



KUTCH IRON & STEEL ASSOCIATION

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To
ELECTROTHERM (INDIA) LTD.
Survey No. 325, N.H. No. 8A,
310 KM Stone, Nr. Toll Naka,
Village Samakhiyali, Ta: Bhachau,
Kutch, Gujarat (INDIA)

Date : May 26, 2008

Attention: Mr. Naveen Nakra
Subject: WHR power plants in the sponge iron industry in Kutch.

Dear Mr. Nakra,

As requested I'm herewith providing you additional information about the current status of WHR power plants in the sponge iron industry in Kutch. Currently, there are 11 existing sponge iron plants in Kutch and another 2 plants are under planning or construction. The major power source for the existing units is grid electricity. All 11 plants import electricity from the grid and 4 of them have already installed a captive thermal power plant in order to substitute a part of the grid electricity import. Another 3 plants are either planning to install a captive thermal power plant or are in the process of installing a captive thermal power plant. All 2 sponge iron plants that are under planning or construction are planning to use only grid electricity.

Out of the 11 existing sponge iron plants, only 2/3 already have an operating WHR power plant (Welspun Steel India, Mono Steel and SAL steel). All of these WHR power plants have been built because of the availability of carbon finance.

As these numbers demonstrate, WHR power plants are not very common in sponge iron industry and your project is one of the first in the region.

Regards,

For Kutch Iron & Steel Association


ANIL DHOTE
(Hon. Secretary)