



MEMORANDUM OF UNDERSTANDING (MoU)

This Memorandum of Understanding (MoU) is entered into this 27th day of the month MAY and year 2015 between M/s Steel Authority of India Limited (SAIL) and M/s Western Coalfields Limited (WCL) with a view to fulfill WCL requirement and decide production plan to enable SAIL to make supply of Steel materials from time to time.

This MoU is valid for a period of two years with effect from 01.04.2015 to 31.03.2017 and shall cover the following categories and quantities of materials with indicative quarter -wise breakup:

Plant	Category	Special Quality (if any)	Quantity (MT)				
			Qr. I	Qr.II	Qr.III	Qr. IV	Total (MT. Per Annum)
ALL PLANTS	ALL PRODUCTS (Long & Flat, Alloy Steel, MS Rail 15 Kgs) except Pig Iron & Semis	ALL QUALITIES	2625	2625	2625	2625	10500
TOTAL MOU QUANTITY FOR TWO YEARS							21000 MT

NOTE :-

1. THE ABOVE QUARTER WISE QUANTITIES ARE INDICATIVE ONLY AND MAY VARY AS PER THE DEMAND OF WCL .
2. WCL RESERVES ITS RIGHT TO FORECLOSE THE MOU IN CASE CIL CONCLUDES MOU WITH SAIL FOR BULK QUANTITY FOR SUPPLY OF STEEL MATERIAL TO ALL THE SUBSIDIARIES .

It is clearly understood between M/s SAIL and M/s WCL that this MoU is not an enforceable contract and future contract(s) will be entered between the parties to this MoU at the Branch level for supply of Iron and Steel materials through direct dispatch / stockyard delivery .

All Terms and Conditions shall be as per the Annexure _ I and Annexure _ II .



R.R. SINGH
AGM(M) & BRANCH MANAGER
STEEL AUTHORITY OF INDIA LTD, NAGPUR



SANT LAL
GENERAL MANAGER (MM)HOD
WESTERN COALFIELDS LIMITED , NAGPUR

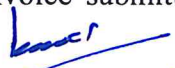
महाप्रबंधक (सा.प्र.) इन्चार्ज
GENERAL MANAGER (M.M.) Incharge

Annexure to Memorandum of Understanding (MoU)

Terms and conditions:

1. To enter into a Memorandum of Understanding (MoU) with M/s. SAIL as per the terms and conditions of the MoU offered by M/s. SAIL (Annexure – II)
 2. The MoU shall cover all the products which are in the production range of M/s. SAIL including Alloy Steel Material & MS Rails 15 Kgs. The MoU shall be valid for a period of two years (1st April 2015 to 31st March 2017) .
 3. The maximum off take during the period of two years shall be 21000 MT & approximate off-take value of Rs. 101.14 Crores with variation of +20% to -10%.
 4. PRICE : Prices are on Ex - Stock yard, Nagpur basis and ruling on the date of delivery shall be applicable. The prices shall normally be kept firm during the calender month. SAIL will have the option to supply the materials through direct dispatch basis from their Plant or other branches. In case of direct dispatches, the freight charges as applicable at actual shall be paid extra, against documentary evidence.
 5. Taxes & Duties : Extra as applicable as per the prevailing rates on the date of delivery of the materials.
 6. Payment : 100% payment against Proforma Invoice, against issue of delivery orders. Only Nagpur Local cheques shall be issued / EFT payment.
 7. IFC (Interest Free Credit) : Interest Free Credit (IFC) for 30 days on monthly lifting of 100 T and above will be applicable. Interest Free Credit (IFC) shall be given by M/s SAIL to WCL on Quarterly basis, instead of annual basis.
 8. Turnover Discounts : Turnover discounts based on the total lifting during MoU period i.e. 2 years which shall be availed as per the applicable rates as specified in Annexure – II. The Turnover Discount (ToD) shall be given to WCL within 30 (Thirty) days of successful completion of MoU.
- Supply of minimum quantity of 1000 M.T shall be effected within 30 (Thirty) days and for the balance supplies within 60 (Sixty) days of the placement of Purchase order. Any shortfall quantity within these supplies will be considered as deemed delivery for ToD purpose. For 22 mm TMT, supply period will be within 120 days.
9. The Annual projections / six monthly projection of the requirement of Iron & Steel materials would be informed to M/s. SAIL in advance and orders shall be placed on as and when required basis. In turn, M/s SAIL will also intimate Area wise lifting on monthly , quarterly & annual basis by the respective consignee's.
 10. The MoU shall be deemed as a Rate Contract and centralized orders shall be placed from WCL Hqrs with Area wise allocation. The respective Areas shall arrange collection of the materials by making necessary payments against the Proforma Invoice submitted by M/s. SAIL.




