

For Immediate Release

Essar Oil Reports Excellent All Round Performance

Q3FY14 Highlights

- EOL's premium over benchmark IEA margins for Q3FY14 reached a high of \$9.33/bbl. However, Q3FY14 Current Price Gross Refining Margin (CP GRM) at \$7.93/bbl Vs \$9.75/bbl in Q3FY13 on back of reduction of \$2.16/bbl in the benchmark IEA Margins.
- Gross revenues up 6% to Rs 27,385 crore
- Throughput at 4.86 MMT for 85 days, post ~7-day planned shutdown in Nov '13
- EBITDA at Rs 1,202 crore vs Rs 1,241 crore in Q3FY13
- PAT up 63% to Rs 52 crore Vs Rs 32 crore in Q3FY13
- Essar Energy, the parent company, converted FCCBs worth \$262 million into equity shares of EOL

Nine- Months Highlights

- Gross revenue up 12% to Rs 79,498 crore
- Throughput up 3% to 15.18 MMT
- Premium over benchmark increased to 8.37/bbl for 9MFY14 from \$6.87 /bbl in 9MFY13. CP GRM at \$7.27/bbl Vs \$7.57/bbl in 9MFY13
- EBIDTA up 27% at Rs 2,650 crore vs Rs 2,094 crore in Q3FY13
- Dollarized ~900 million of its rupee debt through ECBs & Swaps
- Refinery achieves 2100 LTI free days as on 31st December, 2013

Mumbai, Feb 10, 2014: Essar Oil, India's second largest private refiner, reported its highest ever GRM premium over the benchmark IEA margin at \$9.33 /bbl during the quarter ending Dec 31, 2013.

Essar Oil's Current Price Gross Refining Margin (CP GRM) for the October-December 2013 quarter (Q3FY14) stood at \$7.93/ bbl, compared to \$9.75 per barrel in Q3FY13. Benchmark IEA Margin during the quarter was minus \$1.4/bbl versus \$0.76 in the corresponding quarter last year.

Gross revenues for Q3FY14 stood at Rs 27,385 crore, up 6% over Rs 25,909 crore in Q3FY13. EBITDA at Rs 1,202 crore was almost at the same level compared to Rs 1,241 crore in Q3FY13. Profit after Tax for the quarter was up 63% to Rs 52 crore against Rs 32 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 4.86 MMT of crude, which was lower than 5.14 MMT in the corresponding period last year, due to a planned ~7 day shutdown in Nov '13.

Taking advantage of the increased spread between light and heavy crude, Vadinar Refinery processed 98% of Heavy and Ultra Heavy Crude in its crude diet, which is the highest ever. During the quarter, Arab heavy and light differential rose 22% sequentially. In spite of processing such a high proportion of Heavy and Ultra Heavy crude, production of valuable Middle and Light distillates stood at 84% of the refinery's product slate.

Nine Month Performance

For the nine month period ending Dec 31, 2013, Essar Oil reported strong revenue growth of 12% to Rs 79,498 crore, against Rs 71,040 crore reported during the same year ago period. Throughput during the nine month period was up 3% to 15.18 MMT.

EBITDA for the nine-month period ending 31st December 2013 jumped 27% to Rs 2650 crore from Rs 2,094 crore in 9MFY13. PAT was negative Rs 882 crore against negative Rs 1,381 crore in 9MFY13.

Talking on the results, **Mr. L.K. Gupta, Managing Director and CEO, Essar Oil**, said: "We had an excellent quarter during which we demonstrated further improvement in all our operational areas, from refinery to marketing to finance. In spite of benchmark margins continuing to languish due to lower gasoline and fuel oil cracks, Essar Oil has delivered very

good margins. Our premium over the benchmark IEA margins at \$9.33/bbl is at an all time high, demonstrating benefits of higher complexity.”

Mr. Suresh Jain, CFO, Essar Oil said, “We have witnessed a stable quarter both in terms of oil prices and foreign exchange. In spite of a planed shutdown of about 7 days, we improved our topline and bottomline, demonstrating all round operational excellence. We are progressing well on dollarisation of our rupee debt to reduce our interest cost, which has already begun to show a declining trend, and have dollarized ~\$900 million worth of rupee debt through ECBs and Swaps.”

Operating and Financial Performance: Key Indicators

	9MFY14	9MFY13	% change	Q3FY14	Q3FY13	% change
Throughput (in MMT)	15.18	14.69	3	4.86*	5.14	-5
Gross Revenue (in Rs crore)	79498	71,040	12	27385	25,909	6
Premium over Benchmark IEA Margins (in \$/bbl)	8.37	6.87	22	9.33	8.99	4
CP GRM (in \$/bbl)	7.27	7.57	-4	7.93	9.75	-19
EBIDTA (in Rs crore)**	2650	2094	27	1202	1,241	-3
Profit After Tax (in Rs crore)	(882)	(1381)	-	52	32	63

* Lower due to ~7 day planned shutdown during the quarter

** EBIDTA includes forex variations

Marketing Operations

During the quarter, Essar Oil realized 58% of its revenues from the domestic market, against 44% in the immediate past quarter on account of improved domestic demand for gasoil.

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. The company is now actively considering expansion plans in retail in view of reasonable certainty of deregulation of diesel in the future.

Exploration & Production

At our flagship Raniganj CBM block, current gas production is around 120,000 standard cubic metres per day (scm/d), which is being sold locally through pipeline and cascades. About 183 wells have been drilled, with ~120 wells in production.

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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 MMTA 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