

Essar Oil Limited

Quarterly Company Update – October 31, 2008

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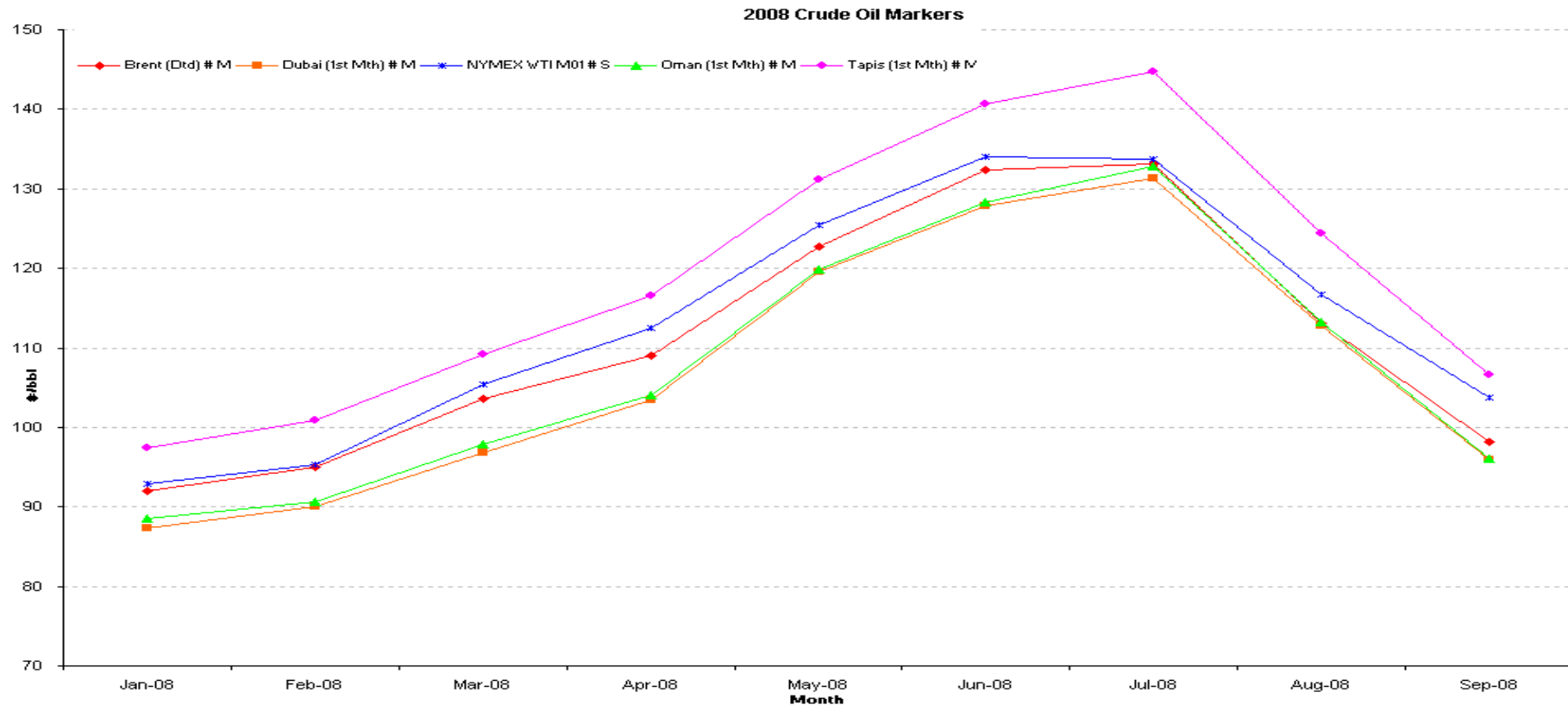
10.5 MMTPA – Base Refinery

Highlights of the Quarter (July – Sept, 2008)



