VISA STEEL LIMITED

VISA

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EXTRACTS OF THE MINUTES OF THE FORTY THIRD MEETING OF THE BOARD OF DIRECTORS OF VISA STEEL LIMITED, HELD AT VISA HOUSE, 11, EKAMRA KANAN, NAYAPALLI, BHUBANESWAR ON SATURDAY, 25 JUNE, 2005

Mr. Manoj Kumar Digga, Chief Financial Officer, informed the Board that the integrated iron and steel plant of Visa Steel Limited has the following units:

- Blast Furnace of 2,25,000 MTPA
- Coke Oven of 4,00,000 MTPA
- FeCr of 50,000 MTPA
- DRI of 3,00,000 MTPA
- EAF for Steel Melting Shop of 5,00,000 MTPA and
- Rolling Mill of 5,00,000 MTPA

Mr. Manoj Kumar Digga also informed the Board that the power requirement for the above facilities and ancillaries is around 115 MW. The power can either be

- Imported from the grid, or
- Generated in a coal based captive power plant, or
- Generated through waste heat recovery based captive power plant – There will be considerable volume of by-product gases with high heat values, available from the operation of different units of the proposed integrated iron and steel plant. Even after utilization of these gases in different processes (like stoves, etc.), there will be surplus gases. These gases will be flared. However these gases can also be used to generate electricity in waste heat recovery type power plant to partially meet the electricity requirement of the integrated iron and steel plant. The balance electricity requirement may be met with a CFBC boiler and from the grid.

M/s. Development Consultants Private Limited was requested to assess the power cost for all the options. As per the feedback received (as presented), power generation cost in a coal based

captive power plant is found to be the lowest. This option will also ensure a reliable and consistent power supply whereas power generation with waste heat recovery type power plant will be subjected to fluctuations and interruptions due to disruption in the upstream processes. This may adversely impact the safety, reliability and consistency of the integrated iron and steel plant.

However power generation with surplus gases can be considered as a Climate Change initiative and hence it has the potential to accrue carbon revenue under the Kyoto Protocol-Clean Development Mechanism. With this revenue under consideration, the power generation cost in the waste heat recovery type power plant will improve substantially.

The Board took note of the same and

"RESOLVED that the Company may take all necessary steps for setting up a waste heat recovery type power plant along with CFBC boiler to meet the power demand of the integrated iron and steel plant at Orissa involving a total capital outlay of Rs.360 Crores (Rupees Three Hundred Sixty Crores Only). Mr. Manoj Kumar Digga, Chief Financial Officer of the Company be entrusted with the overall responsibility and authority for execution of all the activities in connection with accrual of carbon credits and be and is hereby advised to appraise the Board of Directors about the status from time to time".

Manoj Digga
Chief Financial Offer