



PRE BID MEETING
AUCTION OF COAL MINES FOR SALE OF COAL
Tranche 15 under CM(SP) Act & Tranche 5 under MMDR Act
and
Second Attempt of Tranche 14 under CM(SP) Act & Tranche 4 under MMDR Act
and
Second Attempt of Tranche 13 under CM(SP) Act & Tranche 3 under MMDR Act



13 April 2022



Agenda

- **Policy Initiatives & Mines-on-Offer**
- **Auction Process, Key Terms & Conditions**
- **Payments & Guarantees**



Policy Initiatives

- Auction of coal mines for sale of coal under Coal Mines (Special Provisions) Act 2015 and Mines & Minerals (Development & Regulation) Act 1957
 - CM(SP) Act & MMDR Act amended through Mineral Laws (Amendment) Act 2020
 - Mineral Concession (Amendment) Rules 2020, CM(SP) Amendment Rules 2020 and Coal Block Allocation (Amendment) Rules 2020 have been notified
 - Auction of mines for PL-cum-ML
- Amendment in FDI policy to allow 100% FDI under automatic route for coal mining activities, for sale of coal
- National Coal Index implemented to create a transparent, market-based pricing mechanism
- Revamped Approval Process of Mine Plan, Geological Reports and Impetus on Fast Operationalization of Mines through Single Window Clearance
- 20 coal blocks successfully auctioned in Tranche 1, 12 blocks successfully auctioned in Tranche 2, 10 blocks in 3rd tranche and 5 blocks in 4th Tranche of commercial auctions.



Mines on Offer – 109 mines (Rollover) – 5th Tranche

State	Total Mines	Mines under		Type of Coal			Exploration Status	
		CM(SP) Act, 2015	MMDR Act, 1957	Coking	Non-Coking	Lignite	Fully Explored	Partially Explored
ANDHRA PRADESH	2	-	2	-	2	-	2	-
BIHAR	1	-	1	-	1	-	1	-
CHHATTISGARH	19	4	15	-	19	-	9	10
JHARKHAND	19	9	10	3	16	-	10	9
MADHYA PRADESH	21	4	17	1	20	-	10	11
MAHARASHTRA	10	4	6	-	10	-	6	4
ODISHA	21	8	13	-	21	-	16	5
RAJASTHAN	6	-	6	-	-	6	1	5
TAMILNADU	3	-	3	-	-	3	-	3
TELANGANA	3	-	3	-	3	-	3	-
WEST BENGAL	4	-	4	-	4	-	1	3
Total	109	29	80	4	96	9	59	50



Mines on Offer – 109 mines (Rollover) – 5th Tranche..2

State	Total Mines	Resource (MT)			Resource (MT)			
		Fully Explored	Partially Explored	Total	Coking	Non Coking	Lignite	Total
ANDHRA PRADESH	2	964.85		964.85		964.85	0.00	964.85
BIHAR	1	340.35		340.35		340.35	0.00	340.35
CHHATTISGARH	19	3,815.33	2,949.18	6,764.51		6,764.51	0.00	6,764.51
JHARKHAND	19	3,831.47	13,651.04	17,482.51	405.89	17,076.63	0.00	17,482.51
MADHYA PRADESH	21	2,297.29	2,780.29	5,077.58	440.00	4,637.58	0.00	5,077.58
MAHARASHTRA	10	750.34	597.46	1,347.80		1,347.80	0.00	1,347.80
ODISHA	21	22,851.28	9,227.46	32,078.74		32,078.74	0.00	32,078.74
RAJASTHAN	6	182.43	334.15	516.58		0.00	516.58	516.58
TAMILNADU	3		874.39	874.39		0.00	874.39	874.39
TELANGANA	3	361.11		361.11		361.11	0.00	361.11
WEST BENGAL	4	599.50	1,392.50	1,992.00		1,992.00	0.00	1,992.00
Total	109	35,993.95	31,806.48	67,800.42	845.885	65,563.56	1,390.97	67,800.42



Mines on Offer – 9 mines– 3rd Tranche (Second Attempt)

State	Total Mines	Mines under		Type of Coal		Exploration Status	
		CM(SP) Act, 2015	MMDR Act, 1957	Coking	Non-Coking	Fully Explored	Partially Explored
Jharkhand	2	2	-	1	1	2	-
West Bengal	2	2	-	-	2	2	-
Chhattisgarh	1	-	1	-	1	-	1
Telangana	1	-	1	-	1	1	-
Madhya Pradesh	3	2	1	-	3	2	1
Total	9	6	3	1	8	7	2