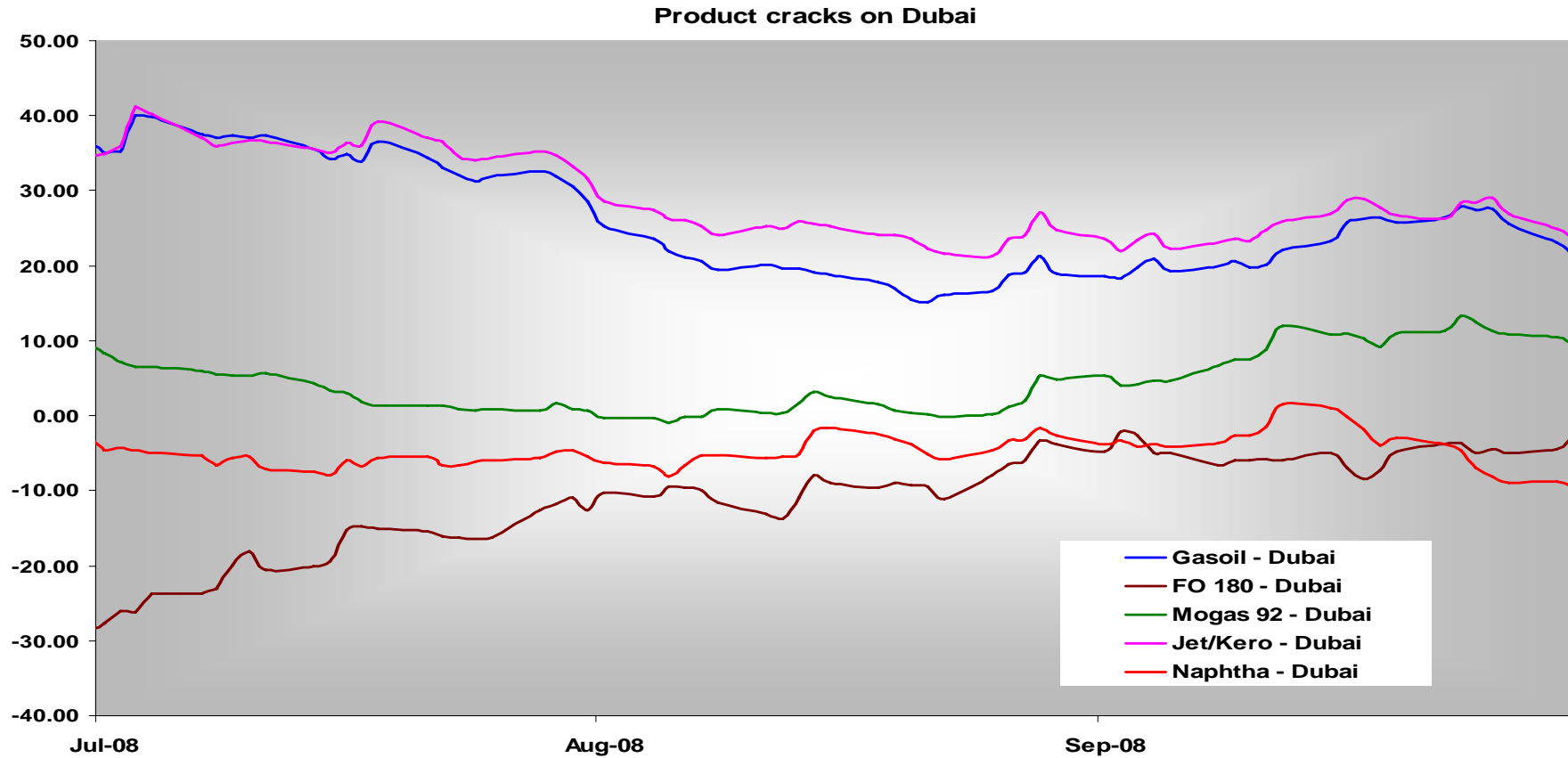
- Throughput during the quarter ended September, 2008 – 3.37 Million Tonnes
- Record CDU throughput of 12.5 MMTPA / 119 % and VBU throughput of 2.33 MMTPA / 111% & DHDS throughput of 4.5 MMTPA or 111% in September, 2008
- Production tailored to optimize crack margins by upgrading the entire Naphtha to Gasoline and HSD & maximization of middle distillates at 49%
- Net Income from Operations for the Quarter ending Sept, 2008 – Rs. 13646 Crore
- Domestic Sales - Rs. 9794 Cr.
- Export Sales - Rs. 3852 Cr.
- GRM for the quarter ending September, 2008 @ USD 6.59 / bbl lower due to inventory losses and falling cracks.

