

EOL/SEC/7146

16th January, 2012

Bombay Stock Exchange Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400001. (Stock code – 500134)

National Stock Exchange of India Limited
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Mumbai – 400051 (Stock code – ESSAROIL)

Essar Oil Limited
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Sir/s,

Sub.: Press Release on commissioning of Hydrogen Manufacturing Unit (HMU) at Company's Refinery

Enclosed please find a press release being made to the media informing about commissioning of the Hydrogen Manufacturing Unit (HMU) 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.

For Immediate Release

- **Essar Oil announces commissioning of Hydrogen Manufacturing Unit (HMU)**
- **Essar Oil to commission six more units by March 2012, taking capacity to 18 MMTPA and doubling refinery complexity**

January 16, 2012: Essar Oil Ltd, a subsidiary of Essar Energy, today announced the successful commissioning of the Hydrogen Manufacturing Unit (HMU), the third new unit to be commissioned as part of the Phase I expansion at its Vadinar Refinery.

Essar Oil will commission six additional units by March 2012, thus completing a Rs 8,310-crore expansion project that will increase the Vadinar Refinery's capacity and enhance its complexity almost twofold. While capacity will increase to 18 MMTPA [million metric tonnes per annum; i.e. 375,000 bpd (barrels per day)] from 14 MMTPA currently (300,000 bpd), the refinery complexity will reach 11.8—up from 6.1 at present.

An optimisation project is also under execution at the refinery to 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 products, including pet coke.

Lalit Gupta, MD & CEO-Essar Oil, said, "The operational readiness of the Amine Regeneration Unit (ARU) and the HMU is essential to support the smooth functioning of two key expansion units, the Diesel Hydrotreater (DHDT) and the Vacuum Gas Oil Hydrotreater (VGO-HT). The successive commissioning of the ARU and HMU within a week from each other has therefore made it possible for us to adhere to our project timelines."

The HMU helps produce and supply 99.9% pure Hydrogen gas to the DHDT and VGO-HDT for the hydrotreating process. The HMU at Essar Oil's Vadinar Refinery is licensed by Haldor Topsoe and designed by UOP, one of the world's leading licensors of technology for the petroleum refining industry.

The HMU is designed to operate on six feedstock options—Natural Gas, Saturated Refinery Fuel Gas, Saturated LPG, Hydrotreated / Stabilized Naphtha and a blend of Saturated LPG and Hydrotreated Naphtha—bringing down costs and strengthening refinery margins. The HMU has an installed capacity to generate 130 kNm³/hr of Hydrogen gas, making it among the largest units in the world with HTER (Heat Exchanger Reformer) technology.



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, 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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