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11. Consignee : Depot Officer, respective Regional Stores of WCL Areas / Central Stores, Tadali. (As per Annexure – III)

12. Paying Authority : Area Finance Manager of respective WCL Areas / Central Workshop Tadali. However, to facilitate issue of Nagpur Local Cheques, the pay orders shall be processed from Finance Department, WCL, Hqrs for issue of cheques or payment through EFT.

13. Quarterly statement of supply of Iron & Steel materials to different consignees of WCL shall be prepared by SAIL and reconciled with the WCL's consignees. This will enable to monitor the total quantities lifted and also for claiming the Turnover discounts as per the terms of the MoU. Quarterly statement of IFC allowed shall also be prepared and payment shall be made to WCL through local cheque /EFT.

Any other terms and conditions not specified above shall be as per Annexure – II

Rajendra



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Order Booking Policy for Projects/Construction Companies 2015-16

MEMORANDUM OF UNDERSTANDING (MoU) FOR PROJECTS/ CONSTRUCTION COMPANIES ETC.: 2015-16

A. Objective:

The objective of entering into MoUs is to estimate the market potential and decide production plan to facilitate SAIL to supply Iron & Steel materials.

B. Eligibility:

PRODUCTS	MINIMUM BOOKING QNTY (MT's)	WHO CAN BOOK
All Products(Long & Flat including ERW/SW Pipes) except Pig Iron & semis AND SS & Alloy Steel products	400 (in respect of locations within the Region) 1200 (in respect of locations spread across the country) [inter category adjustment (LP/FP) may be allowed at the time of supply]	1. Govt. Departments/ PSUs excl. SSICs / NSICs 2. Project / Construction Companies

C. General terms and conditions of MoU:

- MoUs can be signed at any time during the year.
- Duration of MoUs will generally be for a maximum period of one year from the date of signing of such MoUs. SAIL may also consider signing of MoUs for period more than one year. **Fresh MoUs can also be signed after early completion of MoU, subject to a gap of three months between the early completion and start of a fresh MoU.**
- Single MoUs can be signed with companies/firms having units at different locations operating under the same name and style.
- Single MoUs can be signed with Group Sister Companies with whom MoUs have been entered in the previous years. SAIL may also consider applications for fresh cases for Group Sister Companies as well Holding Companies & Subsidiary Companies.
- Enhancement of quantity under MoU scheme may be considered by SAIL after due review subject to lifting being lower than 120% of the MoU quantity at the time of receipt of request from the customer for enhancement. The option for enhancement is to be exercised by the customers at least one month before the completion of MoU period.
- Annual MoU booking quantity can be reduced upto 90% level of the original booking quantity at the option of the customer. Such an option for reduction can be exercised by the customer at least three months before the completion of MoU period and at least one month before the completion of MOU period for PSUs / Govt. Depts only. However, in

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case MoU quantity has been enhanced at customer's request, the option for reduction in quantity subsequently will not be available to the customer.

SAIL may also exercise the option of reducing the MoU quantity upto 90% of the original level at any point of time.

