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SECY / SE / 2022 / 115 - 116
Saturday, 23rd April, 2022

The General Manager,
Department of Corporate Services,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
MUMBAI - 400 001

The Manager, Listing Department,
National Stock Exchange of India Ltd.,
"Exchange Plaza", C - 1, Block - G,
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SUNFLAG IRON & STEEL CO. LTD.

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E-Mail : admin@sunflagsteel.com
Website : www.sunflagsteel.com
CIN:L27100MH1984PLC034003

Sub: Disclosure in terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Ref: Sunflag Iron and Steel Company Limited - BSE Scrip Code: 500404 / NSE Symbol: SUNFLAG

Dear Sir / Madam,

We wish to inform that, Sunflag Iron & Steel Company Limited ("**Company**") and Lloyds Metals and Energy Limited ("**LMEL**") had formed a joint venture by the name Surjagarh Metals and Minerals Limited ("**SMML**") to undertake mining activities jointly. Accordingly, the parties executed various *inter se* agreements since 2004 recording the terms and conditions of each parties' rights including their shareholding in the ratio of 60% (LMEL) and 40% (Company) and the amount to be advance by each party.

In the year 2016 LMEL started operations on the mines with minimal production but failed to share 40% of the iron ore extracted with the Company. In due course, differences arose between the parties, consequently, the Company and LMEL attempted to resolve such differences amicably, but to no avail.

Subsequently, the Company invoked arbitration under the Sale Contract dated 30th November, 2006 and the matter came to be referred for arbitration before the Sole Arbitrator Mr. Justice A.R. Joshi (Retd. High Court Judge) under the Arbitration and Conciliation Act, 1996.

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Accordingly, the following claims/reliefs were sought by the Company before the Arbitral Tribunal:

- a) Repayment of the amount paid by the Company along with the interest @ 4% + SBI PLR compounded annually amounting to INR 312 crores;
- b) A demand of INR 1433 crores (Indian Rupees one thousand four hundred and thirty three crores) towards right of 40% mineral extracted over the life of entire mining lease period i.e., 40% of 75 million tonnes, i.e., 30 million tonnes with a margin of INR 2000 (Indian Rupees two thousand) per ton amounting to INR 6000 crores and when discounted to the present value the same is INR 1433 crores (Indian Rupees One thousand four hundred and thirty three crores); and
- c) 32% of the equity share of LMEL considering the net worth of mine is 80% of net worth of LMEL and the Company has the right of 40% of the net worth of the mine.


The abovementioned claims came to be contested by LMEL and LMEL sought dismissal of the Company's claims. However, after hearing both the parties and taking on record the documents submitted by each party, the Hon'ble Tribunal passed an award holding LMEL liable to pay INR 900,00,00,000 to the Company [i.e. INR.312, 00,00,000 (Indian Rupees three hundred and twelve crores) towards refund of advance along with accrued interest and balance INR 588,00,00,000 (Indian Rupees five hundred and eighty eight crores) as full settlement of all other claims] ("**Order**").

Considering that the Order imposed a large financial liability (INR 900,00,00,000) on LMEL, it expressed its financial constraint and inability to pay the award in cash and instead proposed that the award may be settled in entirety through issuance of zero interest optionally fully convertible debentures ("**OFCDs**") subject to the approval of shareholders and in accordance with applicable laws.

In view of above, kindly consider this letter an intimation of the Order under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. We request that the same be taken on record for purposes of compliance under the said Regulation.

Sincerely,

For Sunflag Iron & Steel Company Limited


Ashutosh Mishra
Company Secretary & Compliance Officer
Membership No.: ACS - 23011

