

## Essar Oil exits CDR Mechanism

- *Essar Oil completes CDR exit*
- *Refinances approx. US\$ 500 mn through ECB / Swaps*

**Mumbai, April 4, 2013:** Essar Oil Ltd., India's second-largest private sector refiner, has completed the process for exiting the Corporate Debt Restructuring (CDR) loan facility set up in December 2004 to help cover the construction of its Vadinar refinery in Gujarat. The CDR loan facility has been replaced with a new debt facility of about Rs 9,100 crore on commercial terms from similar group of lenders.

Lalit Gupta, Essar Oil Managing Director and Chief Executive Officer, said: "The CDR exit marks a significant step forward for Essar Oil. Complete stabilising of our expanded capacity pave the way for us to move forward positively to maximize value for all our stakeholders. Capacity expansion and high complexity has already improved our profitability."

Suresh Jain, Chief Financial Officer, Essar Oil, said, "We are thankful to our lenders for their continued faith in us. The CDR exit will lead to greater operational and financial flexibility for the organization. We have begun the process of swapping our costly rupee debt with cheaper dollar loans that will lower our interest cost significantly, improve our cash flow, and strengthen the balance sheet."

### **Refinance of approx. US\$ 500 mn through ECB / Swaps**

In addition, as part of dollarization of its rupee term debt, EOL has refinanced Rs 2,611 crore of rupee term loans into equivalent foreign currency debt of US\$ 481 million through ECBs /Swaps. This will help in reduction of long-term interest cost. The Company had received RBI approval of US\$ 2.27 billion to replace its high cost rupee debt with ECBs, and now with the CDR exit, the company will be able to refinance the remaining rupee loans to ECB.

Vadinar Refinery, which commenced commercial production in May 2008 with a capacity of 10.5 million metric tonnes per year (220,000 barrels per day) and complexity of 6.1, now has a capacity of 20 mmtpa, or 405,000 bpd and complexity of 11.8. This makes the fully integrated refinery India's second largest single location refinery and amongst the most complex globally. With increased complexity, Essar Oil is able to take over 85% of ultra heavy and heavy crude in its crude diet and yet produce higher grade products like Euro IV



and Euro V compliant Gasoline and Gasoil to cater to the domestic and international markets.

### **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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