Global Oil Scenario - Crude Price Movement



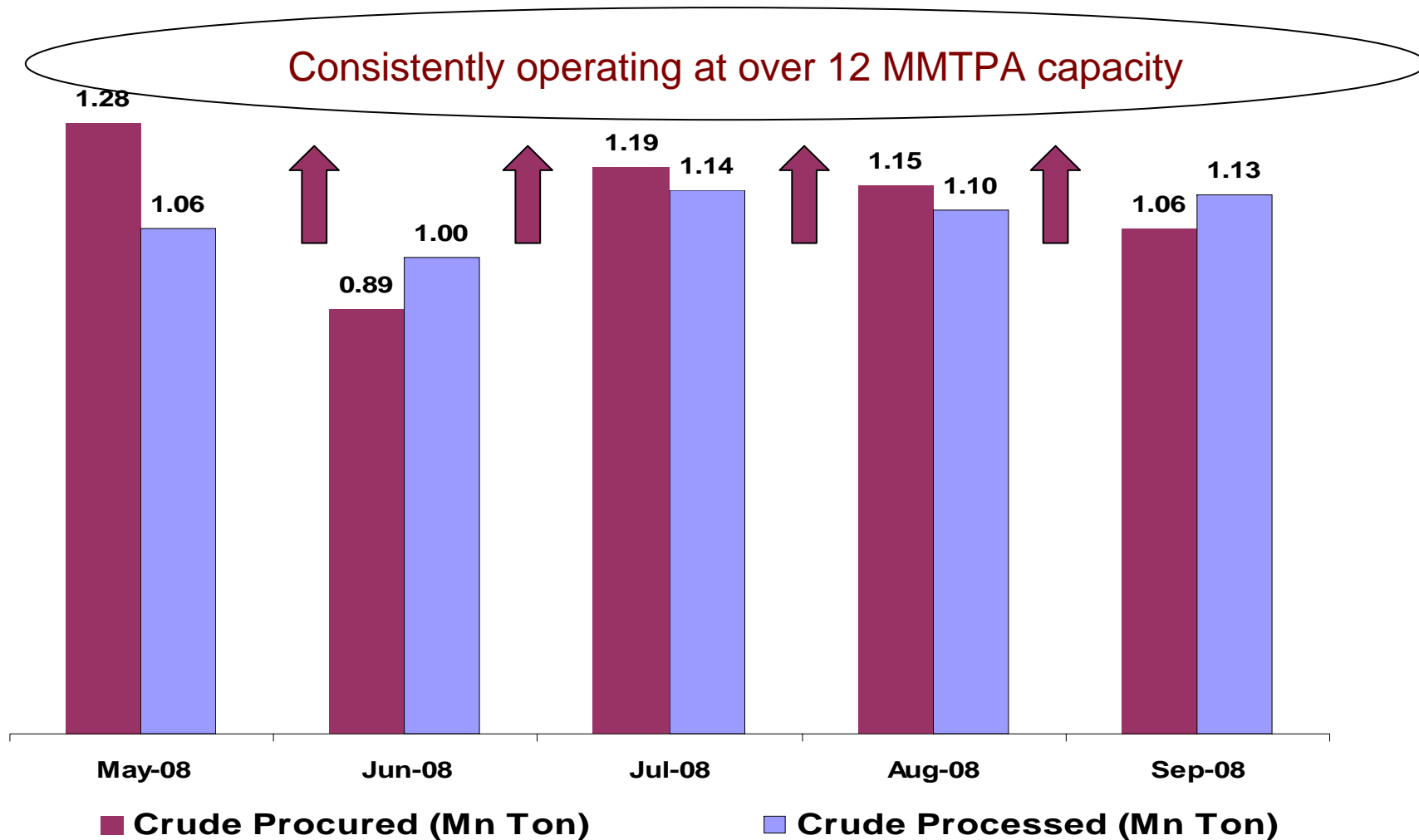
- Price outlook for the FY 2008-2009 remains range bound between \$75-90 for the rest of the period.
- The volatility of US dollar and U.S economic uncertainty adds to market volatility.
- OPEC/ IEA expects supply to outstrip demand in the first half of 2009.
- Global concern rising from equities market across the world resulting in fear for recession weighs on crude oil prices from demand perspective.
- Crude oil prices touched a record high of \$147 (WTI) in July'08 and thereafter dipped by \$ 41 / bbl during QII

