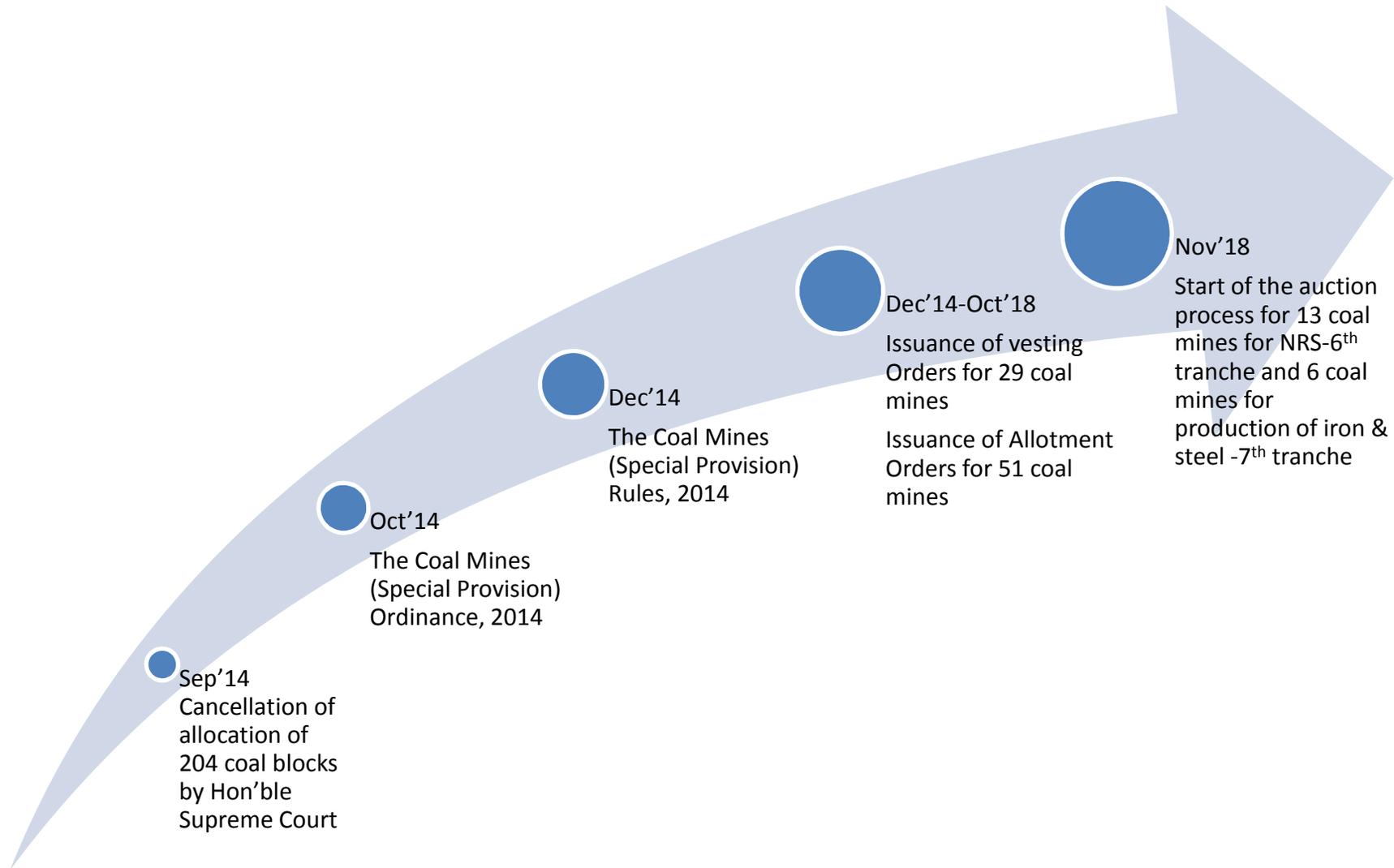




Pre-Bid Conference
**Auction of Coal Mines for NRS 6th Tranche and
Production of Iron & Steel 7th Tranche
SCOPE Complex, New Delhi
November 12, 2018**

(Disclaimer:- Provisions of tender documents and CMDPA will prevail over this presentation in case of any inconsistency with this presentation.)