D. IFC (Interest Free Credit):

Interest Free Credit (IFC) up to 15 days may be offered on monthly lifting of 100 T and above. Higher level of credit may also be considered by SAIL based on merit.

Terms & Conditions of IFC:

- a) IFC will be allowed on actual quantity lifted.
 - b) In respect of group sister companies signing a single MoU, the IFC slab applicable will be decided by adding up the purchases of all the units. In case of consumers with more than one unit in the same name and style also, IFC slab applicable will be decided by adding up the purchases of all the units.
1. Equivalent cash discount, at rates as applicable from time to time on credit sales, may be allowed against entitled IFC.
 2. Penal interest at rates applicable from time to time would be charged by SAIL for delay in making payment by customers after expiry of entitled period of IFC as per MoU or at the expiry of mutually extended credit period, if any.

E. Turnover Discount:

The TOD entitlements against MoU bookings for 2014-15 would be as follows:

Annual Lifting (T)	Applicable TOD (Rs./T)
400-1200	175
>1200-12000	200
>12000-18000	225
>18000-24000	250
>24000-30000	275
>30000-42000	300
>42000	To be decided by ED's committee

Terms & Conditions of Turnover Discount:

- a) TOD will be paid on actual quantity lifted subject to successful completion of MoU but limited to maximum 120% lifting of original / enhanced MoU quantity. However, SAIL may consider release of TOD in cases bearing merit subject to fulfillment of 90% lifting against the original/ enhanced booking quantity. The rate of TOD shall correspond to the slab pertaining to the actual quantity lifted but not exceeding the slab pertaining to 120% of original booking quantity.

The payment of TOD will be made at the end of the MoU period or upon early completion of MoU, whichever is earlier and normally within one month of completion of MoU period / the MoU. TOD shall be paid only after taking into account all the credit notes and debit notes and after realisation of all outstanding payments including sales under credit.

Higher TOD of Rs.50/- per tonne shall be payable to successful MOUs of 14-15 on successful completion of MOUs in 15-16 to those customers who sign MoUs for a quantity either equal to their offtake or the original MoU quantity in 14-15,

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whichever is higher, subject to lifting of original MOU quantity of 15-16 without reducing.

- b) TOD will be paid on flat rate and not on incremental basis. However, quantity sold through plant disposals, tender sales, and materials returned under quality complaint will not be taken into account for calculation of TOD.

In cases where customer falls short of quantity to be eligible for TOD benefit, the tonnage lifted by the customer, but returned under quality complaint, will be considered as a part of actual lifting for the purpose of eligibility. However, TOD will not be paid for such quantity.

- c) In case the option of reducing the original booking quantity is exercised by the customer latest by three months before the completion of the MoU period or at least one month before the completion of MOU period by PSUs / Govt. Deptts only the customer would be entitled to TOD only to the extent of the reduced quantity and not upto 120% of the reduced quantity. The rate of TOD shall correspond to the slab applicable to the reduced quantity.
- d) In case SAIL exercises the option of reducing the MoU quantity, TOD would be admissible upto 120% of the reduced quantity. If quantity lifted is below the minimum slab arising out of reduction in MoU quantity at SAIL's option, the rate of the minimum slab will be applicable for determining the quantum of TOD.
- e) In the case of a Company having units all over the country operating under the same name and style, for calculation of TOD, purchases of all the units will be added, provided they had entered into a single Annual MoU covering requirements of all the units. Similarly, for calculation of TOD, purchases of all units of a group company will be added provided a single Annual MoU had been signed for different units of the Group Company.
- f) In the case of a large Construction Company which is engaged in different projects in different parts of the country, the TOD scheme will cover supplies to a new Project site also, where the construction Company may take up work at a later date during the MoU period.
- g) Under the 2015-16 MoU, additional T.O.D of Rs.25/- per tonne would be payable on offtake of special quality during 2015-16, subject to successful completion of MoU and lifting minimum 120% of special quality offtake of 2014-15 by the customer.
- h) In cases where projects are covered under Govt. Notification No. 108/95 dated 28.8.1995, TOD may be paid at invoice stage in case of direct dispatch subject to submission of documents as prescribed by SAIL.