Mines on Offer – 9 mines – 3rd Tranche(Second Attempt)..2

State	Total Mines	Resource (MT)			Resource (MT)		
		Fully Explored	Partially Explored	Total	Coking	Non Coking	Total
Jharkhand	2	367.43	-	367.43	234.52	132.91	367.43
West Bengal	2	372.75	-	372.75	-	372.75	372.75
Chhattisgarh	1	-	900.00	900.00	-	900.00	900.00
Telangana	1	119.60	-	119.60	-	119.60	119.60
Madhya Pradesh	3	117.09	97.17	214.26	-	214.26	214.26
Total	9	976.87	997.17	1974.04	234.52	1739.52	1974.04



Mines on Offer – 4 mines – 4th Tranche(Second Attempt)

State	Total Mines	Mines under		Type of Coal		Exploration Status	
		CM(SP) Act, 2015	MMDR Act, 1957	Coking	Non-Coking	Fully Explored	Partially Explored
Odisha	3	2	1	-	3	2	1
Jharkhand	1	-	1	-	1	-	1
Total	4	2	2	-	4	2	2



Mines on Offer – 4 mines – 4th Tranche(Second Attempt)..2

State	Total Mines	Resource (MT)			Resource (MT)		
		Fully Explored	Partially Explored	Total	Coking	Non Coking	Total
Odisha	3	1179.41	500.00	1679.41	-	1679.41	1679.41
Jharkhand	1	-	50.00	50.00	-	50.00	50.00
Total	4	1179.41	550.00	1729.41	-	1729.41	1729.41



Auction Process, Key Terms & Conditions



Schedule of Auction Process

Event Description	Estimated Date
Launch of Auction	Wednesday, March 30, 2022
Last date of receiving written queries from Bidders	1600 hours IST on Monday, April 25, 2022
Last date of receiving written requests for Site Visit	1600 hours IST on Friday, May 13, 2022
Last date for written responses to queries by the Nominated Authority	Tuesday, May 10, 2022
Last date for registration of bidder at the website of MSTC	Friday, May 20, 2022
Last date for sale of Tender Document at the website of MSTC	Monday, May 23, 2022
Bid Due Date	Online Submission on MSTC Platform in accordance with Clause 3.A.(i) of Annexure III: 1200 hours IST on Friday, May 27, 2022 Offline submission at Office of Nominated Authority in accordance with Clause 3.A.(ii) of Annexure III: 1600 hours IST on Friday, May 27, 2022
Conduct of electronic auction	Tuesday, June 21, 2022 - Monday, July 04, 2022



Online Electronic Auction Process

Ascending Forward Auction

2-Stage Online Electronic Auction

Technical Bid

Financial Bid

Initial Offer

Final Offer

- ⊙ **Bid Parameter:** percentage (%) share of revenue payable to Government
- ⊙ **Floor price:** 4% of revenue share
- ⊙ Bids in multiple of 0.5% of revenue share till it reaches 10% and thereafter in multiples of 0.25% of revenue share
- ⊙ One Bidder can put only 1 bid for a coal mine
- ⊙ No Affiliate of a Bidder shall submit bid for the said coal mine otherwise bids submitted by the Bidder and its Affiliate(s) will be rejected

Bidder submitting the highest Final Offer shall be declared as successful and enter into agreement with GoI



Requirements for Bid Submission

Basic Eligibility

A company or a joint venture company formed by two or more companies.

or

A Government company or corporation or a joint venture company formed by such company or corporation or between the Central Government or the State Government, as the case may be, or any other company incorporated in India; or

Prior Allottee related conditions

Must have paid the additional levy within the prescribed time period

Should not be convicted of an offence relating to coal block allocation and not sentenced with imprisonment for more than 3 (three) years

FDI Policy

Press Note 4 of 2019, amending the FDI Policy 2017, to permit 100% FDI under automatic route in coal mining activities

Press Note 3 of 2020, prescribing prior Government approval if FDI is by an entity from a country which shares land borders with India or where the beneficial owner of such foreign direct investment into India is situated in or is a citizen of any such country



Bid Evaluation and Qualified Bidders

Technical Bids are opened and upon evaluation, bidders meeting all eligibility conditions & test of responsiveness are declared as **Technically Qualified Bidders**



Initial Offers of all Technically Qualified Bidders are opened.



Ranking and elimination based on the Initial Offers to determine the **Qualified Bidders**

Ranking

Technically Qualified Bidders (TQBs) shall be ranked in a descending order on the basis of the respective Initial Offer. TQBs who have submitted the same Initial Offer, shall be assigned the same rank.

