



**MEMORANDUM OF UNDERSTANDING
BETWEEN**

THE GOVERNMENT OF JHARKHAND (1st Party)

AND

M/s SUNFLAG IRON & STEEL COMPANY LTD. (2ND Party)
(401 Chiranjiv Tower 43 , Nehru Place ,New Delhi 110019)

FOR

**SETTING UP 1 MILLION TPA INTEGRATED STEEL COMPLEX
AT VILLAGE GURADIH BLOCK- SARAIKELA
DISTRICT SARAIKELA- KHARSAWAN, JHARKHAND**

This memorandum of Understanding is made this day of 7th August 2004 between Government of Jharkhand on the one part and M/s Sunflag Iron & Steel Company Ltd., 401 Chiranjiv Tower 43 , Nehru Place , New Delhi 110019, on the other part.

Preamble

1 M/s SUNFLAG IRON & STEEL COMPANY LTD. 401 Chiranjiv Tower 43 , Nehru Place ,New Delhi 110019 proposes to set-up one Million TPA Integrated Steel Complex via DRI – MBF – EAF – LF – CCM – Finished Steel Route with Special Steel, Captive Power Plant & Captive Mines at Village Guradih , block –Saraikela ,District -Saraikela-Kharsawan.

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**Director of Industries
Jharkhand ,Ranchi**

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Sunflag group



M/s SUNFLAG IRON & STEEL COMPANY LTD is a part of the renowned Sunflag Group . Today 20 companies in 6 countries account for Sunflag's diverse manufacturing profile .

The Sunflag Group was founded in Kenya in 1937 . It has a diversified range of activities in Kenya , Janjania , Nigeria ,Cameroon . Tje United Kingdom & India its 20 companies employ over 10000 people .It has a turn over of USD 200 million and annual profits to the order of USD 20 million '

In India Sunflag Group has set up a modern steel Plant in Bhandara near Nagpur (Maharastra) with association of KRUPP & HAMBURGER stahlwerk MANESMAN DEMAG with capacity of 200000 TPA of rolled products . Existing facilities include 150000 TPA of Sponge Iron Plant.

- 2 The government of Jharkhand is desirous of utilization of its natural resources and rapid industrialization of the state, so as to bring prosperity and well being to its people and has been making determined efforts to facilitate setting up of new industries in different locations in the State. In this context the Government of Jharkhand is willing to extend assistance to suitable promoters to set up new industries .


DESCRIPTION OF PROGRAMME / ACTIVITY

- 3 M/s. SUNFLAG IRON & STEEL COMPANY LTD is desirous of setting up following manufacturing / generating facilities in the state of Jharkhand with proposed investment of Rs.937.61 crores in two phases in the following manner :

	Phase - I	Phase - II	Total
Installed Capacity	3,50,000 TPA	6,50,000 TPA	1,00,0000 TPA
Investment (Rs.)	348.74 Crores	588.87 Crores	937.61 Crores


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Director of Industries
Jharkhand ,Rauchi

4 M/s. SUNFLAG IRON & STEEL COMPANY LTD , requires help and co-operation of the Government of Jharkhand in several areas to enable them to construct, commission and operate the project. The Govt. of Jharkhand is willing to extend all possible help and co-operation. The major areas of co-operation between the Govt. of Jharkhand and M/s SUNFLAG IRON & STEEL COMPANY LTD are listed below :

4.1 LAND :

The Government of Jharkhand will assist in obtaining land required for putting up manufacturing and other related activities to complete the project .

4.2 COAL (For Captive Consumption) :

Coal being a nationalized property, the State Government shall assist in selecting the blocks within the State and agrees to recommend to the Government of India for allotment of suitable coal blocks for captive coal mining as per existing provisions of the Mines & Minerals (Development & Regulation) Act 1957 and other existing provisions .

4.3 IRON ORE AND OTHER MINERALS

The State Government shall assist in selecting the area for M/s SUNFLAG IRON & STEEL COMPANY LTD for Iron ore and other minerals as per requirement of the company depending upon quality and quantity and agrees to grant mineral concession as per existing Acts and Rules .

