

Essar Oil Completes Optimisation Project; Capacity Increased To 20MMTPA

- **Refinery Optimisation Project completed four months ahead of schedule**
- **Completion of Optimisation Project marks the end of the capex cycle; Company now geared to enjoy significant upside in margins**
- **Vadinar Refinery accounts for about 10 per cent of India's refining capacity.**
- **Invested over Rs 10,000 crore in expanding capacity to 20MMTPA and improving complexity to 11.8**
- **Vadinar Refinery amongst most advanced refineries worldwide**
- **Total investment till date at Vadinar approximately Rs 24,000 crore for 20 MMTPA**
- **Capital cost at Vadinar Refinery half the global average for capacity creation**
- **Refinery now capable to process over 80% of ultra heavy and heavy crude in its crude diet and produce higher grade products like Euro IV and Euro V compliant Gasoline and Gasoil to cater to the domestic and international markets**

Vadinar, June 5th, 2012: Essar Oil, India's second largest private refiner, today announced that it has completed its Optimisation Project, which has taken the capacity of its Vadinar Refinery in Gujarat to 20 MMTPA, or 405,000 barrels per day. The Optimisation Project has been completed four months ahead of schedule.

Essar Oil had completed the Refinery Expansion Project to raise its nameplate capacity to 18MMTPA from 10.5 MMTPA on March 29th 2012 with an investment of Rs 9100 crore. For Optimisation Project, Essar Oil has invested an additional Rs 1,700 crore, taking the total investment at Vadinar Refinery to approx. Rs 24,000 crore. The company now accounts for about 10 per cent of India's total refining capacity.

Essar Oil has set up the refinery at a low capital cost of \$12,746 per barrel, which is about half the global average.

“We are very happy to announce the completion of our Optimisation Project much ahead of schedule. This is a testimony to the untiring commitment of the Essar Oil team as well as teams from other



Essar Group companies who worked seamlessly under highly demanding conditions. With this commissioning, our capex cycle has now come to an end and we are fully geared to deliver the value of our investments to all our stakeholders,” said Lalit Gupta, MD & CEO, Essar Oil.

“It is a proud moment for us as we have proved our mettle by commissioning and stabilising production of such a large facility in a record time and ahead of schedule. Our operating costs are amongst the lowest worldwide and with the completion of Optimisation Project we have significantly moved up in the refining value chain,” said C. Manoharan, Director – Refinery, Essar Oil.

Under the Optimization Project, Visbreaker Unit has been converted in to Crude Distillate Unit to process ultra heavy / tough crude on standalone basis, which will drive significant improvement in economics. Secondary units required to support additional throughput along with other supporting infrastructure (pipelines, tankages, blending facility etc) are also completed as a part of Optimization Project.

Vadinar Refinery now has the capability to process much heavier crude diet. The share of ultra heavy crude will go up to 60%, and as a result, the overall share of heavy and ultra heavy crude will go upto 80% of the refinery's total crude basket. The company has already entered into long-term crude sourcing contract with global suppliers, including several national oil companies from Latin America.

In terms of product yield, the Vadinar Refinery now has the flexibility to produce higher value, high-quality products, including gasoline (petrol) and gas oil (diesel) conforming to Euro IV and Euro V norms, that have growing acceptance in both domestic and international markets. Close to 80% of its production will now be of valuable light and middle distillates; and more than 50% of the production of gas oil (diesel) and gasoline (petrol) will meet Euro IV and Euro V specifications. EOL is targeting newer markets such as Australia, New Zealand and north-west Europe, in addition to countries in the Indian subcontinent for exporting high-quality fuels. However Essar Oil will continue to market a majority of its products in the domestic market.

The Vadinar refinery benefits from a fully integrated infrastructure including India’s only captive coal fired power plant (nearing completion) to provide power and process steam, a port, pipelines and tankage with multi modal product dispatch facilities through rail, road, and sea, giving it a unique cost advantage.

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. It has a global portfolio of onshore and offshore oil & gas blocks, with about 2.1 billion barrels of oil equivalent in reserves & resources. Essar Oil now has 405,000 bpsd (barrels per stream-day) of crude refining capacity. 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 over US\$ 27 billion.

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