

For Immediate Release

- **Essar Oil commissions Vacuum Gas Oil Hydrotreating Unit (VGOHDT) and Sulphur Recovery Unit (SRU) at Vadinar Refinery**
- **Also commissioned is the state-of-the-art Effluent Treatment Plant (ETP)**
- **Phase I expansion project at the refinery firmly on track; to be completed by end of March 2012**

Mumbai, March 21, 2012: Essar Oil Ltd (EOL) today announced the successful commissioning of its new Vacuum Gas Oil Hydrotreating Unit (VGOHDT) and Sulphur Recovery Unit (SRU) at its Vadinar Refinery. With this milestone, the Delayed Coker Unit (DCU) is the only expansion unit that remains to be commissioned as part of EOL's Rs 8,300-crore Phase I expansion project. The project is now just days away from being fully completed which will expand the capacity of the refinery to 18 MMTPA (375,000 barrels per day) and enhance complexity to 11.8 (from 6.1 currently), which is amongst the highest in the world.

The SRU will help the refinery recover 99.9 % of sulphur in acid gases generated from the ARU (Amine Regeneration Unit) and the SWS (Sour Water Stripper), two units that have already been commissioned. The SRU plays a key role in helping the refinery meet the latest emission norms. Addition of a new SRU to the refinery configuration will also enable EOL to process sour and opportunity crudes.

Mr. C. Manoharan, Head of Refinery, Essar Oil, said, "The VGOHDT Unit will ensure that the refinery is able to achieve a throughput capacity of 18 MMTPA. With a capacity of 6.5 MMTPA, the VGOHDT at the Vadinar Refinery is among the largest units of its kind. It will help the refinery produce low sulphur, high octane gasoline (petrol). The unit is also capable of producing naphtha, kerosene and gas oil (diesel)."

With this commissioning, Essar Oil's capital expenditure programme is beginning to taper off. The company will see substantial pick up in revenue and profitability going forward.

LK Gupta, MD & CEO, Essar Oil, said, "The world today has moved to ultra low sulphur fuels, and refineries that can manufacture such products have a competitive edge. The Vadinar Refinery, which is now in the final leg of its expansion programme, will soon be

among the world's most complex refineries capable of producing fuels that meet the world's most stringent emission norms. Commissioned units like the ISOM (Isomerization Unit), DHDT (Diesel Hydrotreater) and the SRU are critical components of a world-class refinery such as ours. They give us the capability to process heavier and tougher crudes and produce high-quality products that find acceptance in both domestic and international markets."

Essar Oil has also commissioned a state-of-the-art Effluent Treatment Plant (ETP) with a capacity of 540 cubic metre per hour. The ETP consists of Primary, Biological and Tertiary treatment sections to recover the oil and remove pollutants from the effluent water streams generated at different process units, and ensures meeting the environmental norms. The treated water will be reused for cooling tower or for the generation of demineralised water through the RO plant. The treated water can also be used for horticulture.

Alongside the Phase I 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. The capacity expansion, complexity enhancement and subsequent optimisation will give the Vadinar refinery the capability to process over 80% heavy and ultra-heavy crudes, which are lower cost than light crudes. In terms of product yield, the expanded Vadinar Refinery will have the flexibility to produce higher value, high-quality products.

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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. 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 over 300,000 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.



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