

MANGANESE ORE CONTRACT NO. \_\_\_\_\_

This agreement made this \_\_\_\_\_ between Manganese Ore (India) Ltd. 3, Mount Road Extension, Nagpur (MOIL) (hereinafter called the SELLERS which expression shall unless excluded by or repugnant to the context includes its successors and assigns) of the one part and, \_\_\_\_\_ (hereinafter called the BUYERS which expression shall unless excluded by or repugnant to the context include its successors and assigns) of the other part.

Whereas the SELLERS have agreed to sell and the BUYERS have agreed to buy a quantity of \_\_\_\_\_ Tonnes (+/- 10%) MT of Indian Manganese Ore on the terms and conditions hereinafter mentioned.

Now it is hereby mutually agreed and declared by and between the parties hereto as follows:

**ARTICLE NO.1 : QUANTITY AND MATERIAL :**

\_\_\_\_\_ MT +/- 10% in buyer's option to be declared while nominating the vessel of Indian Manganese Ore quality \_\_\_\_\_ grade originating/supplied by MOIL.

Chemical Specifications:

Manganese	..	pct Mn Min.
Basis	..	
Iron	..	pct Max.
Silica	..	pct Max.
Alumina	..	pct Max.
Phos	..	pct Max.
Sulphur	..	pct Max.
Moisture	..	1.5 pct Max. during dry season and 4 pct Max during wet season.

**Physical Specifications :-**

Physical distribution of size will be:

(+) 6mm to (-) 75 mm = 80 pct. Min.

**ARTICLE NO.2 : SHIPMENT :**

\_\_\_\_\_ (Month) \_\_\_\_\_ (year)

**ARTICLE NO. 3 : PRICE :**

USD \_\_\_\_\_ (US Dollar \_\_\_\_\_ only) PDMT of 1,000 Kgs. FOBST. Moisture to be deducted from the weight, FOBST stowed and trimmed Vizag basis \_\_\_\_\_% Mn with scale of USD \_\_\_\_\_ (US \$ \_\_\_\_\_ only), per DMT of 1,000 Kgs. for each 1 pct Mn. Above or below \_\_\_\_\_% Mn Scale Prorata.

**ARTICLE NO.4: TAXES, DUTIES ETC :**

Indian Taxes, Duties, Levies, Dues etc., if any, will be to Seller's account. Any Income tax on Ocean Freight, demurrage will be to Buyer's Account.

**ARTICLE NO.5 : PAYMENT :**

Buyers to open an irrevocable and without recourse to drawer Letter of Credit reimbursable by T/T for 100% of value of the materials (with 10% plus or minus tolerance) with Bank of India, Visakhapatnam, in favour of Manganese Ore (I) Ltd. Visakhapatnam permitting payment of 100% value of the material against the following documents:

- A) Full set of clean signed on board Ocean Bills of Lading made out to order
- B) Commercial Invoices in triplicate, for 100% payment based on loadport Mn and on dry weight.
- C) Certificate, in triplicate, of sampling, assaying and moisture determined at the Port of shipment, showing the material to conform to the contracted quality.
- D) Weight Certificate issued at the port of shipment as per Article No.7

**E) Special Clause :**

1) In case the Buyers M/s \_\_\_\_\_ ( Name) have not lifted the goods covered under this L/C within 30 days after expiry of the shipment date stipulated therein and subject to Beneficiaries having physically moved the total quantity and kept them loadready at the loadport within the agreed shipment period, the Beneficiaries are entitled to draw upto 80% of the L/C value calculated on the basis of the actual cargo declared ready for shipment within the validity of this L/C subject to presentation of the following documents:

(a) Original Certificate from M/s. Mitra S.K. Private Limited certifying that the Quantity of \_\_\_\_\_ MT mentioned at (1) above has been physically inspected by them and is available at the loadport for shipment to M/s. \_\_\_\_\_ and confirming that the quality of the above material has been inspected by them and is in conformity with the specifications detailed under clause 'quality' in this L/C.

(b) Beneficiary's MOIL signed Certificate confirming that the quantity of \_\_\_\_\_ MT for which they have drawn an amount of USD \_\_\_\_\_, i.e. 80% of the cargo value (in view of the delay by the buyers not lifting the same as mentioned at (1) above is being held at the irrevocable disposal of the openers M/s \_\_\_\_\_ and will be loaded on a vessel nominated by them at a later date i.e. within 3 months) on the basis of FOB Stowed/Trimmed Vizag.

