



Essar Oil Limited

Quarterly Company Update – July 2008

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10.5 MMTPA – Base Refinery

Introduction

- Declaration of Commercial Production from 1st May, 2008
- Throughput during May & June, 2008 – 2.06 Million Tonnes
- Production tailored to optimize crack margins ;
 - *Full elimination of Naphtha*
 - *Maximization of middle distillates at 48%*
 - *Curtailment of light distillates at 26%*
 - *Reduction of Heavy Ends to 26%*
- Net Income from Operations for two months – Rs. 8950 Crore
- Domestic Sales - Rs. 6263 Cr. (70%)
Export Sales - Rs. 2687 Cr. (30%)
- GRM for the quarter ending June, 2008 @ USD 12.54 / bbl

Crude Price Trend



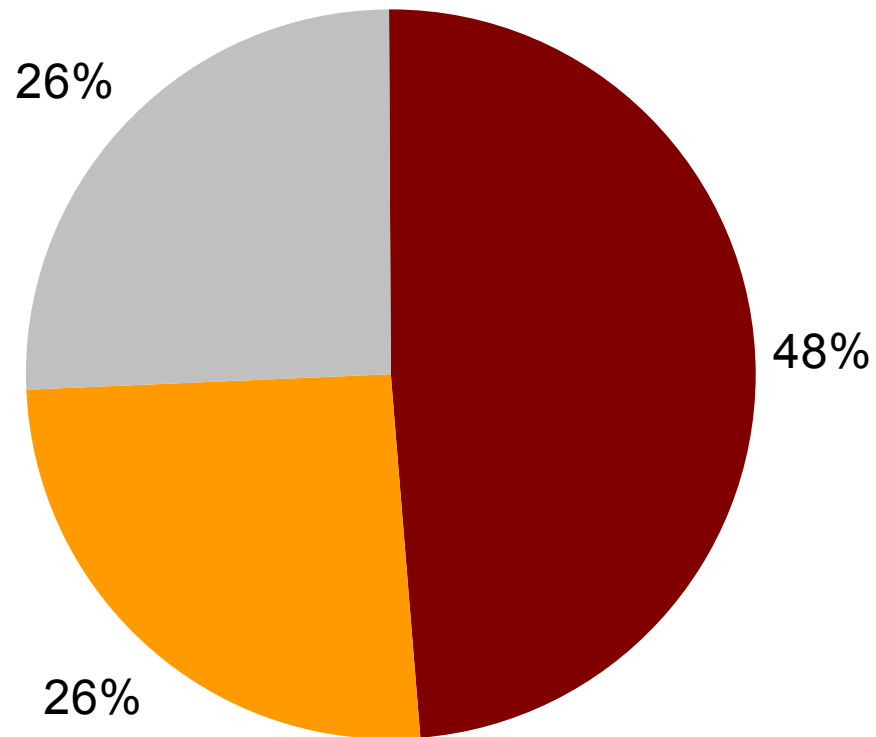
- Crude Prices increased by around USD 40 per bbl in the period
- Historical highs (WTI – USD 140 per bbl) were achieved in end Jun-08

Crude Diet

- Tough Crudes like Dar blend, Nowrooz, Leona 24 processed during the quarter successfully
- First Term contract finalized with NIOC
 - Iran Heavy - 1.0 MMbbl
 - Nowrooz - 0.60 MMbbl
- Crude Diet with avg. API of 30 & avg. Acidity upto 0.60 TAN and Avg. Sulphur upto 1.50
- Pattern of Crude consumption currently is;
 - Tough Crude – 20%
 - Sour/ Heavy Crude – 40%
 - Light / Sweet – 40%

