



For Immediate Release

- **Essar Oil enters discussions with Gujarat Government following demand for deferred sales tax repayment**
- **To file a review petition in the Supreme Court**

January 31, 2012: Essar Oil Limited today announced that subsequent to the decision of the Honourable Supreme Court of India on January 17, 2012 relating to repayment of deferred sales tax, it has received a demand notice from the tax authorities of the Gujarat Government for repayment of the full amount of sales tax deferment benefit utilised by the company of approximately Rs 6,300 crore (US\$1.235 billion), plus interest accrued.

As announced previously, the company is in discussion with the Gujarat Government regarding a repayment schedule and is in the process of filing a petition seeking a review of the decision in the Honourable Supreme Court.

It is expected that it will now take 60-90 days to complete the discussions with the Gujarat Government, and to receive an outcome on the review petition with the Honourable Supreme Court.

Essar Oil will make a further announcement when more detail becomes available.

As clarified in previous disclosures, Essar Oil has already made provision for repaying part of the sales tax deferment liability. This liability has been assigned to a third party. As of December 31, 2011, the amount assigned is Rs1,800 crore (US\$353 million). This amount is repayable to Essar Oil to meet any payments of the deferred tax benefit in accordance with the terms of the agreement.

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About Essar Oil

Essar Oil, a subsidiary of Essar Energy, 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, Energy, Infrastructure and Services. 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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