

ESSAR OIL COMPLETES REFINERY EXPANSION PROJECT

- **Essar Oil announces completion of refinery expansion project with the commissioning of Delayed Coker Unit (DCU), amongst the world's largest**
- **Vadinar Refinery, now India's second largest single-location refinery, and among the world's most complex refineries, with 18 MMTPA capacity and 11.8 complexity**
- **Expansion to enable the refinery to take 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**
- **Optimisation project to further expand refinery capacity to 20 MMTPA by September 2012**

Mumbai, March 29, 2012: Essar Oil Ltd (EOL) today announced the completion of the Rs 8,300-crore expansion of its Vadinar Refinery with the successful commissioning of the final Delayed Coker Unit (DCU), which is amongst the world's largest. The Vadinar Refinery is now India's second largest single-location refinery, with an annual capacity of 18 million tonnes (375,000 barrels per day) and a complexity of 11.8, which also makes it among the world's most complex refineries.

The capacity expansion and complexity enhancement gives the Vadinar Refinery the capability to process much heavier crude diet. The share of ultra heavy crude, which currently constitute 20% of crude basket, will go up to 60%; and as a result the overall share of heavy and ultra heavy crude will go up to 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 Gasoil (diesel) conforming to Euro IV and 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 50% of the production of Gasoil (diesel) and Gasoline (petrol) will meet Euro IV and Euro V specifications. EOL is targeting newer markets like 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 despatch facilities through rail, road, and sea, giving it a unique cost advantage.

Prashant Ruia said: "We are delighted to announce the completion of the refinery expansion programme. This expansion will greatly improve our product offering, margins and competitiveness. Our capital expenditure programme is now nearing an end. We have invested close to \$5 billion until date in the refinery complex and our cost per complexity barrel is one of the lowest in the industry."

Naresh Nayyar, CEO of Essar Energy, said: "After starting commercial production just four years ago, we are proud of achieving a size and scale that can match the best in the world. It underlines our commitment to building a world-class, integrated, low-cost energy company that is focused on India's energy growth story."

LK Gupta, MD & CEO, Essar Oil, said, "The timely completion of our expansion project 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 to bring this dream project to life."

The Rs 8,300-crore refinery expansion project was implemented using the Group's in-house capabilities—construction and overall project management, for instance, was managed by Essar Projects.

The DCU is a key addition to any modern refinery because of its ability to convert bottom-of-the-barrel vacuum residue into valuable products like Gasoline (Petrol), Gasoil (Diesel) and VGO (Vacuum Gasoil). It has capacity of 7.5 MMTPA, and is licensed by CB&I LUMMUS. The DCU at the Vadinar Refinery is not only amongst the world's largest unit of its kind but also one of the most advanced to be used in any refinery worldwide, giving the company a higher flexibility to process heavy and ultra heavy crude and produce high value products.

Alongside the expansion, an optimisation project is also underway at the Vadinar Refinery that will further increase the capacity to 20 MMTPA (405,000 bpd) by September 2012.

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Editors' Note:

More on Essar's Vadinar Refinery

The base refinery at Vadinar has an installed capacity of 10.5 MMTPA. Its primary processing units, namely its CDU (crude distillation unit) and VDU (vacuum distillation unit), were commissioned in November 2006. The secondary units were commissioned in a phased manner thereafter until the refinery commenced commercial operations in May 2008.

The base refinery is a cracking refinery with an average Nelson Complexity Index rating of 6.1, utilizing fluid catalytic conversion as the refinery's primary conversion technology. It is configured to produce up to Euro IV diesel and petrol grades. In addition to this the refinery manufactured other refined products, such as LPG, kerosene, ATF, naphtha, fuel oil, bitumen and sulphur.

At a throughput of 14.76 million tonnes per annum in FY 2010-11– over 130 per cent of its installed capacity of 10.5 million tonnes – the base refinery constitutes almost 10 per cent of India's total refining capacity. It produces BSIII and BSIV grade fuels, which is sold both in the Indian and international markets.

The following new units have been added as part of expansion project

Name of unit	Capacity (in MMTPA)	Licensor
ISOM (Isomerization Unit)	0.7	UOP
ARU (Amine Regeneration Unit)	8.0	UOP
HMU (Hydrogen Manufacturing Unit)	130,000 Nm ³ / hr H ₂	HALDOR TOPSOE
SWS (Sour Water Stripper)	1.98	UOP
DHDT(Diesel Hydrotreater)	4.0	UOP
VGOHT (Vacuum Gasoil Hydrotreater)	6.5	UOP
SRU (Sulphur Recovery Unit)	675 TPD	JACOBS
SPU (Sulphur Pelletizer Unit)	900 TPD	SANDVIK
DCU (Delayed Coker Unit)	7.5	CB&I Lummus (earlier ABB)

In addition, the following units of base refinery have been revamped as part of the expansion project:

Name of Unit	Earlier capacity (in MMTPA)	Revamped capacity (in MMTPA)
CDU (Crude Distillation Unit)	10.5	18
FCCU (Fluidised Catalytic Cracker Unit)	2.9	3.9
Original SRU (Sulphur Recovery Unit)	440 TPD	Revamped to meet the revised environmental regulations

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 has 375,000 bpsd (barrels per stream-day) of crude refining capacity that is being expanded to 405,000 bpsd. 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, Oil & Gas, Power, BPO & Telecom Services, Shipping, Ports, and Projects. With operations in more than 25 countries across five continents, the Group employs 75,000 people, and has revenues of USD 17 billion.

Media contacts:

Manish Kedia, Sr. VP, Corporate Affairs, Essar Group

Tel: +91 98197 30092, Email: manish.kedia@essar.com

Swastayan Roy, General Manager, Corporate Communications, Essar Group

Tel: +91 98197 31561, Email: swastayan.roy@essar.com

Rabin Ghosh, Deputy General Manager, Corporate Communications, Essar Group

Tel: +91 99301 36268, Email: rabin.ghosh@essar.com

Parikshit Kaul, General Manager, Corporate Communications (New Delhi), Essar Group

Tel: +91 98735 70816, Email: parikshit.kaul@essar.com