Elimination

If 2 to 3 TQBs, all shall be considered as Qualified Bidders;

If 4 to 6 TQBs, lowest ranked TQBs shall be eliminated and remaining are considered as Qualified Bidders;

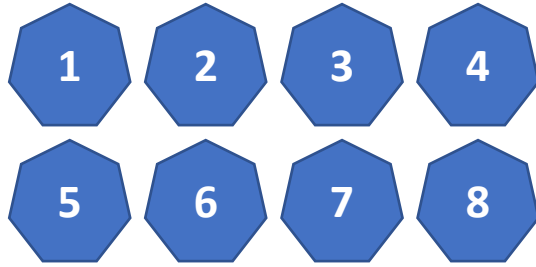
If there are 7 or more TQBs, 1/3rd of lowest ranked TQBs subject to maximum of 3 shall be eliminated. If there are more than 3 TQBs at lowest ranks, all such TQBs shall be eliminated and remaining are considered as Qualified Bidders.

No TQBs shall be eliminated, if number of Qualified Bidders after elimination is less than 3.

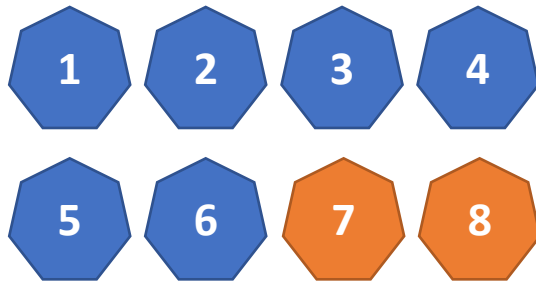
Auction process would be annulled in case of less than 2 TQBs



Illustration 1 – Ranking & Elimination



8 bidders participated in the auction process of a particular coal mine and submitted their Technical Bid and Initial Offers



Documents of 6 bidders were found to be responsive as per conditions of Tender Document

Initial Offers of the 6 TQBs shall be opened



Illustration 1 a – Ranking & Elimination

- 6 TQBs ranked in the descending order based on the basis of Initial Offers in the following manner: 4, 2, 1, 3, 6, 5
- No two Initial Offers are identical
- **No of Eliminations of TQBs: 1**
Lowest ranked TQB who submitted bid 5 is eliminated
- TQBs who submitted bids numbered 4, 2, 1, 3, and 6 are Qualified Bidders

Ranking of TQBs

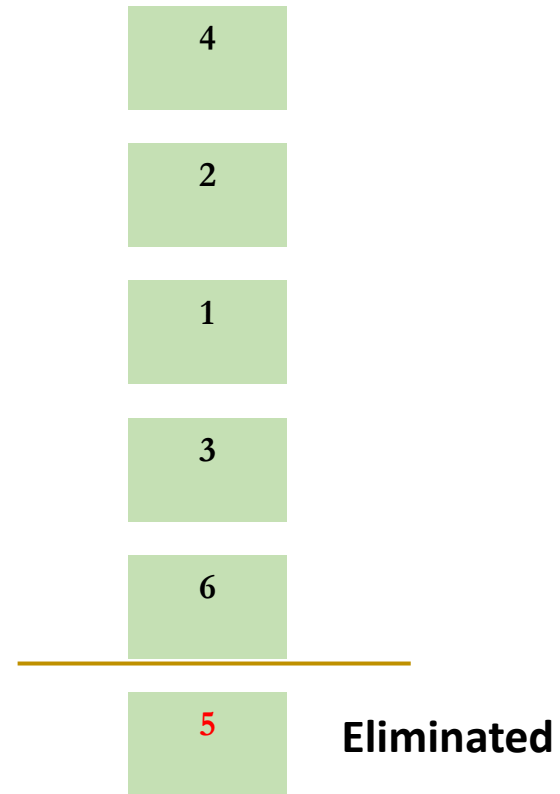




Illustration 1 b – Ranking & Elimination

- 6 TQBs ranked in the descending order based on the basis of Initial Offers in the following manner: 4, 2, 1, 3, 6, 5
- Initial Offers 2 and 1 are identical
- Initial Offers 3, 6 and 5 are identical
- **No of Eliminations of TQBs: 3**

Since there are three equal Initial Offers at lowest rank, all three are eliminated