(c) In case buyer does not open L/C for lifting of the ore as per schedule, within 30 days after expiry of the shipment date stipulated in this contract, MOIL (Seller) will be paid 80% value of the cargo subject to presentation of documents listed at 1 (a) above. Ores will be loaded on a vessel nominated by them at a later date i.e. within 3 months on the basis of FOB Stowed/Trimmed Vizag.

(d) In case of non-lifting of ore within 3 months of the schedule of delivery as per the contract, the cargo could be disposed of by the Seller at its sole discretion at such price as decided by the Seller. The amount so obtained will be adjusted towards :-

(i) Balance 20% consideration of the contract value receivable by the Seller, and

(ii) All incidental expenditures incurred by the Seller in carrying out the sale of ore to a third party.

**ARTICLE NO.6: CHARTERING AND ALLOCATION OF VESSELS:**

A) All vessels to carry Ore under this contract shall be chartered and allocated by the buyer. The Buyer shall obtain from Sellers, MOIL, Nagpur prior stem approval, giving name of the vessel, quantity to be loaded, laydays and expected time of arrival at port of loading, before definitely fixing the space. Upon receipt of such advise, MOIL shall forthwith reply to the Buyer by fax as to whether Seller undertake to effect the proposed shipment or not.

In the event that the Seller, having once accepted the vessel fails to make the shipment, the Seller shall indemnify the buyer for non-performance of the charter.

The extra/expenses, if actually incurred, resulting from the change in the shipping programme once decided, such as the cost of diverting the steamer shall, in principle, be to the account of the party who has proposed such change.

B) The seller guarantee a daily loading rate of 2000 (Two Thousand) MT per day whether monsoon or fair season per weather working day of twenty four (24) consecutive hours Sunday and Holidays exempted, even if used and buyers to guarantee at least four (4) workable hooks and four (4) hatches fitted with minimum 10 MT net Cranes/Derricks preferably 15 MT net Cranes/Derricks in which case one (1) independent deep tank shall be deemed as one (1) workable hatch and if four (4) workable hooks and 4 hatches are not available owing to inability of the vessel to use them, the loading rate shall be reduced in proportion. If Ore is loaded in between decks, any extra cost and extra time incurred shall be to Buyer's account. Such extra cost and time shall be confirmed in writing by Ship's Master or Owner's agent.

In case the Certificate of fitness is found to be not in order, the Notice of Readiness shall be deemed as nullified even if already accepted by the Sellers.

Time for loading shall commence to count from twenty four (24) hours after the steamer is reported ready to load and in free pratique whether in berth or not and after Notice of Readiness to load is given during official hours on working day, whether in berth or not. The time lost in waiting for a berth shall be counted as laytime. In case the twenty-four (24) hours expire on Sundays or holidays, the laytime shall commence at 0800 hrs. of the following Monday or Working day. In the event Sellers can load before time commences to count, half of the actual time used to count.

C) Despatch money for laytime saved in loading shall be at half the rate of demurrage. The rate of demurrage shall not exceed US Dollars 4,000 (Four thousand US Dollars) per day or pro-rata for any part of a day at port of loading, Demurrage shall be paid by the Sellers to the Buyers and despatch money shall be paid by the Buyers to the Sellers in US Dollars Currency within fifty (50) days after completion of loading in principle.

D) All expenses required upto and including trimming (seaworthy) shall be to the Seller's account.

E) Laydays statement of the loading port shall, in principle, be prepared on the basis of the time-sheet made out and signed by the Sellers and/or Shippers/charterers agent and the Captain of the vessel or the ship owner's agent.

Demurrage and despatch money determined shall be settled as per paragraph (C) hereinabove.

F) Any expenses required for loading outside the working hours shall be on account of the party ordering the same, except for the vessel's crew member's overtime and light, and the free use of the gears and winches shall be on account of the ship owners.

G) If the vessel is not provided with the above mentioned gears, it has been agreed to accept "no despatch, no demurrage" on MOIL under (CQD terms) for shipment for quantity included in the contract.

H) B/L quantity shall be the quantity loaded and determined by weighing as per Clause 7.

I) Any lighterage incurred at loading port shall be at the expenses and risk of the Sellers and the time used shall be counted as laytime.

J) Holidays at loading port shall be only those days declared as charter party holidays by Government, Port Trust Authorities, Chamber of Commerce or other Competent Authorities.

K) The release instructions for the Bills of Lading should be arranged by the Buyers immediately after completion of loading.

