

EOL/SEC/7442

October 25, 2013

Bombay Stock Exchange Limited
Department of Corporate Services
PhirozeJeejeebhoy Towers, Dalal Street
Mumbai - 400001 (Stock code - 500134)

National Stock Exchange of India Limited
Exchange Plaza, Plot no.C/1, G. Block
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051 (Stock code - ESSAROIL)

Essar Oil Limited
Equinox Business Park
Tower - 2
Off Bandra Kurla Complex
L.B.S. Marg, Kurla West
Mumbai 400 070.
India

T +91 22 6733 5000
F +91 22 6708 2183
www.essar.com

Sir/s,

**Sub.: Press Release on Financial Results for the quarter and six months ended
September 30, 2013**

Enclosed please find the press release being made to the media after release of the Unaudited Financial Results for the quarter and six months ended September 30, 2013.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully
for **ESSAR OIL LIMITED**



SHEIKH S SHAFFI
COMPANY SECRETARY

- cc: 1) National Securities Depository Ltd.
2) Central Depository Services (India) Ltd.
3) IDBI Trusteeship Services Ltd., Debenture Trustee
4) Overseas Depository to GDS, The Bank of New York Mellon
5) Datamatics Financial Services Ltd., Transfer Agent.

For Immediate Release

**ESSAR OIL REPORTS HIGHEST EVER CRUDE THROUGHPUT AND TURNOVER;
PROFITABILITY IMPACTED BY LOWER REFINING MARGINS**

H1FY14 Highlights

- Highest ever half yearly revenues at Rs 52,113 crore, up 15% over H1FY13
- Highest ever half yearly throughput at 10.32 MMT, up 8% over H1FY13. H1FY14 capacity utilisation stands at 103%
- IEA Benchmark Margins drop sharply to negative \$0.9/bbl in H1FY14 from \$1/bbl in H1FY13, adversely impacting the financial results. H1FY14 Current Price Gross Refining Margins (CP GRM) at \$6.97/bbl compared to \$6.41/bbl in H1FY13.
- EBIDTA at Rs 1,447 crore; up 69% over H1FY13
- Refinery crosses 2,000 LTI free days; 2008 as on 30th September

Q2FY14 Highlights

- Highest ever quarterly gross revenues at Rs 27,392 crore, up 19% over Q2FY13
- Highest ever throughput at 5.18 MMT; up 2% over Q2FY13
- IEA Benchmark Margins drop sharply to negative \$1.3/bbl in Q2FY14 from \$2.46/bbl in Q2FY13, impacting the financial results. Q2FY14 CP GRM at \$6.93/bbl Vs \$7.86/bbl in Q2FY13
- EBITDA at Rs 1,033 crore, down 12% over Q2FY13; impacted due to lower refinery margins
- Sales mix impacted by timely monsoon leading to higher exports of diesel

Mumbai, October 25, 2013: Essar Oil, India's second largest private refiner, today reported excellent operational performance for the half year and quarter ended September 30th 2013.

Gross revenues for the six month period surged to Rs 52,113 crore, up 15% from Rs 45,131 crore reported in H1FY13. The refinery continued to operate well above its rated capacity, delivering a throughput of 10.32 MMT for the period, up 8% from the corresponding period last fiscal.

EBIDTA for the period stood at Rs 1,447 crore, up 69% from Rs 853 crore reported H1FY13.

Profit after tax stood at negative Rs 934 crore, against negative Rs 1,413 crore in H1FY13.



During the first half of the current fiscal, Vadinar Refinery processed 92% heavy and ultra heavy crude in its crude diet, against 85% in H1FY13. Production of higher margin light and middle distillates during the same period was 84%, against 82% in H1FY13. On the back of robust operating performance, product yield, and crude mix, CP GRM stood at \$6.97/bbl, against \$6.41/bbl in H1FY13, up 9%, despite reduction in benchmark IEA margins by \$1.9/bbl (IEA margins for the six month period ending Sep'13 quarter was negative \$0.9/bbl against positive \$1.0/bbl for Sep '12).

Quarterly performance

Gross revenue for the July-September 2013 quarter was at all time high of Rs 27,392 crore, which was up 19% from Rs 23,023 crore reported in Q2FY13.

For the quarter, Essar Oil reported Current Price Gross Refining Margin of \$6.93 per barrel, compared to \$7.86 per barrel in Q2FY13, mainly due to sharp reduction in benchmark IEA margins by \$3.76/bbl during the quarter (IEA margins for Sep'13 quarter was negative \$1.30/bbl against positive \$2.46/bbl). Negative diesel demand growth in domestic market on the back of heavy, timely, and extended monsoon this year led to substantial increase in diesel exports, further impacting margins adversely.

The EBITDA for the reporting quarter was at Rs 1,033 crore, compared to Rs 1,169 crore in Q2 FY13. EBITDA was impacted due to lower GRM. The Profit After Tax was negative Rs 71 crore versus a profit of Rs 105 crore in the same period last year due to lower EBITDA.

During the quarter, Vadinar Refinery processed 5.18 MMT of crude, up 2% over Q2FY13, indicating a capacity utilization of 104%.