Product Cracks Trend

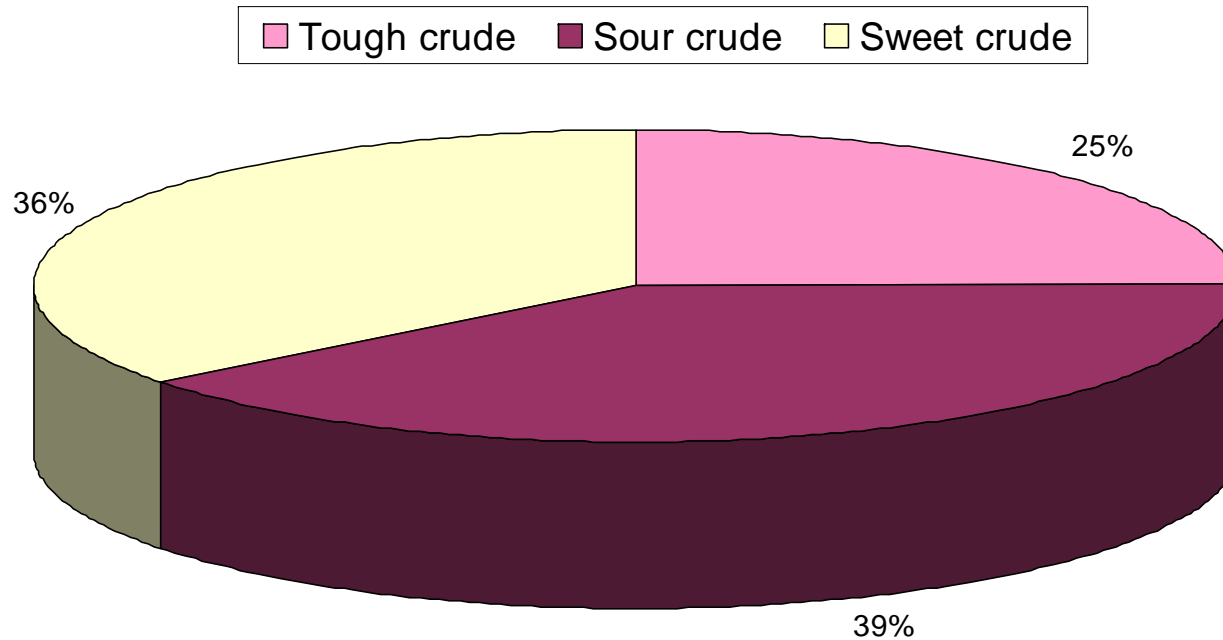


- Middle distillate crack fell after soaring to historic highs in the month of May
- Gasoline crack and Fuel oil crack recovered from its lows of 2008 but remained extremely volatile.
- Outlook modest refinery margin for rest of 2008-09 given demand recession & significant addition of refinery capacity in South Asia.