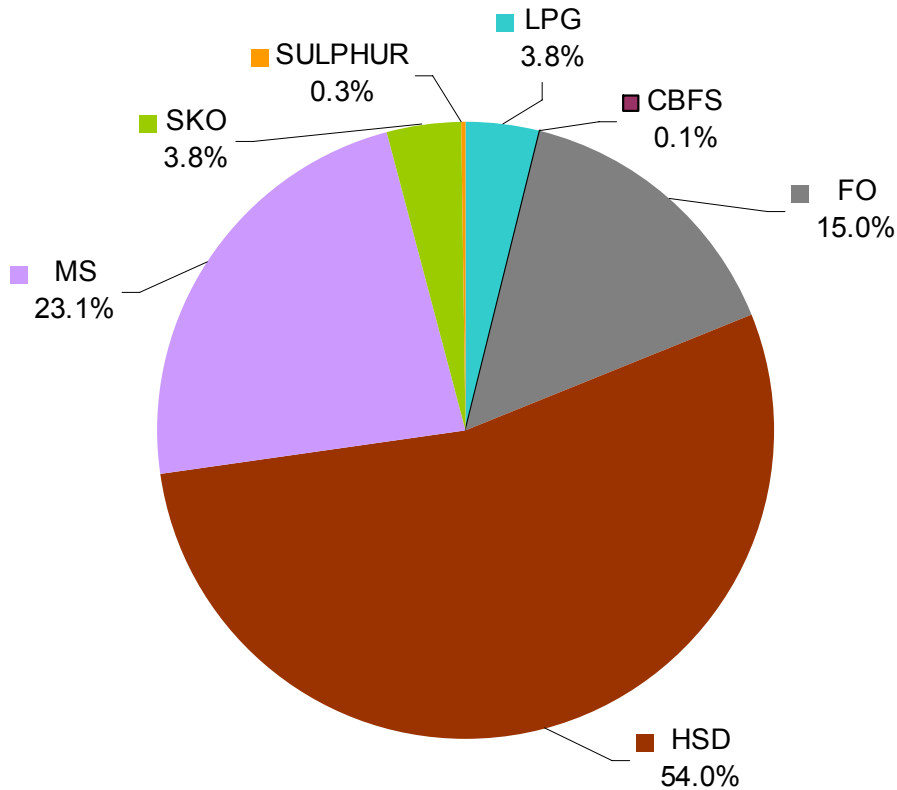
Product Profile

■ Middle Distillate ■ Light Distillate ■ Heavy Distillate

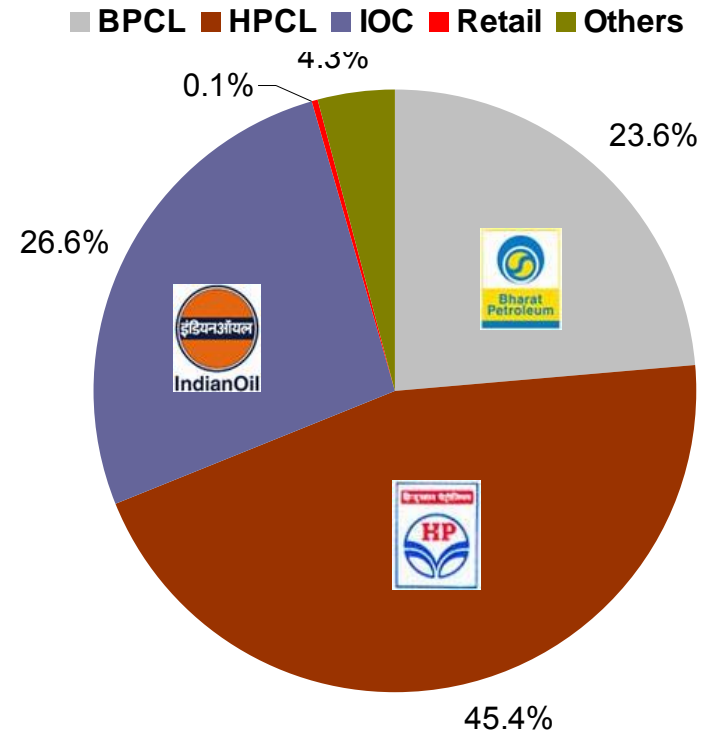


Sales Analysis

Sales (%)



