

EOL/SEC/7800

March 17, 2015

Bombay Stock Exchange Limited
Listing Compliance Department
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400001 (Stock code – 500134)

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

Essar Oil Limited
Equinox Business Park
4th Floor, Tower - 2,
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Sir/s,

Sub.: Clarification on news item in 'Financial Express'

This is in response to e-mails received today from National Stock Exchange of India Ltd. and BSE Limited seeking clarification regarding print media reports on notice issued by Directorate of Revenue Intelligence (DRI).

The Show Cause notice issued by DRI as far as it relates to Essar Oil Ltd., alleging that the difference amount of Rs. 655 crore between declared value of Capital Goods imported by us amounting to Rs. 2845 crore and as estimated by DRI amounting to Rs. 2,190 crore, is based on incomplete facts and extrapolation of convenient data points. We strongly deny each and every allegation levelled therein. It may be stated that our project cost compares favorably with similar projects. We wish to point out that all the procurements from the overseas suppliers were made at arm's length price which were not only at the lower quadrant compared to peer projects built in India but also certified to be reasonable by reputed technical consultants. The excess payments, worked out by the DRI do not take into account all the costs incurred by the overseas supplier. We wish to reiterate that we have not indulged in any wrongdoing and have duly complied with applicable laws for importing the capital goods.

We will peruse the Show Cause notice and decide our legal course in this regard.

Trust this clarifies.

Thanking you,

Yours faithfully,
for ESSAR OIL LIMITED


SHEIKH S SHAFFI
COMPANY SECRETARY