Crude procured & processed

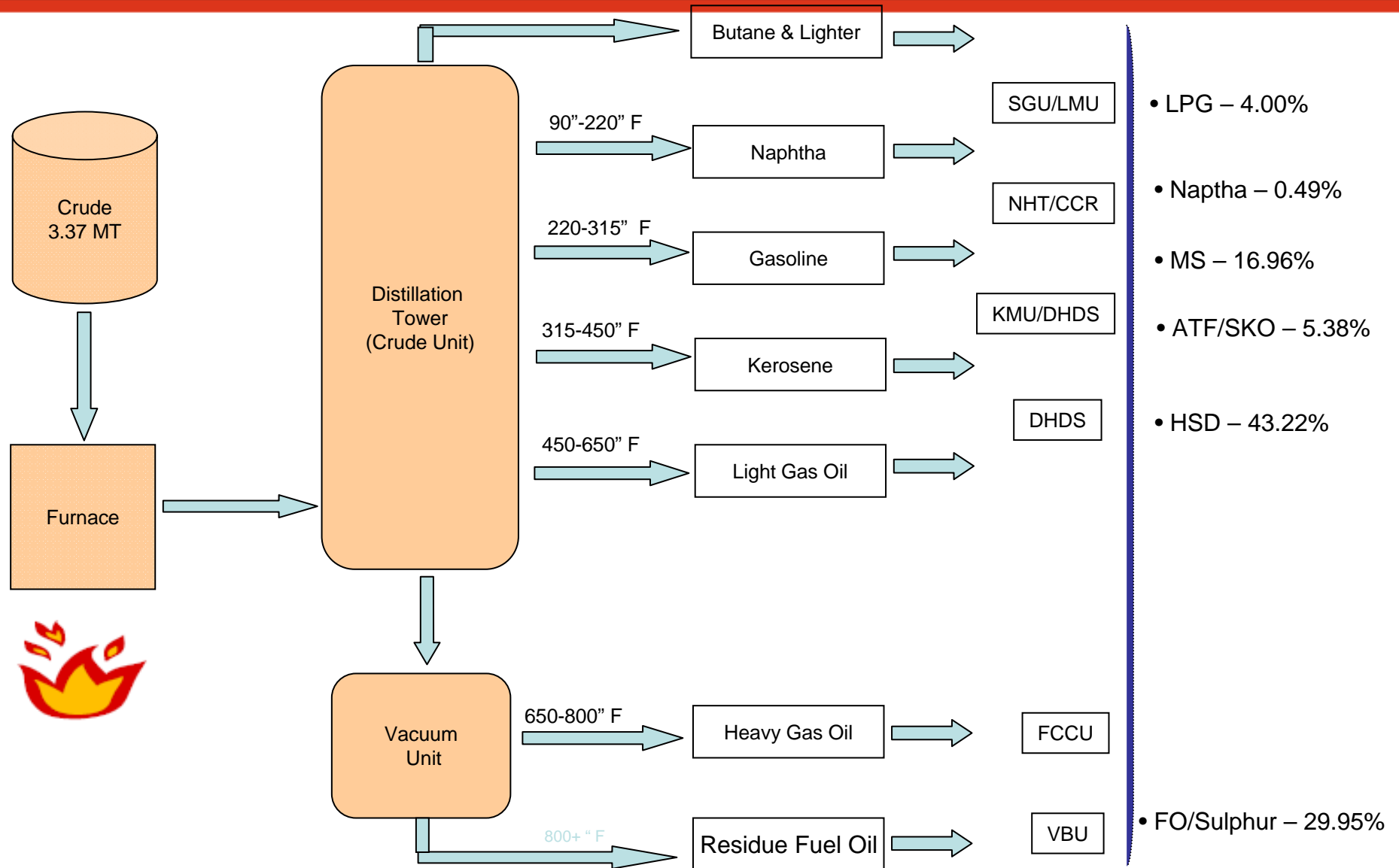


Crude Diet during the Quarter

