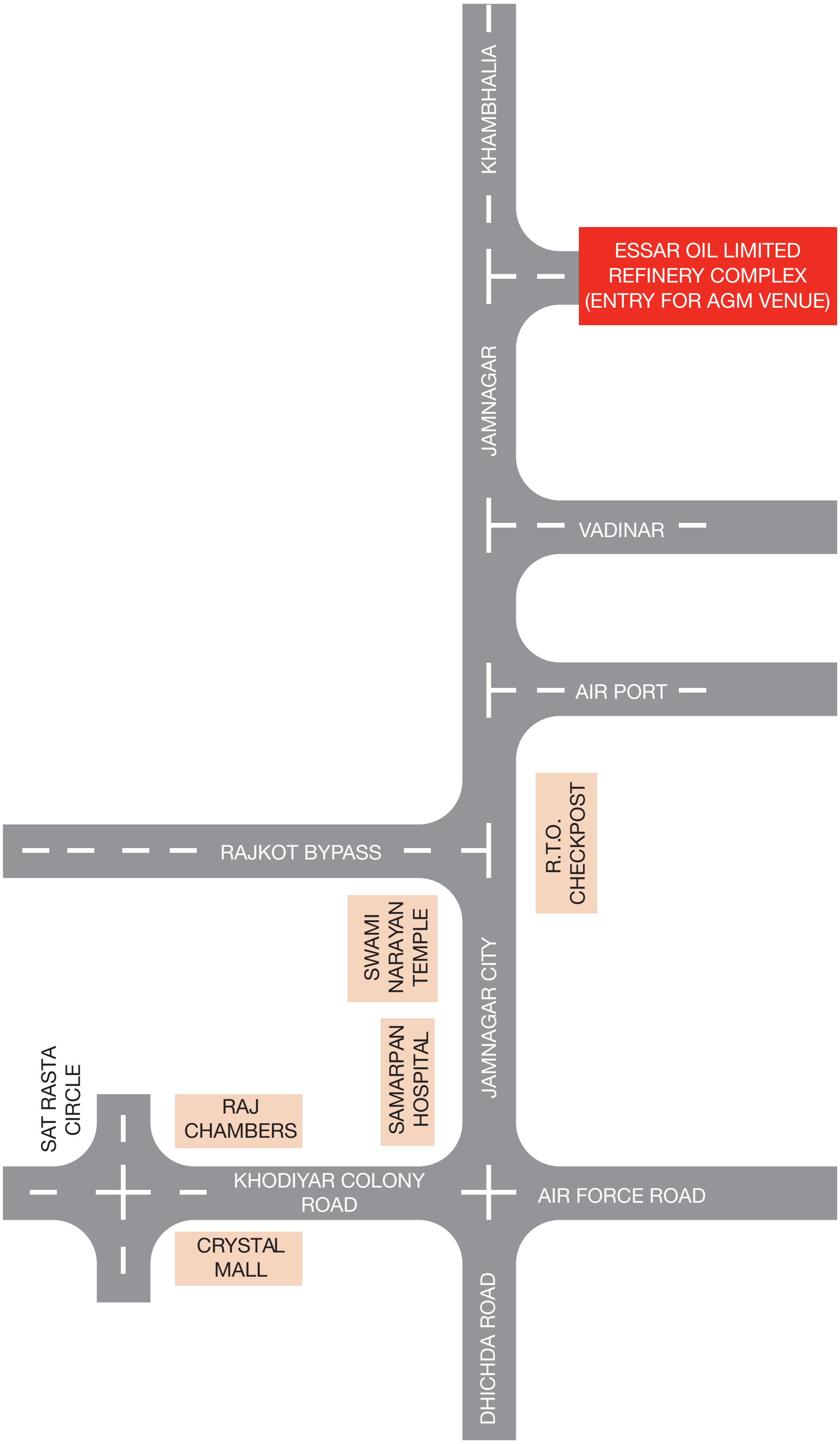
By Order of the Board of Directors

Sheikh S. Shaffi
Company Secretary

Mumbai
August 24, 2015

Registered Office:
Khambhalia Post, P. O. Box 24,
Dist. Devbhumi Dwarka – 361305,
Gujarat.
Phone: 91 02833 661444,
Fax: 91 02833 662929
e-mail: eolinvestors@essar.com
website: http://essaroil.co.in

Route Map


KHAMBHALIA
ESSAR OIL LIMITED
REFINERY COMPLEX
(ENTRY FOR AGM VENUE)
JAMNAGAR
VADINAR
AIR PORT
R.T.O.
CHECKPOST
RAJKOT BYPASS
SWAMI
NARAYAN
TEMPLE
JAMNAGAR CITY
SAMARPAN
HOSPITAL
SAT RASTA
CIRCLE
RAJ
CHAMBERS
KHODIYAR COLONY
ROAD
AIR FORCE ROAD
CRYSTAL
MALL
DHICHDA ROAD

