

July 06, 2003

**Deputy General Manager**  
State Bank of India  
Industrial Finance Branch  
Vijaya Building, 17, Barakhamba Road,  
New Delhi 110001

**BHUSHAN**

**Registered Office :**  
F-Block, 1st Floor,  
International Trade Tower,  
Nehru Place, New Delhi - 110019  
Tel.: 26462373 (5 Lines)  
Fax: 91-11-26478750

**Sub: Request for term loan assistance for new Orissa Project**

Dear Sir,

This has reference to our discussions with regard to financial assistance by way of term loan requested by us for part financing our new Steel and Power Plant being set up by the Company in Distt. Sambalpur, Orissa.

We submit herewith our detailed project report covering various aspect of the project. In brief we may mention that the total project cost has been estimated at Rs.640 crores and the project is proposed to be funded by way of term loans of Rs.425 crores (both consisting of Rupee and Foreign Currency Loans) and internal accruals of Rs.215 crores.

The capacities proposed to be set up and the implementation schedule thereof is given below for your kind perusal. :-

Facility Description	Capacity	Latest date of Commissioning
Captive Power Plant	80 MW	40 MW by 31 <sup>st</sup> March 05 and 40MW by 30 <sup>th</sup> Sept'05
Direct Reduction of Iron (3 Kilns with 150,000 tpy each).	450,000 tpy	300,000 by 31 <sup>st</sup> March'05 and 150,000 by 30 <sup>th</sup> Sept'05
Steel Making Capacity For Carbon and mild steel (Two EAF with capacity of Approx 250,000 tpy and one Induction furnaces of 50,000 tpy)	300,000 tpy	175,000 by 31 <sup>st</sup> March'05 and 125,000 by 30 <sup>th</sup> Sept'05
Hot Re-Rolling Capacity for long Products	100,000	By 31 <sup>st</sup> March 2005
Coal Washery	1 Million tpy	By 31 <sup>st</sup> March, 2005

We would also request you to kindly indicate the amount of exposure in term loan assistance proposed to extended by your Bank (both by way of foreign currency loans and rupee loan) so that we can take up further steps for financial closure of the project.

As further discussed the project may be forwarded to your Central Office – Project Finance Department for appraisal indicating the exposure as aforesaid along with your confidential report on the conduct of our account with your bank. Your specific comments have also been desired on the ability of the Company to raise and deploy internal accruals as mentioned in the proposed means of finance for the project.

We may also take this opportunity to mention that this new project shall place the Company in tremendous competitive advantage in the Industry and will be mile stone in the corporate objective of emerging a fully integrated, self reliant global entity in steel industry.

We are proposing to install Atmospheric Fluidized Bed Charging Boiler (AFBC Boiler) and Waste Heat Recovery Boilers (WHRC) based Power Plants to cater to meet captive power requirement. We would also like to inform you that the WHRB Captive Power Plant would be eligible for carbon credit benefits which ensures revenues to the Company.

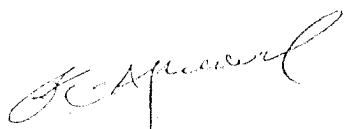
As conveyed from time to time, initial project work has already been commenced and we are quite confident of having the distinction of implementing the project ahead of the envisaged schedule like in case of earlier projects.

We are quite confident that continuing and full hearted support shall be available to us to make this venture successful with earliest and favourable consideration.

We shall be pleased to offer such further explanations / details as may be desired at your end for favourable consideration of our request.

Thanking you,

Yours faithfully,  
For **Bhushan Limited**



(Arun K. Agrawal)  
General Manager- Corporate Finance



## भारतीय स्टेट बैंक

औद्योगिक वित्त शाखा

विजया बिल्डिंग

17, बारकम्बा रोड,

नई दिल्ली-110001

तार : डेलकम्ब्रान

टेलिक्स : 031-62705 एस.बी.आई.एफ.इन्.

फैक्स : 3353135, 3713494

दूरभाष : 3714882 - 3721041

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## STATE BANK OF INDIA

Industrial Finance Branch

Vijaya Building

17, Barakhamba Road,

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Fax : 91-11-3353135, 3713494

Telephone : 3714882 - 3721041

3721042 - 3353135

3714881 - 3738045

3353328 - 3713494

Date: July 21, 2003

The Managing Director,  
Bhushan Limited  
F-Block, International Trade Tower,  
Nehru Place,  
New Delhi-110019

Dear Sir,

### **Sub: Your Proposal for Term Loan assistance for New Orissa Project**

This has reference to your letter Dt. 06/07/2003 and the detailed discussions your representative had with us on the above mentioned subject. In response to your clarification on the amount of exposure, would like to mention that we would be in a position to let you know subsequent to our evaluation of your proposal.

During the course of discussions and evaluation of the application, it has come to our knowledge that WHRB based power plant is more expensive and generates less power than the AFBC power plant. You are requested to clarify as to why you are proposing to install the WHRB power plant and how it will be economically viable. Also, no further details have been provided on how your project would be eligible for carbon credit benefits and what is the quantum of revenues that is anticipated. Hence in order for us to evaluate and consider your proposal for the term loan assistance, please provide us with further details as asked.

Yours faithfully,

For STATE BANK OF INDIA,

RELATIONSHIP MANAGER

# BHUSHAN LIMITED



**BHUSHAN**

July 06, 2003

**Deputy General Manager**

State Bank of India

Industrial Finance Branch

Vijaya Building, 17, Barakhamba Road,

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Thanking you,

Yours faithfully,  
For Bhushan Limited



(Arun K. Agrawal)  
General Manager- Corporate Finance

<b>13</b>	<b>25/07/2003</b>	<b>Letter from BPSL to SBI indicating the likely revenues from the WHRB project</b>
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# BHUSHAN LIMITED



**BHUSHAN**

July 25, 2003

The Deputy General Manager  
State Bank of India  
Industrial Finance Branch  
Vijaya Building, 17 Barakhamba Road  
New Delhi 110001

Registered Office :  
F-Block, 1st Floor,  
International Trade Tower,  
Nehru Place, New Delhi - 110019  
Tel.: 26462373 (5 Lines)  
Fax: 91-11-26478750

**Sub: Term Loan Assistance for New Orissa Project**

Dear Sir,

This has reference to your letter Dt 21<sup>st</sup> July, 2003. You have desired us to inform regarding the viability of the WHRB power plant, eligibility of our WHRB power plant for carbon credit benefits and the quantum of revenues from carbon credit.

In this regard, we would like to inform you that we likely to generate about 30 MW power from the WHRB. The cost of WHRB power plant is more expensive and due to lesser load factor, it generates less power than AFBC. The WHRB power plant uses the waste heat from the kiln to generate power which otherwise would have been let out in the atmosphere. As the WHRB power would replace the equivalent power generated from fossil fuel, the project would be eligible for carbon credit benefits. As regards the quantum of carbon credit benefits, the same cannot be exactly quantify at this stage, however Preliminary discussions with our consultants indicate that revenues from carbon credit could be in the range of Rs.15 Millions to 20 Millions (Approx) per annum. The carbon credit revenue could compensate for the additional expenses involved in setting up and operating the WHRB power plant.

We hope that we have clarified your queries and request you to consider our proposal for Term Loan assistance favourably.

Thanking You,

Yours Faithfully,  
For **Bhushan Limited**

(Arun K. Agrawal)  
General Manager-Corporate Finance