TQBs who submitted bids numbered 4, 2 and 1 are Qualified Bidders

Ranking of TQBs

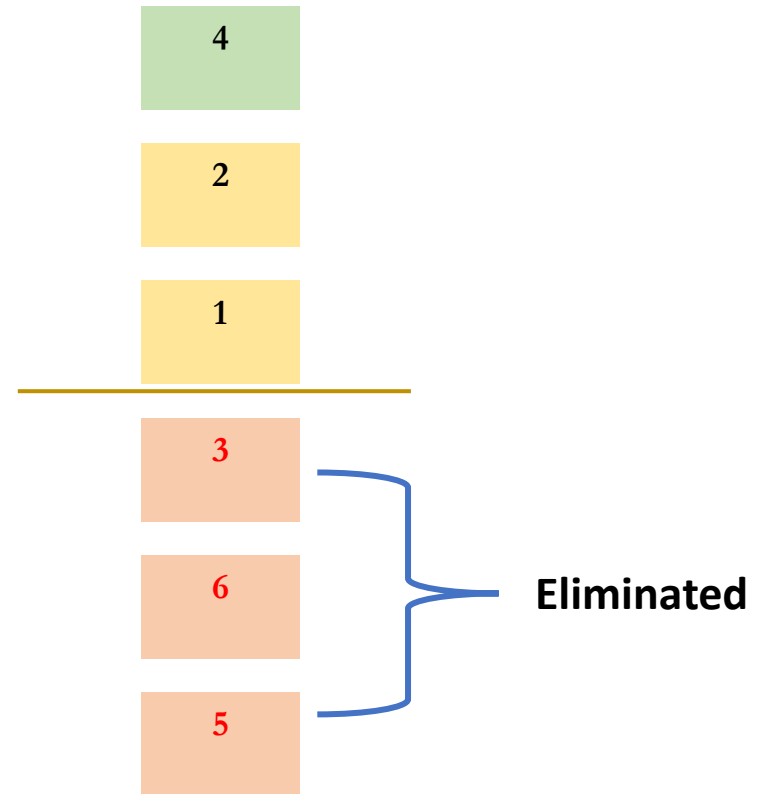




Illustration 1 c – Ranking & Elimination

- 6 TQBs ranked in the descending order based on the basis of Initial Offers in the following manner: 4, 2, 1, 3, 6, 5
- Initial Offers 1, 3, 6 and 5 are identical
- **No of Eliminations of TQBs: NIL**

Since there are four equal Initial Offers at lowest rank, all four are to be eliminated

However, doing so means the number of Qualified Bidder falls below 3 and so no TQBs are eliminated

TQBs who submitted bids numbered 4, 2, 1, 3, 6 and 5 are Qualified Bidders

Ranking of TQBs

4

2

1

3

6

5

**No
eliminations**

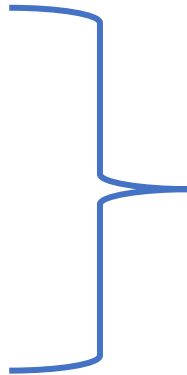


Electronic Auction – Submission of Final Offer

Say, the Initial Offers of the Technically Qualified Bidders were:

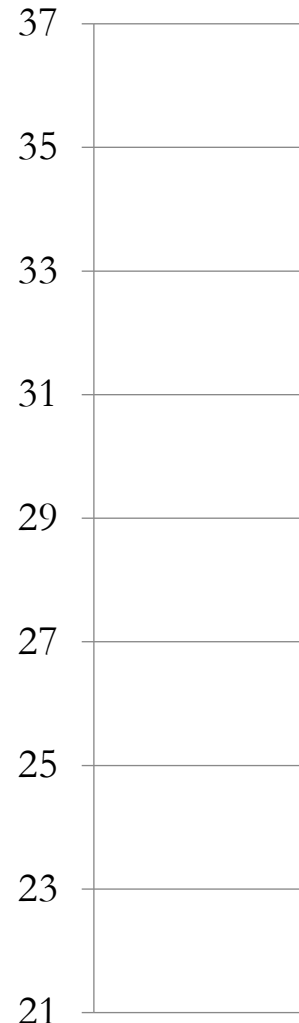
- 21%
- 19.5%
- 18%
- 14%
- 12%
- 11.5%
- 9%
- 8%
- 7%
- 5%

4% is Floor Price



Qualified Bidders shall participate in electronic auction

Ascending Forward Auction (%)