NOTES

NOTES

ESSAR
OIL & GAS

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)of the Companies (Management and Administration) Rules, 2014]

CIN :	L11100GJ1989PLC032116		
Name of the Company	ESSAR OIL LIMITED		
Registered Office	Khambhalia Post, P.O. Box No. 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India		
Name of the member (s)			
Registered address			
E-mail Id			
Folio No/ Client Id		DP ID	

I/We, being the member (s) of .... shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail Id		Signature	
	or failing him			
2.	Name			
	Address			
	E-mail Id		Signature	
	or failing him			
3.	Name			
	Address			
	E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Wednesday, September 30, 2015 at 3:00 p.m. at the Registered Office at Refinery Complex, Khambhalia Post (39th Km. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka - 361305, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

	Resolutions	Optional	
		For	Against
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2015 together with the reports of Board of Directors and Auditors thereon		
2.	To receive, consider, approve and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2015 together with the report of Auditors thereon		
3.	Re-appointment of Mr. L K Gupta as a Director of the Company		
4.	Re-appointment of Mr. C Manoharan as a Director of the Company		
5.	Appoint auditors and fix their remuneration		
6.	Appoint Ms. Rugmani Shankar as an Independent Director		

TEAR HERE

	Resolutions	Optional	
		For	Against
7.	Appoint Dr. Sabyasachi Sen as an Independent Director		
8.	Appoint Mr. K. N. Venkatasubramanian as an Independent Director		
9.	Appoint Mr. V S Jain as an Independent Director		
10.	Re-appoint Mr. C. Manoharan as Director (Refinery)		
11.	Approve increase in remuneration payable to Mr. L K Gupta, Managing Director & CEO		
12.	Approve payment of commission to Independent Directors		
13.	Ratify the remuneration payable to Cost Auditors		

Signed this .... day of .... 2015.

Affix
Revenue
Stamp

Signature of shareholder : ____________________

Signature of Proxy holder(s) : ____________________

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to put a "✓" in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

ESSAR
OIL & GAS

BALLOT FORM

(In lieu of remote e-voting facility for 25th Annual General Meeting being held on September 30, 2015)

Name of the Company: ESSAR OIL LIMITED

Registered Office: Khambhalia Post, P.O. Box 24, Dist. Devbhumi Dwarka – 361305, Gujarat, India

Corporate Identity Number: L11100GJ1989PLC032116

1.	Name and registered address of the sole/first named Member	
2.	Name of the joint holder(s) if any	
3.	Registered Folio No. / DP ID No. & Client ID No.	
4.	Number of shares held	

I/ We, hereby exercise my/our vote in respect of the business to be transacted at the 25th Annual General Meeting of the Company to be held on Wednesday, September 30, 2015 set out in the Notice dated August 24, 2015 of the Company convey my/our assent (FOR) or dissent (AGAINST) to the resolutions by placing the tick mark (✓) in the appropriate box below:

Resolution No.	Description	No. of shares held	I/ We assent to the resolution (FOR)	I/ We dissent to the Resolution (AGAINST)
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended March 31, 2015 together with the reports of Board of Directors and Auditors thereon			
2.	To receive, consider, approve and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2015 together with the report of Auditors thereon			
3.	Re-appointment of Mr. L K Gupta as a Director of the Company			
4.	Re-appointment of Mr. C Manoharan as a Director of the Company			
5.	Appoint auditors and fix their remuneration			
6.	Appoint Ms. Rugmani Shankar as an Independent Director			
7.	Appoint Dr. Sabyasachi Sen as an Independent Director			
8.	Appoint Mr. K. N. Venkatasubramanian as an Independent Director			
9.	Appoint Mr. V S Jain as an Independent Director			
10.	Re-appoint Mr. C. Manoharan as Director (Refinery)			
11.	Approve increase in remuneration payable to Mr. L K Gupta, Managing Director & CEO			
12.	Approve payment of commission to Independent Directors			
13.	Ratify the remuneration payable to Cost Auditors			

Place: ____________________________

Date: ____________________________

(Signature of the Member)

Note: Please read the instruction carefully printed in the Notice of the AGM at page no. 180 & 181 before completing this form.

Fold

BUSINESS REPLY INLAND LETTER

Postage
will be
paid by the
Addressee

B. R. Permit No. MH/BYN/671
Chakala MIDC P.O.
Mumbai 400 093.

No postage
stamp
necessary
if posted in
INDIA

Fold

Fold

To,
Mr. Prakash Pandya (Scrutinizer)
C/o Datamatics Financials Services Ltd.
Unit : Essar Oil Limited
Plot No. B-5, Part 'B', Cross Lane, MIDC,
Andheri (East), Mumbai - 400093.