"We continue to operate our refinery in a highly optimized manner and this is the fifth consecutive quarter post expansion that the refinery is operating at over its nameplate capacity. Despite a sharp reduction in benchmark margins by about \$3.8/bbl, our GRMs have been only marginally impacted. Our GRM premium over the IEA benchmark expanded to \$8.23/bbl during the quarter, against \$5.4/bbl in Q2FY13. With clarity emerging on deregulation of diesel, we are now looking at expanding our retail network, which going forward will be a big value booster for the company," said **Mr. L.K. Gupta, MD & CEO, Essar Oil.**



Mr. Suresh Jain, CFO, Essar Oil said, “We have maintained strong operating performance with record throughput and revenue. EBITDA has been impacted due to lower refinery margins. Benefits of debt dollarization, along with rationalisation of other financial charges like hedging and working capital has begun reflecting in our lower interest and financial charges.”

Operating and Financial Performance: Key Indicators

	H1FY14	H1FY13	% change	Q2FY14	Q2FY13	% change
Throughput (in MMT)	10.32	9.55	8	5.18	5.07	2
Gross Revenue (in Rs crore)	52,113	45,131	15	27,392	23,023	19
EBIDTA (in Rs crore)*	1,447	853	69	1,033	1,169	(12)
Profit After Tax (in Rs crore)	(934)	(1413)	-	(71)	105	-
CP GRM (in \$/bbl)	6.97	6.41	9	6.93	7.86	(12)

* EBIDTA includes forex variations

Optima Plus Project

Essar Oil is undertaking a series of low capex and short gestation optimization projects across its refinery and marketing value chain under the banner of Optima Plus, which upon completion would provide a GRM uplift of about \$1-1.5 per barrel over a period of next three years. These projects include setting up one more Hydrogen Manufacturing Unit and facilities for conversion of existing VGO into more valuable distillates.

Marketing Operations

Due to various factors like good monsoon and price rise, diesel demand growth has remained subdued in the country, resulting in increased exports. During the quarter, Essar Oil realised 54% of its revenues from exports, against 30% in Q2FY13. The company has re-entered the bulk diesel market, which has been deregulated.



The company sees good potential in retail for value creation as the country moves towards deregulation of diesel. Essar Oil has about 1,400 retail outlets across the nation, with another 200 in various stages of commissioning, and is now considering further expansion plans in view of reasonable certainty of deregulation of diesel in future. It has invited expression of interest from interested parties to open Essar Oil branded retail outlet and is in the process of finalising the next phase of its retail expansion plans.

With two CNG pumps opened during the quarter, 34 Essar Oil pumps now offer multi fuel options to customers.

Exploration & Production

At Essar Oil's flagship Raniganj CBM block, current gas production is around 100,000 standard cubic metres per day (scm/d). We have drilled 170 wells and completed hydrofracturing of 155 wells. Peak production is expected to be about 3.00 mmscmd. We are planning to appoint an expert agency to accelerate our drilling program. We have invested around Rs 1,775 crore as of September, 2013 while the total investment is expected to be Rs 3,500 crore.

With the new gas price regime kicking in from April 1st, 2014, gas price is expected to be much better from current \$4.2 /mmbtu. We see this as a welcome reform by the GOI which would boost investments in the E&P sector followed by ramp up in production, curb expensive imports, promote exploration and increase government revenues. This will also be positive for E&P companies as their profitability increases and also the new gas fields will become viable thereby boosting the domestic gas production.

Appointment

Essar Oil board today approved the appointment of Mr. Sushil Maroo as a director of the company. Mr Sushil Maroo, a chartered accountant with over 30 years of business experience, has recently joined Essar Energy, the parent company of Essar Oil, as its CEO.

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About Essar Oil

- Essar Oil is a fully integrated oil & gas company of international scale with strong presence across the hydrocarbon value chain from exploration & production to refining and oil



retail. Essar Oil owns India's second largest single site refinery having a capacity of 20 MMTPA and complexity of 11.8, which is amongst the highest globally. It has a portfolio of onshore and offshore oil & gas blocks with about 1.7 billion barrels of oil equivalent in reserves & resources. There are more than 1,600 Essar-branded oil retail outlets in various parts of India.

- IEA benchmark margins referred in this release are IEA Singapore Complex Refinery Margins, calculated on old methodology.

About Essar

Essar is a US\$ 39-billion multinational corporation with investments in Steel, Energy, Infrastructure and Services. With operations in more than 25 countries, it employs over 73,000 people.

Media Contacts:

Rabin Ghosh, Corporate Communications, (Mumbai)

Tel: 91 99 301 36268, email: rabin.ghosh@essar.com

Adfactors PR

HiralVora, (Mumbai): +91 97 699 98892, hiral.vora@adfactorspr.com

Investor Relations:

Suresh Jain, Chief Financial Officer, Essar Oil Ltd

Email: suresh.jain@essar.com

Pramod Bhandari, Head-Investor Relations, Essar Oil Ltd

Tel: +91 98197 30915, Email: pramod.bhandari@essar.com

