



EOL/SEC/7031

November 10, 2010

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

National Stock Exchange of India Limited
Exchange Plaza, Plot no.C/1, G. Block
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400051 (Stock code - ESSAROIL)

Essar Oil Limited
Essar House
11 K.K. Marg
Mahalaxmi
Mumbai-400034
India

T +91 22 6660 1100 / 4001 1100
F +91 22 2354 4281 / 2354 0450
www.essar.com

Sir/s,

Sub.: Outcome of Board Meeting held on 10th November, 2010

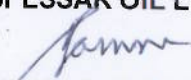
This is to inform you that the Board of Directors at its meeting held on 10th November, 2010, today, has approved the proposal to enhance the refining capacity of the Refinery to 20 MMTPA through optimization of the units of the existing Refinery at District Jamnagar, Gujarat by way of upgradation, debottlenecking, conversion, etc. of units and/or addition of new units/facilities.

The press release to be published in this regard is enclosed.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For ESSAR OIL LIMITED


SHEIKH S SHAFFI
COMPANY SECRETARY

Encl: as stated above

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

For Immediate Release

**Essar Oil to further increase Vadinar refinery capacity to
20 million tonnes per annum**

- **Optimisation project being undertaken to enhance capacity by 2 million tonnes, which will be in addition to the 18 million tonnes that will be achieved post Phase I expansion**
- **Project aimed at capturing growing demand for petro products in India**
- **Phase I expansion of refinery to 18 million tonnes on track**

November 10, 2010, Mumbai, India: Essar Oil Ltd (EOL) has decided to undertake a project to further enhance the capacity of its Vadinar refinery to 20 million tonnes per annum (MMTPA).

Essar Oil currently operates a refinery in Vadinar, Gujarat, with nameplate capacity of 10.5 MMTPA. The refinery is consistently operating at a throughput of 14 MMTPA, or 300,000 bpsd (barrels per stream day). The company is currently implementing a project to expand this capacity to 18 MMTPA (375,000 bpsd), as part of the Phase I expansion of the refinery. As on October 31, 2010, the Phase I expansion was 72 per cent complete and is on track for mechanical completion by March 2011, with the exception of two units that are delayed by a quarter.

The company has now decided to further expand the refinery's capacity by 2 million tonnes to 20 million tonnes. This will be achieved through optimisation of some of the refinery units at an estimated cost of Rs 1,700 crore (USD 380 million); the project will be completed by September 2012. The move follows a detailed project review that identified several opportunities to de-bottleneck the refinery and revamp some of the units at an extremely competitive capital cost.

The optimisation project entails the revamp of six refinery units: FCCU (Fluid Catalytic Cracking Unit), DHDS (Diesel Hydro Desulphurisation) Unit, SWSU (Sour Water Stripping Unit), DHDT (Diesel Hydrotreater), VGO-HDT (Vacuum Gas Oil Hydrotreater) and DCU (Delayed Coker Unit).

Commenting on the optimisation project, Naresh Nayyar, MD & CEO of Essar Oil, said: "There has been a significant growth in Indian demand for petro products in the last few years and we see the trend continuing over the next few years. Augmenting our refining capacity by an additional 2 million tonnes per annum will help us capture this growing demand at a very competitive capital cost. Based on our internal studies, the optimisation project is expected to result in a very strong economic performance for the refinery."

Page 1/ 2



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 oil retail. It has a global portfolio of onshore and offshore oil & gas blocks, with about 45,000 sq km available for exploration. Essar Oil has over 300,000 bpsd (barrels per stream-day) of crude refining capacity that is being expanded to 375,000 bpsd. There are over 1,300 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, Communications, Shipping Ports & Logistics, Construction, and Mining & Minerals. With operations in more than 20 countries across five continents, the Group employs 65,000 people, with revenues of USD 15 billion.

Media contacts:

Manish Kedia, Sr. VP, Corporate Affairs, Essar Group
Tel: +91 98197 30092, Email: manish.kedia@essar.com

Swastayan Roy, Joint General Manager, Corporate Communications, Essar Group
Tel: +91 98197 31561, Email: swastayan.roy@essar.com

This announcement contains certain forward-looking statements, including statements regarding the Group's plans, objectives and performance. Such statements relate to events and depend on circumstances that may occur in the future and are subject to risks, uncertainties and assumptions. Although the Group believes that the expectations reflected in such forward looking statements are reasonable, there are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, without limitation, the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the Oil and Gas, Power and Energy industries; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. Further information on the significant risks and uncertainties associated with the Group's business is set out in the Prospectus published on 4 May 2010. These forward-looking statements speak only as at the date of this document. The Group undertakes no obligation to update any forward looking statements whether as a result of new information, future events or otherwise, except to the extent legally required.

These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements.

This announcement does not constitute, or form part of, an offer or any solicitation of an offer for securities in any jurisdiction, or an invitation or inducement to invest in the Group or any other entity and should not be relied upon in any way in connection with any investment decision.