Background



6th Tranche of Coal Mines Auction

List of Coal Mines

S. No.	Coal Mine	Sch	Location	PRC(MTPA)
1.	Brahampuri	III	Madhya Pradesh	0.36
2.	Bundu	III	Jharkhand	1.00
3.	Gondkari	III	Maharashtra	1.00
4.	Gondulpara	III	Jharkhand	4.00
5.	Jaganathpur – A	III	West Bengal	0.60
6.	Jaganathpur – B	III	West Bengal	0.80

Abovementioned coal mines are earmarked for the specific end use of NRS

6th Tranche of Coal Mines Auction

List of Coal Mines

S. No.	Coal Mine	Sch	Location	PRC(MTPA)
7.	Khappa & Extn.	III	Maharashtra	0.30
8.	Bhaskarpara	III	Chhattisgarh	1.00
9.	Marki Mangli – IV	III	Maharashtra	0.20
10.	Sondiha	III	Chhattisgarh	1.00
11.	Chitarpur	III	Jharkhand	3.45
12.	Jamkhani	III	Odisha	2.60
13.	Gare Palma IV /1	II	Chhattisgarh	6.00

Abovementioned coal mines are earmarked for the specific end use of NRS

7th Tranche of Coal Mines Auction

List of Coal Mines

S. No.	Coal Mine	Sch	Location	PRC(MTPA)
1.	Brahmadiha	III	Jharkhand	0.15
2.	Choritand Tilaiya	III	Jharkhand	0.78
3.	Jogeshwar & Khas Jogeshwar	III	Jharkhand	0.60
4.	Rabodh	III	Jharkhand	2.50
5.	Rohne	III	Jharkhand	8.00
6.	Urtan North	III	Chhattisgarh	0.60

Abovementioned coal mines are earmarked for the specific end use of production of Iron & Steel

6th and 7th tranche of Coal Mines Auction Important Dates

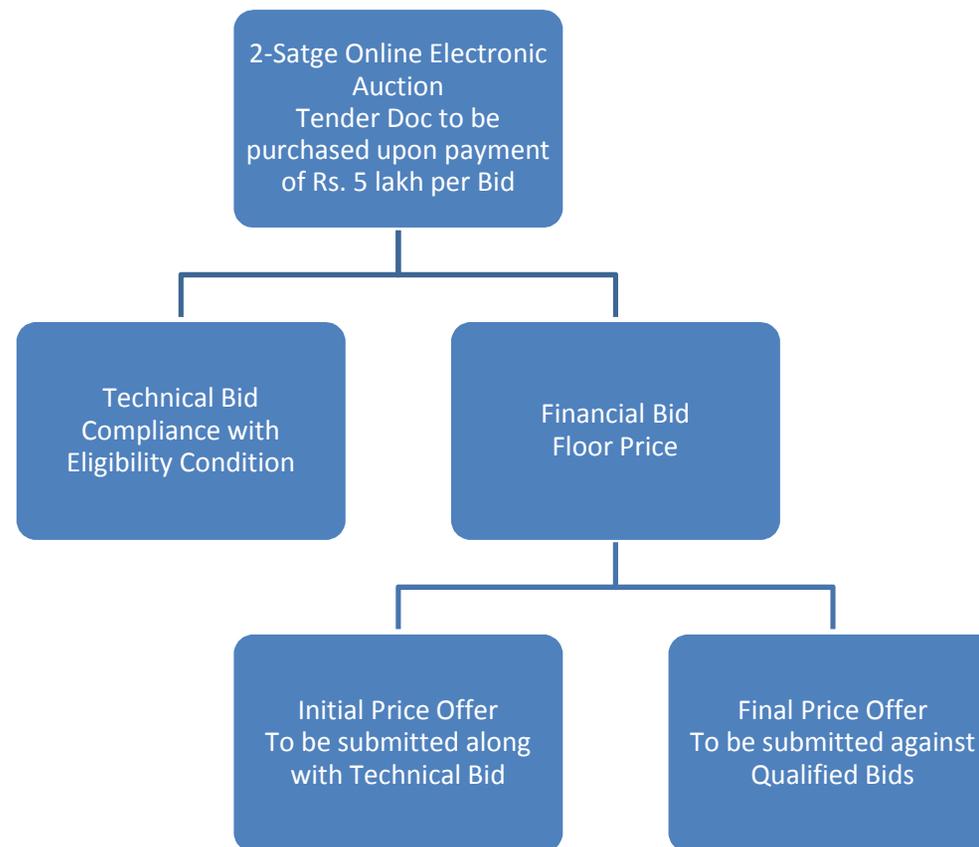
Event Description	Estimated Date
Last date of receiving request for site visit	8 th November, 2018
Bid Due Date (last date for Technical Bid submission)	28 th November, 2018
Opening of the Technical Bids	29 th November, 2018
End date for examination of the Technical Bid(s) Conduct of electronic auction (Financial Bid) for the qualified Bidders	7 th December, 2018
Recommendation of Successful Bidder to Gol by the Nominated Authority	28 th December, 2018
Intimation of the Successful Bidder (Subject to Gol clearance)	T1 + 2
Execution of the agreement between the successful Bidder and the Nominated Authority	T1 + 7
Last date of furnishing of PBG and payment of one-time payment by the successful Bidder	T1 + 17
Issuance of Vesting of Vesting Order by Nominated Authority	T1 + 19