Preferred Bidder shall be the one submitting the highest Final Offer

Floor Price
In electronic auction



Determination of Successful Bidder

- The Nominated Authority shall recommend the name of the Preferred Bidder to the Central Government
- Upon receipt of the direction of Central Government, Preferred Bidder will become the Successful Bidder
- Agreement (CMDPA/ CBDPA) shall be executed with the Successful Bidder
- Vesting/ Allocation Order shall be issued to the Successful Bidder post payment of upfront amount, fixed amount and submission of performance security
- Upon the issuance of the Vesting/ Allocation Order, the Successful Bidder shall be entitled to a ML or PL-cum-ML, as applicable



Key features of this round of Auction

01

**NO RESTRICTION
ON SALE/
UTILIZATION OF
COAL**

02

**BID PARAMTER IS
PERCENTAGE
REVENUE SHARE**

03

**NO TECHNICAL AND
FINANCIAL
ELIGIBILITY
CRITERIA**

04

**MINIMUM
NUMBER OF
BIDDER IS 2 IN
FIRST ATTEMPT**

05

**PAYMENT
STRUCTURE AS PER
NATIONAL COAL
INDEX**

06

**FLEXIBILITY IN COAL
PRODUCTION
SCHEDULE**

07

**INCENTIVE FOR
EARLY COAL
PRODUCTION AND
UTILIZATION OF
COAL IN COAL
GASIFICATION/
COAL LIQUEFACTION**

08

**PROVISIONS FOR
CHANGE IN
CONTROL &
SECURITY
CREATION**



Production Schedule & Revision in Mining Plan

- **Production Schedule for Fully Explored Mines**
 - Successful Bidder to ensure coal production as per approved Mining Plan and equal to or more than the year-on-year production schedule as specified in Tender Document
 - In case prospecting operations are required to be carried out for any part of the Coal Mine, the same shall be carried out by the Successful Bidder in accordance with Applicable Law
- **Revision in Mining Plan upon allocation**
 - Mining Plan may be revised by Successful Bidder, in accordance with Guidelines for Preparation, Formulation, Submission, Processing, Scrutiny, Approval and Revision of Mining plan for the coal and lignite blocks dated May 29, 2020, as may be amended



Mandatory Work Program – Partially Explored Mines

- During prospecting phase, geological prospecting/ exploration of the area to be conducted as per Mandatory Work Program given in the tender document
 - **Revision in Mandatory Work Program subject to the approval of the Nominated Authority:** In the event the Successful Bidder is unable to conduct geological prospecting/ exploration of the area as per the Mandatory Work Program, due to any technical constraints including subsurface geological uncertainty duly accepted by the Government, the Successful Bidder may propose a revised Mandatory Work Program having estimated exploration expense not less than the estimated exploration expense as provided in the Tender Document, to the Nominated Authority.
 - Successful Bidder may undertake geological prospecting/ exploration in excess of the Mandatory Work Program in accordance with Applicable Law
- All reports, studies and other documentation related to the geological prospecting/ exploration of the area shall become proprietary information of Nominated Authority/ State Government



Relinquishment of Partially Explored Mine

- After completing the prospecting operations as per the Mandatory Work Program and preparing the Geological Report, acceptable to GoI, the Successful Bidder may either
 - relinquish the Coal Mine after submitting all reports, studies and other documentation related to the geological prospecting/ exploration of the area to the Nominated Authority and the State Government, without any penalty; OR
 - retain the Coal Mine and carry out mining operations after obtaining the required permissions/ approvals/ clearances etc. in accordance with Applicable Law
- No relinquishment of a part of the mine shall be allowed
- Failure to complete prospecting operations as per Mandatory Work Program and/or non-preparation of GR acceptable to GoI shall lead to forfeiture of Performance Security, termination of Agreement/ PL and withdrawal of Vesting/ Allocation Order
- Upon withdrawal of Vesting/ Allocation Order, for any reason whatsoever including relinquishment, the expenses incurred by the Successful Bidder towards prospecting/ exploration operations, preparation of Geological Report and compensation paid towards Fixed Amount shall not be reimbursed



Change in Control and Transfer

- **Change in Control of the Successful or Transfer of the Coal Mine**
 - Permitted subject to Applicable Laws and may be undertaken after the Lock-in Period subject to Successful Bidder/ transferee meeting the Eligibility Conditions
 - Any change in control pursuant to an insolvency proceeding under IBC 2016 or Applicable Laws or transfer pursuant to enforcement of security by any Bank / FI as per terms of Agreement and Applicable Laws, shall be allowed during Lock-in Period
 - **Lock-in Period for Fully Explored Mines:** Till execution of Mining Lease or order by the Central Government under Section 11 (1) of CBA Act, 1957, as the case may be
 - **Lock-in Period for Partially Explored Mines in two phases:**
 - **First**, till one year of the date of issuance of Vesting Order / Allocation Order and the Successful Bidder having incurred at least 15% of estimated exploration expense
 - **Second**, after preparation of Geological Report till the execution of Mining Lease or order by the Central Government under Section 11 (1) of the CBA Act, 1957, as the case may be



