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Essar Oil Limited: An Overview

Exploration

- 2P reserves of 83 mmboe
- 2C and prospective resources: 167 mmboe
- Raniganj Block to begin sales by March 2010
- Total unrisked resources (in place): 933 mmboe

Refining

- Strategically located on the west coast of India at Vadinar
- Started commercial production in May’08
- Currently operating at 14 MMTPA capacity
- Capability to meet new products specs in Indian Market (Effective from April, 2010)
- Direct Tie-ups with National Oil Companies for sourcing of Crudes

Marketing

- Well defined distribution strategies with products off-take agreements with PSUs for more than 60% of Production
- Pan India presence of 1293 retail outlets as of 31 Dec’09
- Well positioned to capture petroleum retail growth opportunity
- Developing strategy for international distribution
Key Highlights

- Domestic demand of petroleum products accelerated to 5.1% as compared to 3.6% in the 9 months ended Dec 2009 & 2008 respectively

- Supply deficit for major refined products expected in the Indian market from 2016 -17 according to company estimates

- Indian regulatory regime moving towards deregulation of the petroleum product prices

- Global demand expected to grow in 2010

- GRMs to improve further due to allocation of Natural Gas and availability of Mangala Crude in 2010

- Further optimization of Phase I configuration - Capacity to go up to 18 MMTPA

- Capex per complexity/bbl down from $1067/bpd to $945/bpd

- Phase I on track for completion by March 2011

- Phase II Expansion plans aligned with projected supply deficit in India

- Financial closure by Q3 2010 and completion by March 2013
Contents

- Revival of Global Economy
- Exploration & Production
- Refinery Expansion Project
- Operational Highlights
- Financial Highlights
- Key Value Drivers
Global oil demand on the rise in line with the revival of the global economy

Source: IMF

Source: IEA
... Accelerating Indian Growth

Infrastructure Spending

CAGR (2007 - 2012) = 21.6%

Indian Auto Sales Growth %

Robust domestic consumption and growing infrastructure expenditure by the government driving the Indian growth

Source: Estimates made by the Planning Commission of India for the 11th Plan period (2006-07 to 2011-12)

Source: Society of Indian Automobile Manufacturers (SIAM)
Indian petroleum products demand demonstrates excellent growth in line with India’s GDP growth.
Exploration & Production
A high impact global E&P platform

Global upstream
- 2P reserves of 833mmboe
- 2C and prospective resources of 1.0tcf
- High impact development pipeline
- Highly prospective exploration portfolio—unrisked resource base of 933mmboe

**Mumbai Offshore**¹
- 50% joint operators interest in Mumbai offshore exploration block won under NELP VII
- Unrisked resources: 185bcf (31mmboe)

**Nigeria**¹
- 100% interest in offshore block OPL 226
- Unrisked resources: 160mmboe (oil)

**Madagascar**¹
- 100% interest in 2 operation blocks

**Ratna & R-Series**
- 50% interest
- 2P reserves: 81mmboe (90% oil, 10% gas)
- Operational: Dec-11
- Peak production: 29kbpd

**CBM, Raniganj**
- 100% interest
- Reserves & resources: 1.0tcf CBM gas (167mmboe)
- Operational: Mar-10
- Peak production: 3.5mmscm/day

**Vietnam**¹
- 100% interest in block 114
- Unrisked resources: 1.0tcf gas (167mmboe)

**Assam**²
- 100% interest in two exploration blocks
- Unrisked resources: 10mmboe (oil)

**Indonesia**¹
- 49.5% interest in South East Tungkal block
- Unrisked resources: 30mmboe (oil)

**Australia**¹
- 100% interest in the field NT-P/77 & P-78

**Mehsana**
- 70% holding
- 2P reserves: 2mmboe (oil)
- In operation

**Rajmahal**
- 100% interest in CBM block
- Unrisked resources: 3.2tcf CBM gas (535mmboe)
- As per DGH

Subject to necessary approvals for transfer to EOL
90% share under transfer to EOL
Unrisked resources and Mehsana reserves based on company information and company estimates
## Operational assets & Near term developments

<table>
<thead>
<tr>
<th>Block</th>
<th>Country</th>
<th>Operational</th>
<th>% holding</th>
<th>Operator</th>
<th>Oil (MMBoe)</th>
<th>Gas (bcf)</th>
<th>Total (MMBoe)</th>
<th>Peak production</th>
<th>Certification of reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratna &amp; R-Series</td>
<td>India</td>
<td>Dec-11</td>
<td>50%</td>
<td>Joint</td>
<td>73¹</td>
<td>45¹</td>
<td>81¹</td>
<td>29,000 bpd</td>
<td>Scott Pickford</td>
</tr>
<tr>
<td>Mehsana, Gujarat</td>
<td>India</td>
<td>In operation</td>
<td>70%</td>
<td>EOL</td>
<td>2¹</td>
<td>–</td>
<td>2¹</td>
<td>–</td>
<td>Internal</td>
</tr>
<tr>
<td>Raniganj CBM</td>
<td>India</td>
<td>Mar-10</td>
<td>100%</td>
<td>EOL</td>
<td>–</td>
<td>1,000²</td>
<td>167²</td>
<td>3.5 MMSCMD</td>
<td>NSAI</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>75</strong></td>
<td><strong>1,045</strong></td>
<td><strong>250</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Raniganj, CBM**

- 15 CBM production test wells drilled to date; gas flow commenced.
- Plan to drill 500 wells over the life of the project
- Infrastructure & pipelines work under way.
- Sale of test production by end Mar-2010, commercial production expected by Dec-2010
- Peak production 3.5 MMSCMD expected in FY2013.
- Gas price approval from GOI: proposal submitted to MOPNG, approval expected shortly.

**Ratna & R- Series**

- PSC and other related agreements are expected to executed by end June, 2010

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1 Certified 2P reserves for Ratna & R-Series fields. Estimates for Mehsana are based on internal company assessment.
2 2C and prospective resources
Refinery expansion Project
# Refinery Expansion

<table>
<thead>
<tr>
<th>Period</th>
<th>March 2010</th>
<th>March 2011</th>
<th>March 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particular</td>
<td>Operational Refinery</td>
<td>Phase – I</td>
<td>Phase – II</td>
</tr>
</tbody>
</table>

## Refinery Details

<table>
<thead>
<tr>
<th>Complexity</th>
<th>MMTPA</th>
<th>Complexity</th>
<th>MMTPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>14.0</td>
<td>11.8</td>
<td>18.0</td>
</tr>
<tr>
<td>12.8</td>
<td>36.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earlier</td>
<td>16 MMTPA</td>
<td>Earlier</td>
<td>34 MMTPA</td>
</tr>
</tbody>
</table>

| API (Density) Avg. | 32.3 | 24.8 | 24.0 |
| Sulphur % Avg.    | 1.6% | 3.0% | 3.0% |
| Product Grade     | Euro III / IV | EURO IV / V | EURO V/US spec/ CARBS |
18MMTPA Expansion on Track:
Overall 41% completed

- All Basic Engineering Completed
- Short / Long Lead items’ Datasheets issued for procurement

- Model reviews completed
- Drawings released major civil works in ISBL units.
- Structural steel, piping drawings issued.

- All long lead items ordered
- Balance items to be ordered by Q4 FY ’10
- Bulk material from model review released for ordering and 60% of pipes materials ordered.
- Delivery of piping materials is started and total 25% of pipes received at site.

- OSBL pipe rack is advanced stage of completion and released partly for piping erection.
- ISBL Pipe rack concreting work in progress and nearing completion.
- 186,000 M³ of concreting completed out of 373,000 M³
- 4700 MT Structural Steel fabricated & 1300 MT erected
- 16,500 MT of tankages work completed
Increasing profitability and flexibility

Crude Mix

Product Slate

Nelson Complexity Index

Source – Market research

*Crude with API < 24, tan >1 (acidic)
Operational Highlights
Operational Highlights

**Crude Optimization**

<table>
<thead>
<tr>
<th></th>
<th>QE01208</th>
<th>Full Year - 09</th>
<th>QE0909</th>
<th>QE1209</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughput (mmt*)</td>
<td>3.21</td>
<td>11.95</td>
<td>3.63</td>
<td>3.51</td>
</tr>
<tr>
<td>Capacity Utilisation (%)</td>
<td>122%</td>
<td>124%</td>
<td>138%</td>
<td>134%</td>
</tr>
</tbody>
</table>

**Product Slate**

<table>
<thead>
<tr>
<th></th>
<th>QE01208</th>
<th>Full Year - 09</th>
<th>QE0909</th>
<th>QE1209</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy &amp; Sour</td>
<td>20%</td>
<td>46%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Light &amp; Sweet</td>
<td>80%</td>
<td>54%</td>
<td>66%</td>
<td>66%</td>
</tr>
</tbody>
</table>

**Off-take**

<table>
<thead>
<tr>
<th></th>
<th>QE01208</th>
<th>Full Year - 09</th>
<th>QE0909</th>
<th>QE1209</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>22%</td>
<td>26%</td>
<td>24%</td>
<td>30%</td>
</tr>
<tr>
<td>PSUs</td>
<td>70%</td>
<td>65%</td>
<td>64%</td>
<td>56%</td>
</tr>
<tr>
<td>Direct/ Bulk</td>
<td>3%</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Retail</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

* throughputs

Source: Company
Financial Highlights
## Financial Results

All fig in USD Mn

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Dec-08</th>
<th>Cumulative Dec-08</th>
<th>Quarter Sep-09</th>
<th>Quarter Dec-09</th>
<th>Cumulative Dec-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughput - Million Ton</td>
<td>3.21</td>
<td>8.64</td>
<td>3.63</td>
<td>3.51</td>
<td>9.90</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from operation</td>
<td>2,030</td>
<td>7,188</td>
<td>2,371</td>
<td>2,430</td>
<td>6,481</td>
</tr>
<tr>
<td>Less : Excise duty &amp; Taxes</td>
<td>249</td>
<td>649</td>
<td>336</td>
<td>318</td>
<td>938</td>
</tr>
<tr>
<td>Net Income from operation</td>
<td>1,781</td>
<td>6,539</td>
<td>2,035</td>
<td>2,112</td>
<td>5,543</td>
</tr>
<tr>
<td>Other Income</td>
<td>9</td>
<td>28</td>
<td>9</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Total Income</td>
<td>1,790</td>
<td>6,567</td>
<td>2,044</td>
<td>2,120</td>
<td>5,568</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>1,744</td>
<td>6,113</td>
<td>1,923</td>
<td>2,038</td>
<td>5,196</td>
</tr>
<tr>
<td>Operating Expenditure</td>
<td>63</td>
<td>149</td>
<td>61</td>
<td>70</td>
<td>193</td>
</tr>
<tr>
<td>Forex Loss/( Gain)</td>
<td>141</td>
<td>288</td>
<td>(17)</td>
<td>(36)</td>
<td>(88)</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,947</td>
<td>6,551</td>
<td>1,967</td>
<td>2,072</td>
<td>5,301</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(159)</td>
<td>16</td>
<td>77</td>
<td>48</td>
<td>267</td>
</tr>
<tr>
<td>Interest &amp; Finance Charge</td>
<td>72</td>
<td>164</td>
<td>61</td>
<td>61</td>
<td>183</td>
</tr>
<tr>
<td>Operational Cash Profit</td>
<td>(229)</td>
<td>(147)</td>
<td>15</td>
<td>(12)</td>
<td>84</td>
</tr>
<tr>
<td>Depreciation</td>
<td>39</td>
<td>102</td>
<td>39</td>
<td>39</td>
<td>116</td>
</tr>
<tr>
<td>PBT</td>
<td>(269)</td>
<td>(249)</td>
<td>(24)</td>
<td>(51)</td>
<td>(33)</td>
</tr>
<tr>
<td>Tax</td>
<td>(6)</td>
<td>0</td>
<td>(4)</td>
<td>(3)</td>
<td>(0)</td>
</tr>
<tr>
<td>PAT</td>
<td>(262)</td>
<td>(250)</td>
<td>(20)</td>
<td>(48)</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>GRM (USD/bbl)</strong></td>
<td>$ 2.26</td>
<td>$ 6.41</td>
<td>$ 4.00</td>
<td>$ 2.21</td>
<td>$ 4.13</td>
</tr>
</tbody>
</table>

USD/INR: 47
Key Value Drivers

E&P
- CBM – Raniganj to start sale of CBM Gas by March ‘10

Refining
- Existing Refinery to optimize its profitability;
  - Processing of Mangala Crude from April, 2010
  - Utilization of Natural Gas from April, 2010
- Phase – I Expansion to increase the throughput to 18 MMTPA & slated to complete by March, 2011
- Phase – II expansion to increase throughput to 36 MMTPA & expected to complete by March, 2013

Distribution
- Expansion of Retail Outlets to 1500
- Deregulation of Petroleum Products (MS/HSD) by Govt.
- International distribution capability

Execution of PSC for Ratna & R-series
Thank you