- Tender Process

Online Electronic Auction Process

Method of Bidding – Ascending Forward Auction



Technical Bid Eligibility Condition

Eligible Bidder:A Company engaged in the specified end use 'or'

A JV Company formed by two or more Companies each having a common specified end use

If the Bidder is a prior allottee

- Should have paid the applicable Additional Levy within prescribed time period
- Should not have been convicted for an offence relating to coal mine allocation and sentenced with imprisonment for more than three years

If the Bidder is a JV Company

- Hold at least 20% of voting rights
- Off-take and utilize at least 20% of the coal reckoned on an annual basis
- Independently meet the qualifying requirement regarding Specified End Use and specific expenditure of Total Project Cost
- Coal requirement of specified EUP belonging to each of the JV Partners shall be considered collectively

Technical Bid Eligibility Condition...2

Coal Entitlement – Coking Coal

- Extractable coking coal reserves of a specific coal mine **should not exceed 150% of 30-year coal requirement of a Specified EUP engaged in the production of hot metal i.e. blast furnace less the coal requirement of such EUP met from any other coal mine allocated to the Bidder thro' auction or allotment by the Nominated Authority**

Coal Entitlement- Non-Coking Coal

- Extractable non-coking coal reserves of a specific coal mine **should not exceed 150% of 30-year coal requirement of a Specified EUP engaged in the production of DRI and captive power less the coal requirement of such EUP met from any other coal mine allocated to the Bidder thro' auction or allotment by the Nominated Authority**
- Not applicable for Brahmadiha, Rohne and Urtan North coal mines

Annual coal requirement of the specified EUP **to be determined at 85% PLF or capacity utilization, as the case may be, in conformity with the consumption norms provided in the Tender Document**

Technical Bid Eligibility Condition...3

Total Project Cost & Expenditure incurred (Schedule III)

- Bidder should have incurred an expenditure of **at least 60% of the Total Project Cost** of a unit or phase of the specified EUP(s)
- If EUP is being commissioned in units or phases and one or more units or phases are eligible under above provision then **at least 30% expenditure of the cost** should already have been incurred on such other units or phases for Schedule III Coal Mines

Total Project Cost & Expenditure incurred (Schedule II)

- Bidder should have incurred an expenditure of **at least 80% of the Total Project Cost** of a unit or phase of the specified EUP(s)
- If EUP is being commissioned in units or phases and one or more units or phases are eligible under above provision then **at least 40% expenditure of the cost** should already have been incurred on such other units or phases for Schedule II Coal Mines

Technical Bid Eligibility Condition...4

• Bidders with Coal Linkage or MoU

- In case the Bidder becomes the Successful Bidder then the entitlement to receive coal pursuant to such coal linkage or MOU for supply of coal executed by a coal producing Government company shall stand proportionately reduced on the basis of the requirement of coal being met from the Coal Mine
- Existing Coal Linkage or MoU shall be tapered/reduced on the basis of actual coal production from the coal mine.
- For example: (a) if out of 10 MTPA Specified EUP requirement, 5 MTPA is met by linkage coal and 5 MTPA requirement is met by allocated mine, then there would not be any reduction/ tapering in the linkage. (b) if out of 10 MTPA Specified EUP requirement, 5 MTPA is met by linkage coal and 7 MTPA is produced from allocated mine, then there would be proportionate reduction/ tapering of 2 MTPA of the linkage.