Fold

Fold

If undelivered, please return to:
M/s. Datamatics Financial Services Ltd.
Unit: Essar Oil Limited
Plot No. B-5, Part B Cross Lane
MIDC, Marol, Andheri (East)
Mumbai - 400 093 INDIA

SPECIMEN

ESSAR OIL LIMITED

Registered Office: Khambhalia Post, Post Box No. 24
Dist.: Devbhumi Dwarka – 361 305, Gujarat, India
Corporate Identity Number: L11100GJ1989PLC032116
Phone : 91 02833 661444, **Fax:** 91 02833 662929

ESSAR OIL & GAS

BENPL MUMBAI : 23089237 08/15

ATTENDANCE SLIP

25TH ANNUAL GENERAL MEETING–SEPTEMBER 30, 2015 AT 3:00 P.M.

Folio No. / DP ID / Client ID :

Name & Address of the registered Shareholder :

No. of Shares held :

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I here by record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company at the Registered Office at Refinery Complex, Khambhalia Post (39th Km. stone on Jamnagar – Okha Highway), Dist. Devbhumi Dwarka– 361305, Gujarat, India on September 30, 2015 at 3:00 p.m.

Member's Signature

Email Id:________________________ Tel. No.________________________

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

ESSAR OIL LIMITED

Registered Office: Khambhalia Post, Post Box No. 24
Dist.: Devbhumi Dwarka – 361 305, Gujarat, India
Corporate Identity Number: L11100GJ1989PLC032116
Phone : 91 02833 661444, **Fax:** 91 02833 662929

ESSAR OIL & GAS

Dear Member,

SUBJECT: REMOTE E–VOTING FACILITY FOR THE ANNUAL GENERAL MEETING

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, the business to be transacted at the Annual General Meeting of the Company to be held on September 30, 2015, may be transacted through electronic voting system and the Company is providing the facility of voting by electronic means. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e–voting facilities.

The electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

The e–voting will commence from September 25, 2015 at 8.00 A.M. and concludes on September 29, 2015 at 5.00 P.M. E–voting shall not be allowed after 5.00 P.M. Members holding shares in physical or dematerialized form as on the cut–off date of September 23, 2015, may cast their vote electronically.

For instructions on remote e–voting please read the attached Notice of the Annual General Meeting. These details form an integral part of the Notice for the Annual General Meeting of the Company to be held on September 30, 2015.

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Essar Oil Limited
2.	Annual standalone financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	Unqualified and Emphasis of Matter The "Emphasis of Matters" paragraphs from the Auditors' Report is reproduced below: "Emphasis of Matters 8. We draw attention to: (a) Note 7(ii) (a) to the financial statements regarding accounting for interest on debentures for the period October 1998 to April 2012 on cash basis, in accordance with the orders of the Gujarat High Court. (b) Note 7(ii) (c) to the financial statements regarding measurement of certain borrowings in accordance with the Accounting Standard 30 on Financial Instruments, Recognition and Measurement as per the accounting policy consistently followed by the Company. Our opinion is not modified in respect of these matters."
4.	Frequency of observation	Over last 5 years for above items.

5. Signed by

Refer our Audit Report dated May 25, 2015 on the standalone financial statements of the Company
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117365W)

P. B. Pardiwalla

Porus Pardiwalla
Partner,
Membership No. 40005

Mumbai, August 24, 2015

Lalit Kumar Gupta
Managing Director & CEO

Mumbai, August 24, 2015

D J Thakkar
Audit Committee Chairman

Mumbai, August 24, 2015

Suresh Jain
Chief Financial Officer

Mumbai, August 24, 2015

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Essar Oil Limited
2.	Annual consolidated financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	Unqualified and Emphasis of Matter The "Emphasis of Matters" paragraphs from the Auditors' Report is reproduced below: "Emphasis of Matters 8. We draw attention to: (a) Note 7(ii) (a) to the consolidated financial statements regarding accounting for interest on debentures for the period October 1998 to April 2012 on cash basis, in accordance with the orders of the Gujarat High Court. (b) Note 7(ii) (c) to the consolidated financial statements regarding measurement of certain borrowings in accordance with the Accounting Standard 30 on Financial Instruments, Recognition and Measurement as per the accounting policy consistently followed by the Group. Our opinion is not modified in respect of these matters."
4.	Frequency of observation	Over last 5 years for above items excluding the financial years (2010-11, 2011-12, 2012-13) in which consolidated financial statements were not required to be prepared.

5. Signed by

Refer our Audit Report dated May 25, 2015 on the consolidated financial statements of the Company
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117365W)

P.B. Pardiwalla

Porus Pardiwalla
Partner,
Membership No. 40005

Mumbai, August 24, 2015

Lalit Kumar Gupta
Managing Director & CEO

Mumbai, August 24, 2015

D. J. Thakkar

D J Thakkar
Audit Committee Chairman

Mumbai, August 24, 2015

Suresh Jain
Chief Financial Officer

Mumbai, August 24, 2015