

EOL/SEC/7170
13th March, 2012

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Department of Corporate Services
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Mumbai - 400001 (Stock code – 500134)

National Stock Exchange of India Limited
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Sir/s,

Sub.: Commissioning of Diesel Hydrotreater Unit – 1 at Vadinar Refinery

Enclosed please find a press release being made to the media informing about commissioning of Diesel Hydrotreater Unit – 1 at the Company's Refinery at Vadinar, District Jamnagar, Gujarat.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully
For ESSAR OIL LIMITED


SHEIKH S SHAFFI
COMPANY SECRETARY

Encl.: as above

- cc: 1) National Securities Depository Ltd.
2) Central Depository Services (India) Ltd.
3) IDBI Trusteeship Services Ltd., Debenture Trustee
4) Overseas Depository to GDS, The Bank of New York Mellon
5) Datamatics Financial Services Ltd., Transfer Agent.

- **Essar Oil announces commissioning of Diesel Hydrotreater Unit-1**
- **Phase I expansion project at Vadinar Refinery firmly on track; to be completed by end of March 2012**
- **Diesel Hydrotreater to help refinery produce Euro V grade gasoil (diesel)**

Mumbai, March 13, 2012: Essar Oil Ltd. today announced the successful commissioning of a Diesel Hydrotreater Unit I (DHDT-I) at its Vadinar Refinery. With the phase wise commissioning of three additional units slated for the end of this month, the refinery is now firmly on track to complete the Phase I expansion by March 2012, which entails the addition of nine new units that will expand capacity to 18 MMTPA (375,000 barrels per day) and enhance complexity to 11.8 (from 6.1 currently). With this commissioning, Essar Oil's capital expenditure programme is beginning to taper downwards and will see substantial pick up in revenue and profitability of the company going forward.

The 4-million-tonne DHDT-I at the Vadinar Refinery will upgrade diesel quality by treating the sour diesel streams and achieving reduction in sulphur as well as an improvement in the cetane index. The DHDT-I will thus ensure that the diesel produced at the refinery will be capable of meeting Euro V specifications. Essar Oil has already commissioned the Isomerization Unit, which was the first expansion unit to be commissioned, that gives the refinery the capability to produce gasoline of high octane rating and almost zero sulphur content.

Market for low sulphur content fuel is rapidly expanding, with 20 top Indian cities requiring retailing of only Euro IV compliant fuels. In the EU (European Union), the Euro V standard has been applied since 2009.

LK Gupta, MD & CEO, Essar Oil, said, "We have now commissioned two key units that will help us produce gasoil (diesel) and gasoline (petrol) conforming to international standards. We are very close to realizing the scale that we had set out to achieve for the Vadinar Refinery. The increased complexity that we will have post expansion will give us greater flexibility to produce higher value fuels that have a growing market both in India and overseas."

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, including pet coke.

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Note to Editors

Euro IV norms require cleaner fuels that have very low sulphur content—less than 50 ppm (parts per million). The equivalent of Euro IV in India is BSIV (Bharat Stage IV). Per an official notification, as of 1 April 2010, all motor vehicles in the top 13 Indian cities (by population) are required to comply with BSIV norms. These are the cities where BSIII norms were in force previously. As per a subsequent official notification, supply of BS IV petrol & diesel has been extended to 7 additional cities viz. Puducherry City, Mathura, Vapi, Jamnagar, Ankleshwar, Hissar, Bharatpur during the current financial year.

In the EU (European Union), the Euro IV standard has applied since 2005, until it changed over to Euro V in 2009. Euro V compliant fuels can have a maximum of 10 ppm of sulphur.

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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