•Limitation of Total No. of Bids

- With respect to 1 (one) Specified End Use Plant only 1 (one) Bid may be submitted for the Coal Mine either individually or as a part of Joint –venture either directly or indirectly

Technical Bid Documents to be Submitted

Certificate of Total Project Cost & Expenditure

Total Project Cost

- To be certified by lead secured creditor if the EUP is lender financed
- To be certified by statutory auditor of the Bidder or JV Partner as the case may be if the EUP is not financed by lenders

Expenditure Incurred

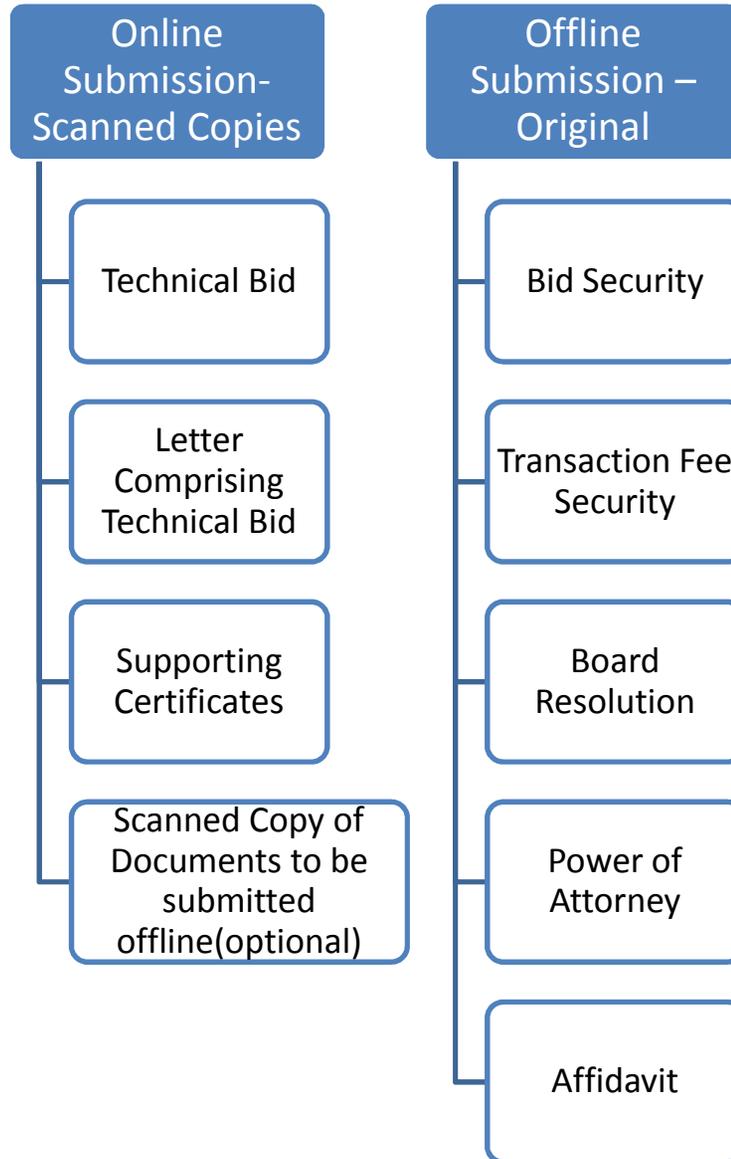
- To be certified by statutory auditor of the Bidder or JV Partners as the case may be

Operational EUP

- Certificate from statutory auditor of the Bidder or JV Partner as the case may be, confirming that the EUP is operational

Capacity of the Specified EUP as mentioned in the total project cost expenditure certificate issued by the secured creditors or statutory auditor of the Bidder as the case may be shall be considered

Technical Bid Documents to be Submitted.....2



- Board Resolution should pre-date Power of Attorney
- Power of Attorney should pre-date the documents submitted as part of the Technical Bid

