

◀ *Expression of Interest* ▶

STRATEGIC ALLIANCE IN THE OIL & GAS SECTOR, INDIA

With the low per capita consumption of petroleum products in India and a population of over 1 billion, a third of which comprises the upwardly mobile, fast consuming segment, the Indian Oil & Gas sector is slated to become one of the fastest growing sectors of the Indian economy. The consumption of petroleum products is set to rise from the current level of 100 MMTPA to 148.0 MMTPA by the year 2010 and 368.0 MMTPA in the year 2025. Entering into this Sector presents an attractive proposition for International Oil & Gas companies and other organizations associated with this sector. Essar Oil Ltd., an existing profit making oil company in India, provides a platform for such an entry.

Essar Oil Limited is part of the Essar Group, one of the fastest growing Indian conglomerates with an asset base of USD 3.5 billion and major investments in the Oil, Construction, Power generation, Shipping, Steel and Telecom sectors.

Essar Oil has emerged as an integrated Oil & Gas company leveraging on the economic liberalization program ushered in by the Government of India. Essar Oil's present strategic business focus is in three areas namely (i) Exploration and production of Oil & Gas (ii) Crude oil refining and (iii) Bulk and retail marketing of petroleum products.

Essar Oil is actively exploring Oil & Gas in India, in three onshore and one offshore high potential blocks, located in proven petroliferous basins, under production-sharing contracts with the Government of India. A production-sharing contract for a block of discovered fields, the Ratna and R series oil fields, on the Bombay offshore is expected to be executed shortly. These fields hold almost 115 million barrels of proven oil reserves. In addition, Essar Oil is also a pioneer in coal bed methane exploration and has a contract to explore the same in a 500 square kilometer block in the Raniganj coal fields of West Bengal.

In furtherance of its strategy, Essar Oil is constructing a 240,000 barrels per stream day (12 Million Metric Tons Per Annum) green field refinery at Vadinar, Gujarat State on the west coast of India, under a turnkey contract with ABB Lummus, Holland. The investment in the refinery is USD 2.0 billion, of which over USD 1.2 billion has already been spent. The refinery project was delayed for sometime pending full financial closure, which has now been achieved.

The refinery will now go on stream by early 2005. With a view to consolidate its market presence, Essar Oil also plans to expand the refinery to 540,000 barrels per stream day (27 Million Metric Tons Per Annum), as the Indian market continues to develop and grow. Following the grant of a license for marketing of petroleum products by the Government of India, Essar Oil is all set to enhance the value of investments in its refinery. A network of 1700 – 2000 retail stations will be established across India to market not just gasoline, diesel and lubricants but also non-fuel products and services such as convenience stores, fast-food outlets, cyber-cafes, ATMs, etc., as per international standards.

Recognizing the dynamic nature of the Oil & Gas sector and the trend of globalization of businesses, Essar Oil will be interested in developing alliances with such partners / business associates who would bring in wider skill sets. To add value to Essar Oil, the company invites 'Expression of Interest' from reputed and competent companies with full details of their organization and specific areas of interest for the following:

- Supply of crude oil to the refinery
- Offtake of products from the refinery for the world markets
- Participation in marketing of petroleum products and other services through the retail outlets
- Supply of equipment, construction & engineering and technology services for refinery expansion
- Technology, equipment and services supply for exploration & production work
- Financial services such as export securitization, hedging, etc.
- Participation in the refinery / expansion by strategic investors
- Products or services of any other nature that may add value to the project

Kindly respond to the following address within 30 days:

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For more details on Essar Group, visit www.essar.com