Domestic Sales



- Signed a Product Purchase and Sale Agreement with BPCL for 2 MMTPA valid for 4 years & with HPCL for 3 MMTPA and under discussion with IOC
- Approval received for marketing ATF in the domestic market
- Retail Pricing of products (MS & HSD) Rs. 17 - Rs. 23 higher than that of PSUs Refineries Constraining retail sales

E & P Division

- 2,064 bbls of Crude Oil produced from ESU Field Block CB-ON/3, Mehsana, India during the quarter.
- Drilling of first 3 test wells undertaken in RG-East - CBM block in Raniganj, India
- Ratna & R-series blocks – Pending before MOP&NG for execution of PSC
- Capex incurred during the Quarter – USD 6.60 mn
- Airborne survey commenced in Madagascar Blocks ~ 2,169 LKM acquired.
- PSC finalized and submitted to Petro Vietnam for Blocks 114 in Vietnam, signing expected in August 2008.
- Bids for 5 blocks under NELP VII submitted with Noble and GSPCL
- PEL Deed for NELP VI Assam blocks executed on 2nd May, 2008.

Quarterly Results

	Rs. In Crore
Particulars	May- June, 2008
Crude Processed (MMT)	2.06
Net Income from Operation	8950
Other Income	66
Cost of Goods Sold	8145
GRM \$ / bbl	12.54
EBIDTA	664
Interest	164
Depreciation	115
Provision for FE variation & MTM on cracks	319
Profit before Tax	47
Tax (including deferred tax)	17
Profit after Tax	30

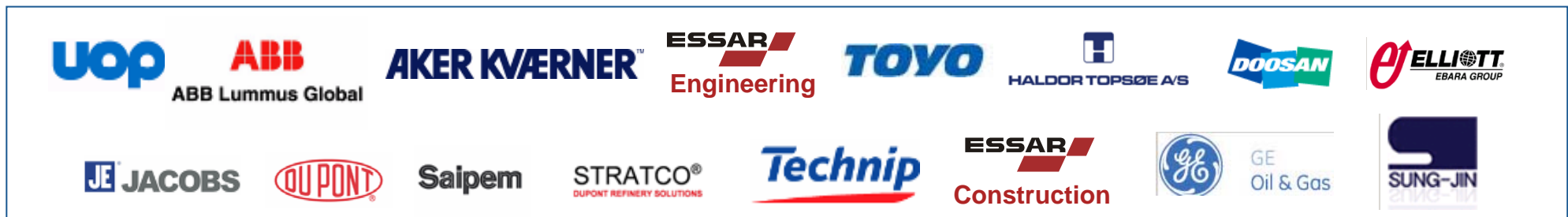


10.5 MMTPA to 34MMTPA – Expansion Project

Overall Project Status

Overall Progress	Train 1	Train 2
Basic Engineering	100%	98%
Detailed Engineering	43%	23%
Procurement	30%	26%
Construction	2%	0%
Total	20%	15%

- Orders / LOIs placed for Long Lead Items/ other equipment worth USD 2400 mn
- Firm Quotation received for majority of balance equipment & orders to be placed by Q3, 2008



Basic Engineering Status

Overall Basic Engineering completed - 98%

UOP

BDEPs released ;

- CDU/VDU/SGU (Ph I & II)
- VGO HDT (Ph I & II)
- ATF Merox (Ph I)
- FCCU (Ph II)
- AHT (Ph I)
- ARU/SWS (Ph I & II)
- CCR & NHT