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F. Other terms and conditions of MOUs


1. Normally prices shall be kept firm for the ordered quantity for execution within a calendar month. However, firm prices for supplies in a calendar quarter can also be considered.
2. Any variation in the statutory duties and levies viz. excise, sales tax, octroi etc. as well as freight as applicable shall be payable by the customer.
3. If a Govt. Deptts/ PSUs/ Projects/ Construction Companies desire to lift materials from different locations, indicative breakup of the quantities to be lifted from each location will have to be provided at the time of signing of the MoU. However, inter-location adjustment of MoU quantities may be considered by SAIL. For successful completion of MoU, their offtake at all locations put together would be considered.
4. Quantity of supply in a month will normally be reckoned with reference to RRs/Challans raised during the month for direct despatch/stockyard deliveries respectively and applicable MoU benefits paid accordingly. In case of direct dispatch by road, date of plant invoice would be reckoned as the date of dispatch.
5. In case SAIL is not able to supply the material against accepted orders of the customer during the last month of the MoU period, the backlog may be considered by SAIL for servicing till the end of the following month. The price applicable shall be the price prevailing on the date of RR for direct despatch/ date of Challan for stockyard delivery. Such quantities against backlogs would be deemed to have been supplied against MoUs for the period of the MoU and associated benefits would be passed on accordingly.

The MoUs would be signed for the standard tested qualities only. However, arising like WTCC, Commercial, Off-Grade, UT etc. as distinct from mixed/special arising can also be supplied against the MoU depending upon availability as well as subject to mutual agreement only in case those items are not covered under the **Steel and Steel Products (Quality Control) 2nd Order, 2012** issued by the Ministry of Steel, Govt. of India.

6. SAIL may consider supply against MoU from other branches of the regions at the request of the customer subject to availability.
7. SAIL will have the option to supply the material either through stockyard or through direct dispatch basis or in combination of both.
8. Customers would be required to make financial arrangement(s) for the material supplied by SAIL on direct dispatch basis.

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Consignee & Paying Authority Details