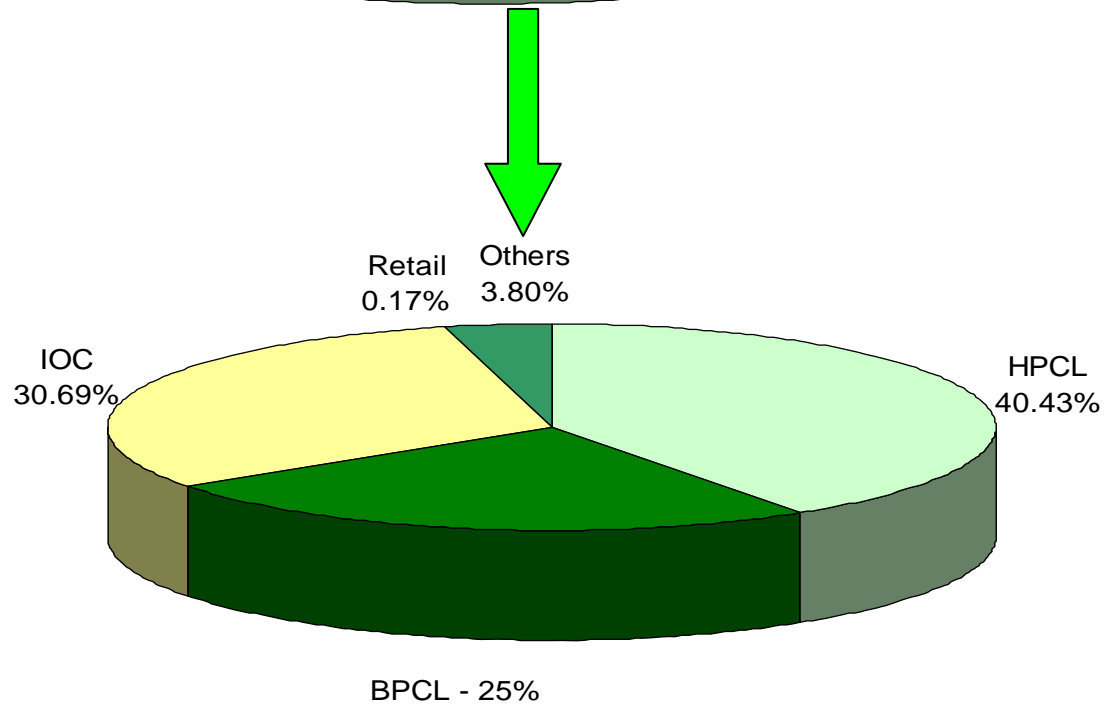
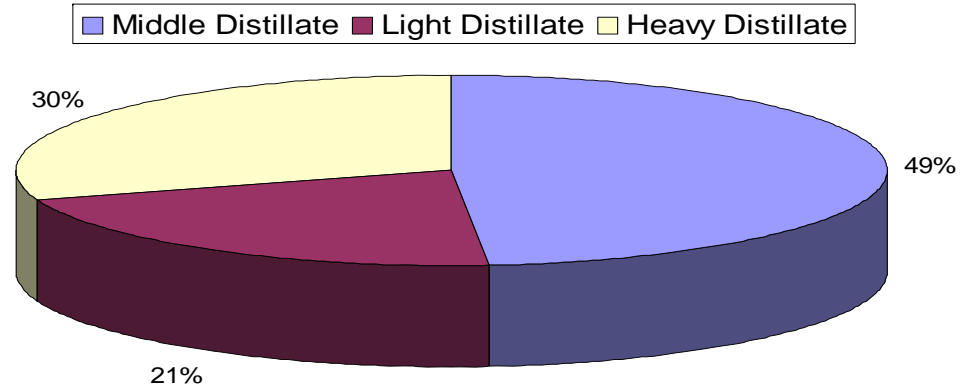
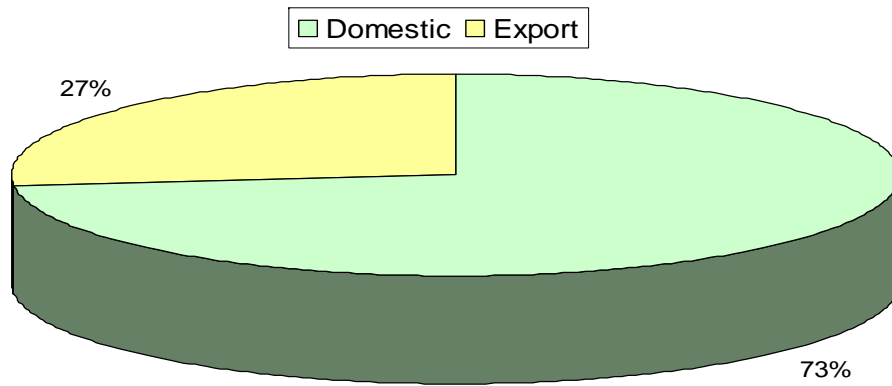