Efficiency Parameters

- Conduct of mining operations shall be subject to the Efficiency Parameters listed in the Agreement
- **Mines other than Schedule II Mines under CM(SP) Act**

Partially Explored Mines	Fully Explored Mines
Milestones have been clubbed in 5 groups (MS-1 to MS-5) with one milestone being monitored from each of these 5 groups	Milestone MS-1 (preparation of GR) is not applicable and they have only 4 groups of milestones (MS-2 to MS-5) with one milestone being monitored from each group
Total time granted for all the Milestones is. 66 months	Total time granted for all the Milestones is 51 months

- In bona fide cases of delays not attributable to the Successful Bidder, the Nominated Authority will decide on case to case basis the extension of timeline in Efficiency Parameters. For the said purpose, the Nominated Authority may refer the matter to Scrutiny Committee which will consider the delay caused on case to case basis and furnish its recommendation to the Nominated Authority for taking a decision
- In case, Successful Bidder achieves operationalization within 66/ 51 months, then the amount of performance security appropriated for delay in completion of any previous Milestone (if any) may be refunded



Coal Utilisation, CBM & Minor Minerals

- **No restriction on the sale and/ or utilisation of coal** from the coal mine including sale to affiliates and related parties, captive consumption, coal gasification, coal liquefaction and export of coal
- Lease/license in respect of **CBM operations** shall be governed by Applicable Law
 - In addition to the Monthly Payment for coal, the Successful Bidder shall also make payments of monthly revenue share for CBM based on the Final Offer
- Mining of **Minor Minerals** by Successful Bidder shall be subject to Minor Mineral Concession Rules of respective State Government



New Provisions in CMDPA

- **Sustainable and Mechanised Operations**

- Successful Bidder shall implement mechanised coal extraction, transport and evacuation in coal mine
- Shall strive to minimise carbon footprints from operations and promote sustainability

- **Mine Closure including ecological restoration**

- Coal mine shall be closed as per mine closure plan **including ecological restoration and the Successful Bidder shall observe Good Industry Practice**

- **Termination due to difficult mining conditions**

- In case Successful Bidder faces severe impediment in mining operation owing to factors beyond its control such as difficult mining conditions, then the request for surrender for the Coal Mine and termination of the Agreement shall be examined on a case-to-case basis
- **In case Nominated Authority elects to terminate this Agreement under this clause**
 - Performance Security submitted by the Successful Bidder shall not be forfeited
 - Balance Upfront Amount, if any, after adjustment of Monthly Payments and compensation to Prior Allottee shall not be refunded
 - Any pending show-cause notices issued by Nominated Authority shall stand withdrawn
- Successful Bidder shall not be entitled to any other benefits under this Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of the surrender/ termination and also for the obligations that must be fulfilled after termination



Payments & Guarantees



Bid Security

- Bid Security is to be submitted as part of Bidder's Technical Bid
 - For **Fully Explored Mine**, the Bid Security shall be equal to 20% of the Upfront Amount
 - For **Partially Explored Mine**, the Bid Security shall be equal to 25% of the estimated exploration expenses based on Mandatory Work Program
- Bid Security to be in the form of a **bank guarantee** by an Acceptable Bank, in favour of the Nominated Authority
 - Bank guarantee shall be issued in paper form as well as under Structured Financial Messaging System (SFMS) platform
- **Validity period** of not less than 210 days from the Bid Due Date (excluding bid due date) and further a claim period of minimum 60 days from the date of expiry of validity period of bank guarantee for Bid Security
- Bid Security of unsuccessful Bidders will be returned by the Nominated Authority, without any interest, upon recommendation of the name of the Preferred Bidder to the Central Government by the Nominated Authority



Upfront Amount

- 0.25% of the value of estimated geological reserves of the coal mine
 - capped at Rs. 100 crore for mines with geological reserves up to 200 MT
 - capped at Rs. 500 crore for geological reserves above 200 MT
- Value of estimated geological reserves shall be equal to the product of
 - Geological reserves in the coal mine as given in the Geological Report; and
 - Representative price of relevant grade of coal based on National Coal Index
- For fully explored mines, upfront amount has been given in the mine-specific tender document as well as uploaded on MSTC website
- For partially explored mines, upfront amount shall be calculated upon in-principle approval of mining plan