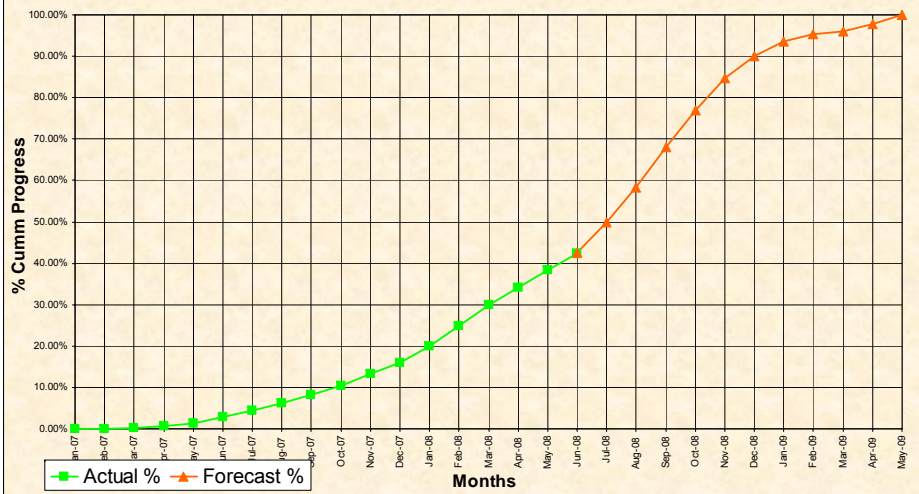
CB & I Lummus

- DCU (Ph I & II)

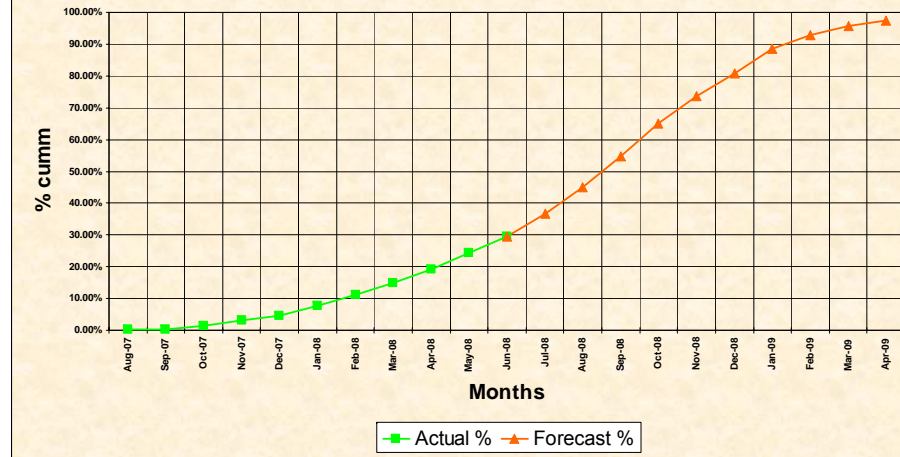


Detailed Engineering Status

Overall Detailed Engineering Progress Curve (ISBL Train-1)



Detailed Engineering Progress Curve - ISBL Train II - Without Repeat Units & Prime-G



ISBL-Train I	Cumulative Progress upto June, 2008
	42.35%

ISBL-Train II	Cumulative Progress upto June, 2008
	22.93%



Procurement Status

- Fixed price contracts completed with following parties
 - Essar Engineering Services Limited for Domestic Equipment
 - Global Supplies (UAE) for supply of Foreign Equipment
 - Essar Construction Limited for Construction & Supply of Domestic Equipment

- Equipments ordered with world's class suppliers i.e. UOP, Dresser Rand, Dusan, Elliot Ebara, Sungjin, IDE etc.

- 95% of all MR's issued- including all LLI's and Critical Equipments.