- Tough crudes processing avg of 25% during the quarter
- Crude Diet with avg. API of 32 & avg. Acidity upto 0.40 TAN and Avg. Sulphur upto 1.50

Product Profile – for the Quarter ended Sept,08



Sales Analysis



LPG	4%
Naphtha	0%
MS	17%
HSD	43%
SKO	5%
FO	29%
Bitumen	0%
SULPHUR	1%

- Product Sale, Purchase and Infrastructure Sharing MoU signed with IOC
- Firm arrangements for about 60% of total production with Domestic Marketing Companies
- Retail Pricing of products are based on Cost + basis
- With falling prices, premium over PSU prices considerably narrowed
- With improvement of viability, 202 Retail Outlets restarted their operations during the quarter
- Evacuation of LPG through Gail Pipeline commenced
- Bitumen Feedstock (BFS) added as a new offering from July, 2008
- Provisional Batch-wise clearance of ATF given by DGAQA for supply to defence forces

CB-ON/3

- 1,078 bbls of oil produced from ESU field during the quarter
- 1 development well in ESU Field planned to enhance production. This is based on interpreted 3D data.

Raniganj CBM Block

- 3 Test wells drilled, 4th in progress.
- Land Acquisition completed for 6 wells in total

Madagascar Blocks

- Interpretation of 2,150 LKM of 2D seismic data completed.
- Aero magnetic survey for 11,425 LKM completed. Data under processing at Perth.
- Spot geological survey for all three blocks completed by in-house team.
- All the above permits design of future 2D for the seismic campaign

Business Development

- Expect to execute PSC for Block 114 with Petro Vietnam shortly.