L) Mn Ore is loaded from the berth/mooring/anchorage. Buyers/Charterers shall endeavour to charter vessels being enough to load from 1 or 2 safe berth/mooring/anchorage. Shifting time for 2 safe berths/mooring/anchorage not to count as laytime and shifting expenses for the 3rd time and onwards shall be to the Sellers account and time lost in shifting shall count as laytime. In case Port Authorities order for shifting of the vessel, cost and time shall not be to the Sellers account.

**ARTICLE NO. 7: WEIGHING: WEIGHING AT THE LOADING PORT:**

The determination of weight at the loading port shall be under supervision of Vizag Port Trust Authorities/Master of the Vessel/Draft Survey by M/s. Mitra S.K. Pvt. Ltd., Such weight shall be final. The Buyer's representative may, at the expenses of the Buyer, be present at the time of such weighing. The cost of weightment at the loading port shall be borne by the Seller.

The weight thus determined shall be the basis of making out final invoice.

**ARTICLE NO. 8: SAMPLING, DETERMINATION OF MOISTURE AND SIZE DETERMINATION AND ANALYSIS.**

SAMPLING ANALYSIS AT LOADING PORT : Final Sampling, Assaying and moisture determination shall be carried out by M/s. Mitra S.K. Pvt. Ltd., at loadport. The fee and charges for these services together with charges for weighing at the port of loading shall be borne in full by the Sellers.

**ARTICLE NO. 9 : DELIVERY:**

Each shipment shall be deemed to be delivered when it has been loaded on board the vessel and trimmed.

**ARTICLE NO. 10 : TITLE AND RISK:**

Title with respect to each shipment shall pass to the buyers when the seller has negotiated the relative shipping documents and received the proceeds from the negotiating bank after completion of loading on board the vessel at the Port of Vizag. Risk with respect to each shipment shall pass from the Sellers to the Buyers when Ore has been loaded and trimmed on board the vessel.

**ARTICLE NO.11: DESTINATION :**

Any permissible destination.

**ARTICLE NO.12: INSURANCE AND CASUALTY AT SEA :**

Insurance covering Ore after it is loaded on board the vessel shall be arranged by the Buyers at their expenses.

**ARTICLE NO. 13: FORCE MAJEURE :**

Either party shall be relieved of its obligations and responsibilities under this contract if the performance of this contract is wholly or partially prevented and/or delayed by act of God and any other cause or causes beyond the control of either party such as fires, floods, strikes, lockouts, riots or civil commotion, epidemics, war and acts of Govt. etc.

Either party shall give notice to the other party of any force majeure event effecting its obligations and responsibilities under this contract along with documentary evidence such as the Certificate of Chamber of Commerce or any other Competent Authority connected with the cause certifying the above circumstances and their duration. If such notice is given, the obligation and responsibilities of the party giving such notice as well as the corresponding obligations and responsibilities of the other party shall be relieved to the extent made necessary by and during the continuance of Force Majeure.

Deficiencies and failures due to Force Majeure reasons shall be made up according to mutual agreement.

**ARTICLE NO. 14: ARBITRATION :**

All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this contract or the breach thereof shall be settled by arbitration in accordance with the Rules of Arbitration of the Indian Council of Arbitration and the Award made in pursuance thereof shall be binding on the parties. The place of arbitration will be Nagpur, India.

**ARTICLE NO. 15: SPECIAL CLAUSE :**

It is expressly understood and agreed by and between the Buyer/Seller and MOIL, that is entering into this agreement solely in their own behalf and not on behalf of any other person or entity. In particular it is expressly understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that MOIL is an independent legal entity with power and authorities to enter into contracts solely on its own behalf under the applicable laws of India and general principles of contract law. M/s. \_\_\_\_\_ expressly agrees, acknowledges and understands that MOIL is not an agent, representative or delegate of the Government of India. It is further understood and agreed that Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract.

Accordingly, MOIL hereby expressly waives, releases and foregoes any and all actions or claims including cross claims, impleader claims or counter claims against the Government of India arising out of this contract and covenants not to sue the Government of India as to any manner claim, cause of action or thing whatsoever arising out of or under this agreement.

In witness whereof, both parties have set their hands to this Contract.

BUYER

SELLER

For and On Behalf of

For and On behalf of

MKTG/

Date : 21-2-2006.

Enclosed herewith is a draft Sale Contract (**Annexure-I**) for signing with the importers of manganese ore. This is based on the old contract, which MOIL was signing with MMTC and other importers.

A new Clause has been added at Article No. 5, E/ Special Clause (d). Copy of the old contract is also placed at **Annexure-II**.

Submitted for kind approval.

Director (Commercial).

**Director (Finance)**

**C.M.D.**