Determination of Qualified Bids

Evolution of Technical Bids

- Technical Evaluation Committee will evaluate Technical Bids
- Technically Qualified Bids will be shortlisted
- Bidders who have submitted Technically Qualified Bids shall be Technically Qualified Bidders

Ranking of Technically Qualified Bids

- IPOs of only Technically Qualified Bids will be opened
- Technically Qualified bids shall be ranked in a descending order on the basis of the IPO
- IPO which are equal shall be assigned same rank

Determination of Qualified Bids

- If there are 3 independent Technically Qualified Bids and/or Clusters in IPO round, no independent Technically Qualified Bids shall be eliminated, and there would be 3 slots (the "Available Slots")
- If there are 4 to 6 independent Technically Qualified Bids and/ or Clusters in IPO round, only the last ranked independent Technically Qualified Bids shall be eliminated,
- If there are 7 or more independent Technically Qualified Bids and/ or Clusters in IPO round, one third of independent Technically Qualified Bids and/ or Clusters in IPO round (who ranked last), subject to a maximum of 3, shall be eliminated,
- However, If $(\text{NO. of TQ Bid(s) none of which is a cluster} + \text{No. of Clusters}) < 3$, no TQ Bid shall be considered to be Qualified Bid

•Cluster

➤ Ranks Bids submitted by TQBs who are Group companies

➤ Rank Bids submitted by the same TQB

• Technically Qualified Bidders which submitted the respective Qualified Bids shall be the Qualified Bidders (QBs)

Selection of Successful Bidder

Submission of Final Price (FPO)

- Applicable Floor Price for the e-auction will be the highest IPO offered by a QB
- Minimum 1 FPO should be placed on MSTC e-auction platform by any of the QB for successful auction; otherwise, the auction process for that particular mine will be annulled

Determination of preferred Bidder

- The QB who offers the highest FPO in e-auction will be declared as a Preferred Bidder

Determination of Successful Bidder

- Nominated Authority will recommend the name of the Preferred Bidder to the Central Government
- When Central Government directs the Nominated Authority to issue Vesting Order, the Preferred Bidder will become the Successful Bidder

Execution of CMPDA

- Successful Bidder shall execute the CMDPA with the Nominated Authority and within the prescribed time period, the Successful Bidder shall furnish
- the Performance Security
- pay Fixed Amount & first installment of Upfront Amount

Issuance of Vesting Order

- Vesting Order will be issued to the Successful Bidder by the Nominated Authority



- Payment/Guarantees

Bid Security & Transaction Fee Security

- To be submitted in the form of a Bank Guarantee as part of Technical Bid, for an amount mentioned in the Tender Document
- Bid Security and Transaction Fee Security of unsuccessful Bidders will be returned by the Nominated Authority, without any interest
 - on issuance of Vesting Order or
 - when the tender process is cancelled by the Nominated Authority
- Bid Security of Successful Bidder will be returned, without any interest, on signing of CMDPA and furnishing Performance Security
- Transaction Fee Security of Successful Bidder will be returned, without any interest, upon issuance of Vesting Order
- The Nominated Authority shall be entitled to forfeit and appropriate the Bid Security and Transaction Fee Security as damages as specified in the Tender Document

Payments by the Successful Bidder

Fixed Amount

- Value of land
- Value of mine infrastructure
- Cost of consents
- Cost of GR
- cost incurred by CMPDIL in deriving detailed geological boundary coordinates
- Transaction Expense
- To be paid prior to issuance of Vesting Order

Upfront Amount

- 50% to be paid prior to issuance of Vesting Order
- 25% to be paid upon execution of Mining Lease or, notification under CBA Act, 1957, as the case may be
- 25% to be paid upon grant of mine opening permission

Monthly Payments

- Payment towards the coal extracted @FPO; to be made within 20 calendar days of expiry of each month
- Statutory royalty shall be payable additionally as per extant law
- Payments shall be subject to a yearly adjustment (upward or downward) on the basis of a Reference Index i.e. WPI
- Prevailing Reference Index at the time of Vesting Order will be considered as the base
- In case the revised FPO on account of above mentioned adjustment becomes lower than the FPO pursuant to which the Successful Bidder has received the Vesting Order, then the revised FPO for that year shall be equal to the FPO pursuant to which the Successful Bidder has received the Vesting Order

Performance Security

- Successful Bidder shall provide an irrevocable and unconditional PBG for the performance of its obligations

Amount

- 1 year royalty on the basis of PRC of the mine as per the approved Mine Plan
- $PRC \times FPO$
- In case of Opencast Mines 90% of PRC and 80% of PRC in case of underground shall be considered.