Upfront Amount

- Upfront Amount shall be payable by the Successful Bidder in four equal instalment of 25% each

Instalment	Fully Explored Mines under MMDR Act and CMSP Act (other than Schedule II)	Partially Explored Mines under MMDR Act and CMSP Act	Payable to
First	Upon of execution of the Agreement	Upon in-principle approval the mining plan	Nominated Authority
Second	Upon execution of the mining lease or order by the Central Government under Section 11 (1) of CBA Act 1957, as the case may be		State Government
Third	Upon grant of the mine opening permission		State Government
Fourth	Upon commencement of coal production		State Government



Upfront Amount

- Upfront Amount shall be adjusted in full against monthly payments to the State Govt
 - Adjustments shall not exceed 50% of aggregate Monthly payments for the year
 - Adjustment of Upfront Amount towards Monthly Payments shall be on a monthly basis
 - Upfront Amount shall not be adjusted against other statutory dues including taxes, levies, royalty, contribution to NMET and DMF etc.
- Upfront Amount, including the first instalment, provided in the Tender Document may undergo revision pursuant to finalisation of the provisional Representative Price
 - On account of this finalisation of Representative Price, any upward or downward revision in the first instalment of the Upfront Amount shall be adjusted in the second instalment payable by the Successful Bidder to the State, along with revision in all the subsequent instalment



Upfront Amount - Illustration

Case 1		
Geological Reserves in Coal Mine (Million tonnes)	A	2000
Coal price based on National Coal Index for G13 grade of coal (Rs./ tonne)	B	1257
Value of Estimated Resources (Rs. Crore)	$C = A \times B / 10$	2,51,400
Quantum (In Percentage)	D	0.25%
Quantum (In Amount) (As per formulation) (Rs. Crore)	$E = C \times D$	628.50
Upfront Amount (Rs. Crore)	Min (E, 500)	500

Case 2		
Geological Reserves in Coal Mine (Million tonnes)	A	1100
Coal price based on National Coal Index for G13 grade of coal (Rs./ tonne)	B	1257
Value of Estimated Resources (Rs. Crore)	$C = A \times B / 10$	1,38,270
Quantum (In Percentage)	D	0.25%
Quantum (In Amount) (As per formulation) (Rs. Crore)	$E = C \times D$	345.68
Upfront Amount (Rs. Crore)	Min (E, 500)	345.68



Fixed Amount

- Successful Bidder shall pay the Fixed Amount prior to issuance of Vesting/ Allocation Order
- Fixed Amount shall include the following, as applicable:

Mines under CM(SP) Act

- Value of land and mine infrastructure
- Cost borne by prior allottee for obtaining statutory licenses, clearances, consents etc.
- Cost borne by prior allottee for preparation of geological report
- Cost incurred by CMPDIL for preparation of the mine dossier including block boundary and financial valuation along with applicable taxes

Mines under MMDR Act

- Cost incurred by CMPDIL and other Government agencies, if any, in deriving detailed geographical boundary coordinates and in preparing geological report, if any
- Cost incurred by CMPDIL for preparation of the mine dossier including block boundary and financial valuation along with applicable taxes



Performance Security

Particulars	Fully Explored Mines	Partially Explored Mines
Amount	65% of aggregate of:- i. One year royalty, based on PRC; and ii. One year revenue share computed on the basis of PRC of mine as per approved Mining Plan (PRC X Final Offer X Representative Price after adjustment with latest available sub-index of National Coal Index)	Before in-principle approval of Mining Plan:- 25% of estimated exploration expense After in-principle approval of Mining Plan:- Same as fully explored mines
Mine Plan not available (in case of fully explored mines)	To be estimated on the basis of an indicative PRC as provided in the Tender Document Upon in-principle approval of Mining Plan, a revised Performance Security to be submitted on the basis of approved Mining Plan	
Performance Security to State Govt	Upon grant of mine opening permission, PBG to be submitted to the State Government for the same amount. The Agreement shall be terminated and the Performance Security submitted to the Nominated Authority shall be returned	
Annual Revision	Change in: (i) National Coal Index (ii) Rate of Royalty (iii) Peak Rated Capacity	
Appropriation	As specified in the Agreement	