Annexure- III

NAME OF THE AREA	CONSIGNEE	PAYING AUTHORITY
BALLARPUR AREA	Depot Officer, Regional Stores WCL, Ballarpur Area PO: Sasti, Dist: Chandrapur (MS) Pin: 442701 Phone no: 07173-254145	Area Finance Manager WCL, Ballarpur Area PO: Sasti, Dist: Chandrapur (MS), Pin: 442407
CHANDRAPUR AREA	Depot Officer, Regional Stores WCL, Chandrapur Area PO: Durgapur, Dist: Chandrapur (MS) Pin: 442403 Phone no: 07172-265351	Area Finance Manager WCL, Chandrapur Area PO: & Dist: Chandrapur (MS) Pin: 442001
WANI AREA	Depot Officer, Regional Stores WCL, Wani Area PO: Ghugus, Dist: Chandrapur (MS) Pin: 442505 Phone no: 07172-275078	Area Finance Manager WCL, Wani Area PO: Tadali; Dist: Chandrapur (MS) Pin: 442406
MAJRI AREA	Depot Officer, Regional Stores WCL, Majri Area PO: Shivaji Nagar, Dist: Chandrapur (MS) Pin: 442603 Phone no: 07175-285085	Area Finance Manager WCL, Majri Area PO: Kuchna(shembul) Dist: Chandrapur (MS) Pin: 442907
WANI NORTH AREA	Depot Officer, Regional Stores WCL, Wani North Area PO: Ukni, Dist: Yavatmal (MS) Pin: 445304 Phone no: 07239-241025	Area Finance Manager WCL, Wani North Area PO: Ukni Dist: Yavatmal (MS) Pin: 445304
UMRER AREA	Depot Officer, Regional Stores WCL, Umrer Area PO: Umrer Project, Dist: Nagpur (MS) Pin: 441204 Phone no: 07116-247181	Area Finance Manager WCL, Umrer Area PO: Umrer Project Dist: Nagpur (MS) Pin: 441204
NAGPUR AREA	Depot Officer, Regional Stores WCL, Nagpur Area PO: Silewara Project, Dist: Nagpur (MS) Pin: 441109 Phone no: 07113-268154	Area Finance Manager WCL, Nagpur Area PO: Jaripatka Dist: Nagpur (MS) Pin: 440014
PENCH AREA	Depot Officer, Regional Stores WCL, PENCH Area PO: Chandametta, Dist: Chhindwara (MP) Pin: 480447 Phone no: 07161-220018	Area Finance Manager WCL, PENCH Area PO: Parasia Dist: Chhindwara (MP) Pin: 480441
KANHAN AREA	Depot Officer, Regional Stores WCL, Kanhan Area PO: Dungaria, Dist: Chhindwara (MP) Pin: 480553 Phone no: 07160-263014	Area Finance Manager WCL, Kanhan Area PO: Dungaria Dist: Chhindwara (MP) Pin: 480553
PATHAKERA AREA	Depot Officer, Regional Stores WCL, Pathakera Area PO: Pathakera, Dist: Betul (MP) Pin: 460449 Phone no: 07146-271363	Area Finance Manager WCL, Pathakera Area PO: Pathakera Dist: Betul (MP) Pin: 460449
CENTRAL WORK SHOP CWS, TADALI	Depot Officer, Central Stores, Tadali PO: Tadali, Dist: Chandrapur (MS) Pin: 442406 Phone no: 07172- 237295	Area Finance Manager Central Workshop, Tadali PO: Tadali, Dist: Chandrapur(MS) Pin: 442406

M. M. Incharge

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MoU has been signed between M/s WCL & M/s SAIL for a period of two years i.e. From 01.04.2015-31.03.2017 for supply of Iron & Steel Material. The reasons for signing the MoU are as follows:

1. Open Advertised tender no. hq-pur-dk-e008-2012-13 with due date of opening as on 15.06.2012 for procurement of Iron & Steel material on trial basis was floated. No offer was received.
2. Another Open Advertised tender no. hq-pur-dk-e035-2012-13 with date of opening as 07.08.2012 was floated for procurement of Iron & Steel on trial basis. Tender was invited for 24 items. Against tender single techno- commercially acceptable offer was received for 11 items..Offered price of 10 items were higher than the MoU prices of FY 2012-13 .
3. M/s SAIL is a PSU & Prime manufacturer of Steel with wide range of products in its production range. The total requirement of WCL is catered by SAIL. Their offered prices against MoU were lower than the L-1 price received for all the items against the open advertised tender no. hq-pur-asn-e082-2014-15. On comparison, prices of L-1 offers were higher by 5.21% as compared to M/s SAIL MoU prices of corresponding period.
4. During MoU period, there is Smooth uninterrupted supplies, as and when required basis, for the critical production related itms and safety items.
5. M/s. SAIL is the Single source of supply for many items like Rails, Joists, MS Plates above 16mm, Colliery Arch etc.
6. MoU clearly indicates the prices applicable are as per ruling on the date of delivery. Thus, the materials are available on current prices and have price advantage as compared to tendering.
7. When the supplies is to be made, preference/priority is given to MoU Customers.
8. M/s SAIL is the Prime manufacturer of Steel with wide range of products in its production range. The total requirement of WCL is catered by SAIL.
9. Interest free Credit in lieu of the Cash discounts as per the prevailing interest rates is being allowed up to 30 days by M/s SAIL to M/s WCL.
10. Turnover discount (TOD) based on Annual Lifting is allowed. Against MoU for FY 2013-14, approx. Rs. 25.00 Lakhs have been received by M/s WCL from M/s SAIL as TOD.
11. It also helps in inventory control as the items are ordered as & when required basis.