Revision in amount

- Annual adjustment in FPO
- Upward revision in Mine Plan
- Revision in rate of royalty
- Revision in CIL notified price

Validity

- Earlier of,
- expiry of the period for which Mining Lease (including renewed Mining Lease) has been granted or will be granted
- extractable reserves are remaining in the Coal Mine

Appropriation

- May be appropriated by the Nominated Authority in the manner specified in CMDPA

Change in Control and Composition of Bidder

Prior to Determination of Successful Bidder

- No change in control shall be permitted without prior approval of Nominated Authority
- Approval shall be granted only in case such change in control does not make the Bidder non-compliant with any of the eligibility criteria

Subsequent to Determination of Successful Bidder

- Change in Control of the Successful Bidder or any transfer of the Specified End Use Plant along with or without the rights in relation to the Coal Mine, shall be permissible with prior intimation, if
 - Successful Bidder/ Transferee is compliant with Eligibility Conditions
 - Such change does not require any NOC
- If NOC is required, then such approval shall be granted only if the Successful Bidder/ Transferee meets all the Eligibility Conditions

If Bidder is a JV company

- No change in shareholding shall be permitted without the approval of GoI
- If one of the JV Partner becomes ineligible or ceases to operate the specified EUP or ceases to be a JV Partner
- the JV Company may supply coal to the remaining JV Partners subject to the condition that each such remaining JV Partners shall not be entitled to receive coal in excess of the eligibility conditions
- coal extracted in excess of the abovementioned limit shall be supplied to CIL at CIL Notified Price

Utilization of Coal

- The Successful Bidder shall not be permitted to use the coal extracted from the Coal Mine for any purposes other than utilisation in the Specified End Use Plant. Any middling or washery rejects generated from the Coal Mine may be utilised in any captive power plant of the Successful Bidder.
- Notwithstanding anything contained in this Tender Document, the Successful Bidder shall utilise a minimum of 75% of the actual production (ROM basis) in the specified end use plants and is allowed to sell upto 25% of the actual production (ROM basis) in open market. No additional premium will be charged on such sale in the open market
- Any middling or washery rejects generated from the coal mine
 - should not exceed the normative limits
 - may be utilised in any captive power plant of the Successful Bidder
 - washery rejects and middling, if any may be sold by the Successful Bidder only with the prior approval of CCO

Utilization of Coal.....2

- Utilization of coal for any other EUP of the Successful Bidder or its subsidiary shall also be permitted in accordance with Rule 20 of the notified Rules
- Successful Bidder shall also be permitted to enter into arrangements for optimal utilization of the Coal Mine in accordance with Rule 19 of the notified Rules
- Excess coal extracted beyond the requirement of the Bidder shall be supplied to Coal India Limited (CIL) at CIL Notified Price *less 15 per cent of such CIL Notified Price*, such sale should not exceed 50% of the annual coal production from the Coal Mine.
- In case of Rohne Coal Mine,
 - Successful Bidder shall be permitted to use non-coking coal extracted from the Coal Mine in its sponge iron unit and/or CPP
 - Excess non-coking coal shall be required to be supplied to CIL at the CIL Notified Price.
 - Successful Bidder shall be required to make monthly payments with respect to coal extracted from the coal mine on the basis of Final Price Offer for all grades of coal (i.e. including non-coking coal)

Flexibility in Production and efficiency Parameters

- **Flexibility in Production:** The Successful Bidder shall produce coal not below 80% of scheduled production in a year in opencast mine and not below 70% in case of underground mine subject to the condition that Successful Bidder shall not produce coal less than 90% of scheduled production in any five year block in opencast mine and 80% in case of underground mine. It is clarified that five year block shall be counted from the first financial year of commencement of production in the Coal Mine.



- Thank You