Quarterly Results



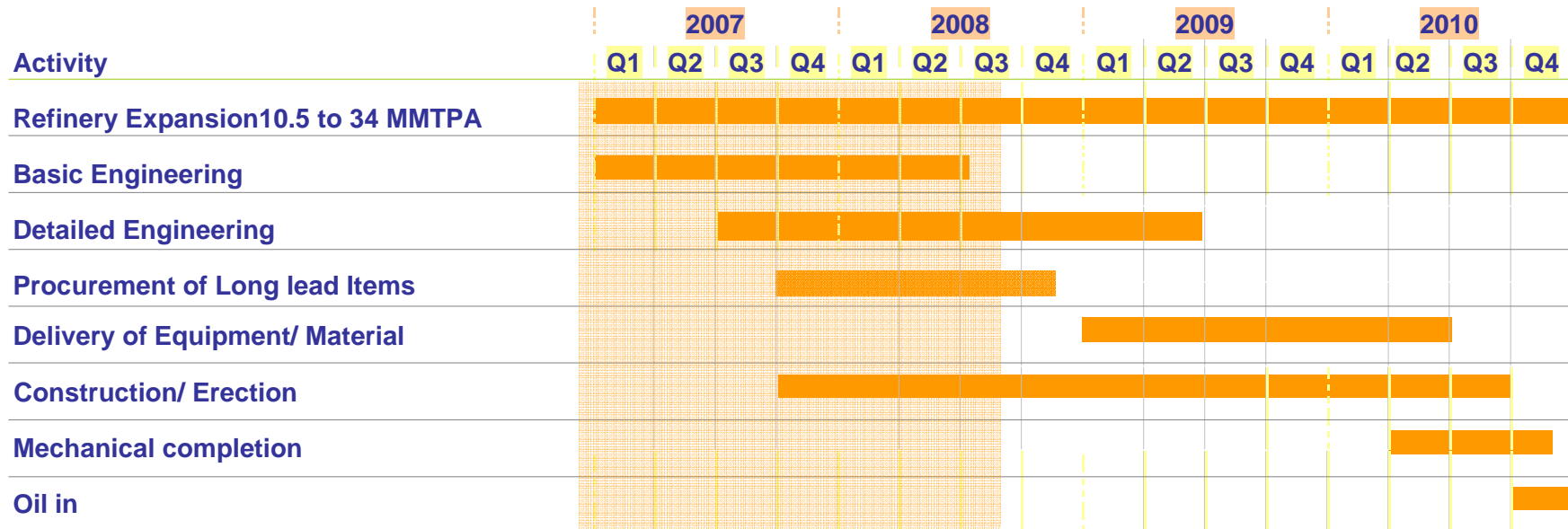
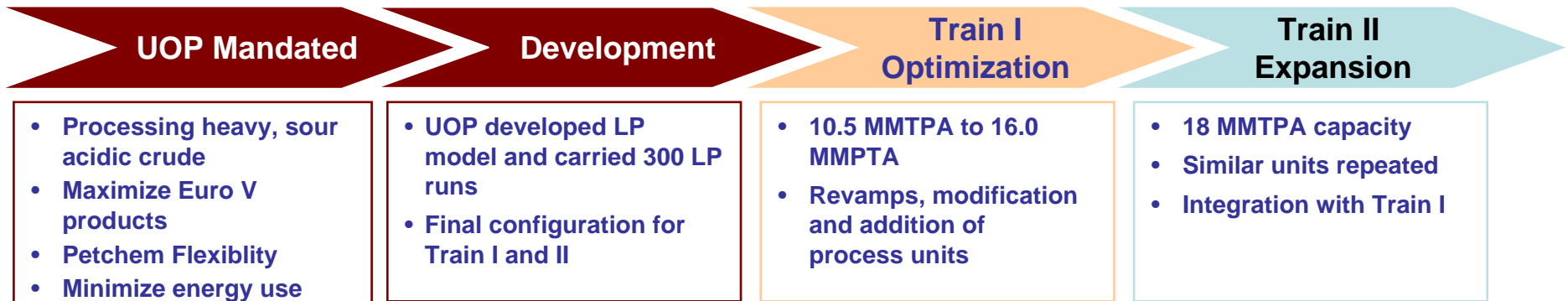
			Rs. In Crore
Particulars	May- June, 2008	July -Sept, 2008	May- Sept, 2008 (5 months)
Crude Processed (MMT)	2.06	3.37	5.43
Net Income from Operation	8779	13717	22496
Other Income	22	23	45
Cost of Goods Sold	8159	12855	21012
GRM \$ / bbl	12.54	6.59	9.25
EBIDTA	326	491	817
Interest	164	268	432
Depreciation	115	183	298
Profit before Tax	47	40	87
Tax (including deferred tax)	17	14	31
Profit after Tax	30	26	56

10.5 MMTPA to 34MMTPA – Expansion Project

Particulars	Upto June 2008	Upto Sept 2008
Basic Engineering	98.61%	98.61%
Detailed Engineering	29.63%	47.54%
Procurement	31.72%	40.48%
Construction	1.00%	2.18%



Project Schedule



Project is on track to complete Expansion as per Schedule by Dec, 2010

- **Project cost – USD 6.00 bn**
- **Promoters have already infused equity of USD 300 million**
- **Loan sanctioned & approved – USD 4.55 bn**
- **Balance from internal accruals to be brought in progressively**
- **USD 100 million debt already disbursed and utilised**
- **LC Facility of Rs. 2000 crore in place, utilised Rs 1450 crore**

Thank you