4.4 WATER :

The State Government will permit drawal of required quantity of water for the the Integrated Steel Complex and Captive Power Plant , as well as the captive mines from the nearby river , dam and / or reservoir in accordance with the rules , policies and tariff rates fixed from time to time by State Government and within the overall

allocation of water earmarked for industrial / commercial use . If the unit desires to meet the water requirement through tubewell the company shall also make necessary provisions required for recharging the ground water in its premises and shall be subject to provision of any legislation for the purpose .

4.5 POWER :

The State Government agrees to facilitate the availability of power to the plant through captive power plant or otherwise as per the provisions of Electricity Act 2003

4.6 ENVIRONMENT :

a) The Government of Jharkhand agrees to forward proposal of M/S SUNFLAG IRON & STEEL COMPANY LTD in obtaining NOC through the State Pollution Control Board for the construction of Plant, the housing colony, mines, pipeline, power project etc.

b) Government of Jharkhand agrees to forward proposal of M/S SUNFLAG IRON & STEEL COMPANY LTD.in obtaining necessary clearances from the Central Government.

c) M/S SUNFLAG IRON & STEEL COMPANY LTD will arrange to conduct a rapid Environment Impact Assessment (E I A) and detailed E I A and prepare an Environment Management Plan (E M P) for the project. The government of Jharkhand agrees to extend any assistance in the shape of providing data/ information available with it during the time when the E I A is conducted and E M P is prepared.

4.7 INCENTIVES AND CONCESSIONS :

The State Government shall consider to extend applicable incentives as envisaged in Mega Investment Incentive Scheme notified vide notification no.1885 dated 10.06.2003 and Jharkhand Industrial Policy 2001

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**Director of Industries
Jharkhand Ranchi**



Sunflag group

5 GENERAL CLAUSES :

1. The Government of Jharkhand appreciates that the SUNFLAG IRON & STEEL COMPANY LTD is a responsible corporate house with a high involvement in employees welfare and social development. The Govt. of Jharkhand, therefore, anticipates that M /s SUNFLAG IRON & STEEL COMPANY LTD will bring this philosophy to its proposed integrated steel -Plant at village Guradih , Block – Saraikela, Dist-Saraikela-Kharsawan. For employment, preference will be given to the displaced persons subject to need and their possessing the necessary qualifications.

2 . The Government of Jharkhand has no objection if M/S SUNFLAG IRON & STEEL COMPANY LTD induct suitable foreign or Indian joint venture partners, choose appropriate financial options, suppliers, credit options and technologies in the best interest of the project.


3. The areas of cooperation mentioned above highlights only the major issues involved in setting up of the plant. Other issues as and when they arise and sharing of the responsibilities between both parties shall be decided if necessary through mutual agreement on case to case basis .

4. Each party shall indemnify and hold harmless the other party and their directors, officers, employees, agents and representatives from and against any and all costs, losses, claims, damages, liabilities and expenses (including reasonable attorney fees) incurred by the indemnified person, indemnifying party or its agents, relating to matter arising out of this MOU.

5. In the event of no efforts being made by M/s SUNFLAG IRON & STEEL COMPANY LTD toward implementation of the project


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Director of Industries
Jharkhand /Ranchi

within one year of signing this MOU support of the State Govt. indicated in the MOU shall be deemed to be withdrawn.

For WITNESS THEREOF THE PARTIES hereto have set their hands to this MOU on this day of , 7th August 2004.

For SUNFLAG IRON & STEEL COMPANY LTD

FOR GOVERNMENT OF JHARKHAND



(Pranav Bhardwaj)
Joint Managing Director



Director of Industries
Director of Industries
Jharkhand (Ranchi)

Witness

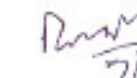
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Coordinating
C1/1437 Vasat/Kj
New Delhi 110070

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Witness

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7/8/04
D.P. Vidyaarthi
By. Div of Ind.

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