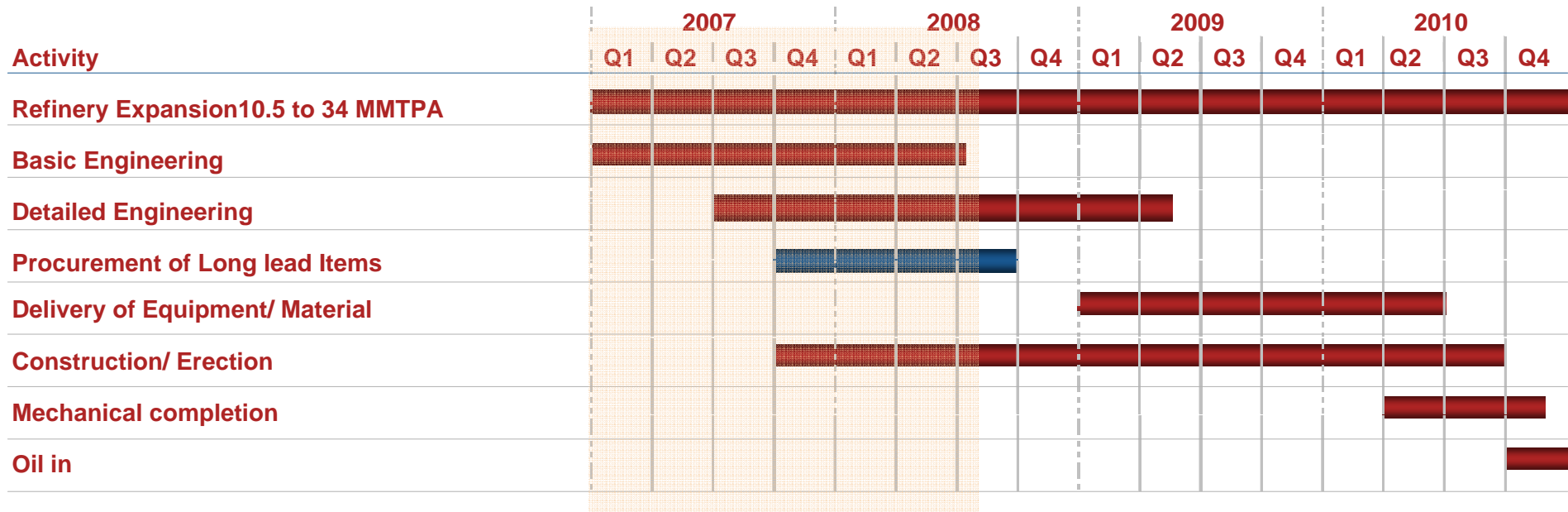
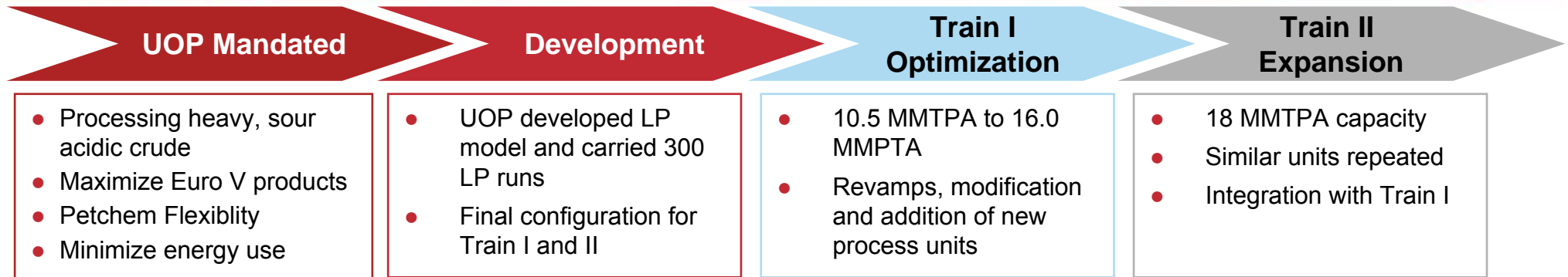
- 70% of Equipment and Bulk materials ordered and balance Equipment/ Material by Q3, 2008



Construction Status

- **Site already mobilized**
- **Site Grading & Earth work commenced**
- **Construction started on Tanks, Jetty, Cross Country Pipeline and main Pipe - rack**
- **Foundations for Main E-W Piperack commenced**
- **Earthwork in progress for Process Units (VGO, DHDT), PIT & COT Area.**

Project Schedule



Project is On Track to Complete Expansion as per Schedule by Dec, 2010

Financial Closure Status

- Promoters have infused USD 300 million equity out of USD 2 billion committed.
- Out of Debt of USD 4.88 bn, ECB – 1.50 bn & INR Loan – USD 3.380
- Loan sanctioned & approved – USD 3.30 bn
- Loan in-principle approved USD 1.255 bn
- Disbursement of USD 100 million for Expansion Project
- LC Facility of USD 500 million in place & USD 100 million LCs opened.
- Full Financial Closure expected by September, 2008



Thank You