Performance Security - Illustration

Particulars			
Peak Rated Capacity	A	MTPA	10
Representative Price for the average grade G10 of the Coal Mine (Rs./tonne)	B	Rs./tonne	1600
National Coal Index of the relevant basket of coal grade - latest available as on the date of issuance of Tender Document	C		110
National Coal Index of the relevant basket of coal grade - latest available on the date of execution of Agreement	D		118
Rate of Royalty	E	%	14%
One Year Royalty	$F = A \times B \times D/C \times E/10$	Rs. Crore	240.29
65% of One Year Royalty	$G = 65\% \text{ of } F$	Rs. Crore	156.19
Final Offer	H	%	25%
One Year Revenue to the Government	$I = A \times B \times D/C \times H/10$	Rs. Crore	429.09
65% of One Year Revenue to the Government	$J = 65\% \text{ of } I$	Rs. Crore	278.91
Total Performance Security	$K = G + J$	Rs. Crore	435.10



Monthly Payments

- Shall be made on the basis of the Final Offer (% revenue share quoted) and monthly revenue
- Revenue share for this purpose shall be the product of:
 - Final Offer
 - Quantity of coal on which statutory royalty is payable during the month
 - Notional Price or Actual Price, whichever is higher, where
 - Notional Price is the price arrived at after adjusting the Representative Price with sub-index of National Coal Index of the relevant basket of coal grade(s) on the date on which royalty becomes payable.
 - Representative Price shall be a product of:
 - weights of the Base year; and
 - Latest available prices of these components at the time of issuance of the Tender Document
 - Actual Price shall mean the sale invoice value of coal, net of statutory dues.
- Other Statutory dues including taxes, royalty contribution to NMET and DMF etc. shall be payable as per Applicable law



Monthly Payments - Illustration

- Assuming that the Successful Bidder has quoted Final Offer of 10%

Particulars	G11	G12	G13
Representative Price (Rs./tonne) (A)	1640	1420	1380
National Coal Index of the relevant basket of Coal Grade – latest available as on the date of issuance of Tender Document (B)	105	105	105
National Coal Index of the relevant basket of Coal Grade on the date on which royalty becomes payable (C)	115	115	115

Grade of Coal	Quantity of coal on which the statutory royalty is payable during the month (MT) (D)	Notional Price (Rs./tonne) (A x C/B)	Actual Price (Rs./tonne)	Max of Notional Price & Actual Price (Rs./tonne) (E)	Revenue Share (Rs. Crore) (D x E x Final Offer/10)
G11	0.50	1796	1800	1800	9.00
G12	0.70	1555	1550	1555	10.89
G13	0.60	1511	1500	1511	9.07
Total	1.80				28.96



Incentives

Early Commencement of Coal Production

- Rebate of 50% on Final Offer would be allowed for the quantity of coal produced earlier than Scheduled Date of Production

Coal Gasification or Liquefaction

- Rebate of 50% on Final Offer on total quantity of coal consumed in own plant(s) or plant(s) of holding, Subsidiary Company, Affiliate, Associate Company of the Successful Bidder or sold or both for Coal Gasification/ Coal Liquefaction
- Subject to at least 10% of scheduled coal production as per approved Mining Plan being consumed and/or sold for Coal Gasification or Coal Liquefaction, in a year
- No incentives shall be available in respect of quantity of coal produced earlier than Scheduled Date of Production and utilised in Coal Gasification/ Coal Liquefaction, if the Successful Bidder elects to avail incentives for early production in respect of such quantity of coal



Illustration - Incentive for Early Commencement of Coal Production

- Final Offer of 10%
- Scheduled Date of coal production is June 1, 2024
- Actual Date of coal production is May 1, 2024, earlier than the Scheduled Date of Production

Particulars	G11	G12	G13
Representative Price (Rs./tonne) (A)	1640	1420	1380
National Coal Index of the relevant basket of Coal Grade – latest available as on the date of issuance of Tender Document (B)	105	105	105
National Coal Index of the relevant basket of Coal Grade on the date on which royalty becomes payable (C)	115	115	115

Grade of Coal	Quantity of coal on which royalty is payable during the month (MT) (D)	Notional Price (Rs./tonne) (A x C/B)	Actual Price (Rs./tonne)	Max of Notional Price & Actual Price (Rs./tonne) (E)	Applicable Final Offer (F = 50% x Final Offer)	Revenue Share (Rs. Crore) (D x E x F/10)
G11	0.50	1796	1800	1800	5%	4.50
G12	0.70	1555	1550	1555	5%	5.44
G13	0.60	1511	1500	1511	5%	4.53
Total	1.80					14.48



Illustration - