ESSAR OIL REPORTS STRONG FINANCIALS

Key Highlights for Q3FY13 Vs Q3FY12

- Current Price Gross Refining Margin up 350% to $9.75/bbl Vs $2.82/bbl
- EBITDA up 8 times to Rs 1,242 crore, from Rs 148 crore
- Gross revenues up 86% to Rs 25,909 crore
- PAT at Rs 32 crore Vs loss of Rs 362 crore
- Refinery operation at 20MMTPA fully stabalised - throughput at 5.14MMT, up 83%
- 2.8 times increase in processing of Ultra Heavy Crude to 67% Vs 24%
- Middle and Light distillate up at 85% of product slate, compared to 69%
- Production at Raniganj CBM block at ~55,000 scmd; block development program put on fast track; 120 wells drilled

Mumbai, January 15, 2013: Essar Oil, India's second largest private refiner and part of UK listed Essar Energy plc, today reported Current Price Gross Refining Margin of $9.75 per barrel, for the October-December 2012 quarter (Q3FY13), up 350% compared to $2.82 per barrel in Q3FY12 reflecting the higher complexity benefits post completion of expansion and optimization projects. The gross revenues for Q3FY13 stood at Rs 25,909 crore, up 86% over Rs 13,897 crore reported in Q3FY12; while EBITDA was up 8.4 times at Rs 1,242 crore compared to Rs 148 crore in Q3 FY12. Profit After Tax for the quarter was at Rs 32 crore versus a loss of Rs 362 crore in the same period last year.

The Vadinar Refinery, at 20 MMTPA capacity and 11.8 complexity, is India's second largest single site refinery and amongst the most complex globally for a facility of this scale. During the quarter, Vadinar Refinery processed 5.14 MMT of crude, up 83% over Q3FY12 (during the corresponding quarter last year, the refinery had a 22-day shutdown, as a part of a scheduled 35-day planned shutdown for maintenance and synching of new units). The refinery is now functioning at over its nameplate capacity of 20 MMTPA with all units stabilized.

Share of Ultra Heavy Crude in the refinery's crude diet rose almost three fold to 67% from the corresponding quarter last year and production of valuable Middle and Light distillates improved to 85% of the refinery's product slate from 69**%** over the same period last year. Heavy and Ultra Heavy Crude constituted 84% of the refinery's crude diet during the quarter, against 74% in Q3FY12.

Talking on the results, **Mr. LK Gupta, EOL's Managing Director and CEO** said: "Our Vadinar Refinery has demonstrated excellent operating performance during the quarter post completion of its expansion & optimization projects. With the differential of Heavy and Ultra Heavy crude price widening over the lighter variety, complex refineries like us, who on one hand are able to process lower price Ultra Heavy and Heavy Crude and yet produce high value products, are realizing the gains of higher complexity. Going forward, we will continue to optimize our crude diet and product slate further to improve our earnings, creating greater stakeholder value."

Mr. Suresh Jain, CFO, Essar Oil said**,** "With CP GRM continuing to remain firm, the company has witnessed major jump in its overall earnings performance in the third quarter. Our EBIDTA and PAT would have been higher by Rs 260 crores in this quarter if not for the foreign exchange gain accounted in the previous quarter which showed up as lower sales realization during the quarter. We are clearly focused on creating shareholder value now that the sales tax matter is behind us and no major capex plan is on the agenda."

Quarterly highlights:

	Q3FY12	Q3FY13	% Change
Throughput (in MMT)	2.81	5.14	83
Gross Revenue (in Rs crore)	13,897	25,909	86
EBIDTA (in Rs crore)	148	1,242	739
Profit After Tax (in Rs crore)	(362)	32	-
CP GRM (in $/bbl)	2.82	9.75	246

Nine-Month Performance:

The company reported strong revenue growth of 61% in the nine-months ended 31st December 2012 with revenues of Rs 71,040 crore, against Rs 44,180 crore in the same period a year ago period.

EBITDA for the nine-month period ending 31st December 2012 jumped 187% to Rs 2,095 crore from Rs 729 crore registered in the corresponding period a year ago. PAT for the nine-month period was negative Rs 1,380 crore against negative Rs 677 crore in the corresponding period of last fiscal.

MARKETING OPERATIONS:

Essar Oil continues to focus on the domestic market, with domestic sales contributing 60% to its revenues during the quarter.

Essar Oil has over 1,400 retail outlets across the nation, with another 200 more in various stages of commissioning. Petrol price deregulation has resulted in retail sales increasing by 50% over the corresponding quarter last year. With the government steadily moving towards full deregulation of auto fuels, this will create great value for our retail business.

With six ALPG and CNG pumps opened during the quarter, 26 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 55,000 standard cubic metres per day (scm/d), against 30,000 scmd a year ago. The company has completed drilling 120 wells. Environment Clearance III approvals for 618 wells is in progress.

Essar Oil is putting the block development on fast track development. The first Gas Gathering Station (GGS) is operational with another two in various stages of commissioning. Forty eight km long pipeline catering to Durgapur Industrial Area is operational with another 20 kms of pipeline to Matix already laid. A total of 60 wells are connected to the GGS through 43 kms of infield pipelines.

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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.

About Essar Group

The Essar Group is a multinational conglomerate and a leading player in the sectors of Steel, Energy, Infrastructure and Services. With operations in more than 25 countries across five continents, the Group employs 75,000 people, with revenues of US$ 27 billion.

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