



## **JINDAL STEEL & POWER LIMITED**

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### **CERTIFIED COPY OF RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON 8<sup>TH</sup> MAY, 2003**

#### **SETTING UP OF THE STEEL MELTING SHOP, SPONGE IRON PLANT, POWER PLANT, COAL WASHERY AND ALLIED PROJECTS UNDER UNIT -II APPROVED**

Shri. Vikrant Gujral, Vice Chairman & Chief Executive Officer briefed the Directors about the operational performance of all the units of the Company during the financial year 2002-03. Details of production / sale of Sponge Iron, Steel, generation of Power and mining of Iron Ore and Coal were placed on the table of the meeting.

He stated that the Company is presently operating six Kilns producing Sponge Iron with an aggregate annual production capacity of 6,50,000 MTs at Raigarh in the state of Chhattisgarh. These Kilns operated at 91% capacity in the financial year 2002-03 and produced 5.90 lac MTs of Sponge Iron out of which 4.72 lac MTs of Sponge Iron was sold in the open market and balance 1.18 lac MT was consumed in-house in steel melting shop.

He further informed that there was a huge potential for production of Sponge Iron in India. During the last two decades a number of technological changes had taken place in the steel making process. The percentage of steel production through Electric Arc Furnace (EAF) was on the increase which had resulted into higher demand for scrap and sponge iron. Casting yield had also improved considerably which had reduced the availability of scrap for reuse. Besides, sponge iron being purer feedstock with lesser tramp elements was preferred for steel making as compared to steel scrap.

He further informed that as per available data the production of crude steel through EAF/Induction Furnace (IF) route had increased from 2.7 million MT in 1987-88 to 9.7 million MT in 2000-01 in India which was likely to increase to 13.5 million MT in 2004-05 due to increase in demand for steel and has increased share of steel production through EAF / IF route. Therefore, in his opinion, the metallic requirement would be about 15 million MT in 2004-05 to meet the requirement of crude steel. As against this, he informed that the melting scrap availability in India was 5.4 million MT on an average for the last 14 years and an additional around 2.0 million MT steel scrap was being imported which would leave a gap of about 7.6 million MT of metallics in the year 2004-05.

He further stated that the Company was presently operating 1 x 60 MT Electric Arc Furnace (EAF) with a capacity of 4.00 lac MTPA of semi steel. During the financial year 2002-03, this EAF produced 2.10 lac tonnes of steel in the form of Slabs, rounds and billets which was in its entirety sold in open market. Thus there was a potential market for these products as sale of these products was expected to increase to 5.0 - 6.0 lac tonnes in next two to three years. There was also export potential for slabs to South and Middle East Asian countries. In addition to this, on account of commissioning of the Rail and Universal Beam Mill, the in-house requirement of semi finished steel would be around 5.50 lac MTPA to produce 5.00 lac tonnes of Rails and Structural from the mill.

Keeping all these facts and figures in view he was of the opinion that the Company should increase production capacity of Sponge Iron by 6,60,000 MTPA, Steel by 7,50,000 MTPA and generation of Power by another 50 MW and proposed to set up following projects in two phases at the existing works in Raigarh:-

Project	Project Cost (Rs. In Cr.)	
	Phase I	Phase II
7.5 lac MTPA Steel Melting Shop	150.00	Nil
6.60 lac MTPA Sponge Iron (4 nos. kilns x 1.65 lac MTPA each)	100.00 (2nos. kilns X 1.65 lac MTPA)	100.00 (2nos. kilns X 1.65 lac MTPA)
50 MW power plant	75.00 (25 MW)	75.00 (25 MW)
2.5 million MTPA Coal Washery, Wagon Tippler, Coal Mine development & other infrastructure	50.00	NIL
<b>TOTAL</b>	<b>375.00</b>	<b>175.00</b>

Phase - I is scheduled to be completed by March'2005 and Phase - II by September'2005.

All the details of estimated cost of these projects, the means of financing them, the consumption pattern of Sponge Iron and steel products in the country and time schedule for the implementation of the proposed projects were also placed on the table of the meeting. The board was also informed about the possibility of the projects accruing additional benefit to the company in the form of revenue from the sale of possible carbon credits from the projects

After a thorough discussion, the Directors approved setting up of the above mentioned projects and passed the following resolution for this purpose:-

**\*RESOLVED** that the Board hereby accords its approval for setting up, under UNIT - II of Raigarh plant in Chhattisgarh, 7.5 lac MTPA Steel Melting Shop, Sponge Iron Plant - four Kilns of 1,65,000 MTPA each and Power Plant (2X25 MW) of 50 MW capacity at an estimated cost of Rs.550 crores at its existing works. These facilities would be set up in two phases as under:

Project	Project Cost (Rs. In Cr.)	
	Phase I	Phase II
7.5 lac MTPA Steel Melting Shop	150.00	Nil
6.60 lac MTPA Sponge Iron (4 nos. kilns x 1.65 lac MTPA each)	100.00 (2nos. kilns X 1.65 lac MTPA)	100.00 (2nos. kilns X 1.65 lac MTPA)



50 MW power plant	75.00 (25 MW)	75.00 (25 MW)
2.5 million MTPA Coal Washery, Wagon Tippler, Coal Mine development & other infrastructure	50.00	NIL
<b>TOTAL</b>	<b>375.00</b>	<b>175.00</b>

Phase - I is scheduled to be completed by March'2005 and Phase - II by September'2005.

**RESOLVED FURTHER** that Shri Naveen Jindal, Executive Vice Chairman and Managing Director, Shri Vikrant Gujral, Vice Chairman and Chief Executive Officer, Shri Anand Goel, Wholetime Director, Shri Sushil Maroo, Vice President - Corporate Finance, Shri Rakesh Jindal, Asst. Vice President-Commercial, Shri S.K.Agarwal - G.M.Finance and Shri Rajeev Agarwal, DGM-Corporate Finance of the Company be and hereby severally authorised to approach banks, financial / lending institutions, whether national or foreign, Government authorities etc. for arranging of necessary financial facilities and / or obtain requisite approvals, permissions, sanctions, clearances, appointing Consultants / Advisers, Contractors and sign on behalf of the Company and submit necessary papers and documents for this purpose.

**RESOLVED FURTHER** that existing Sub-Committee of Directors be and is hereby authorised to do all deeds, acts and things which it deems proper and authorise any Director / Employee of the Company for taking necessary steps for the purpose of setting up the aforesaid projects."

**Certified true Copy**



**Director**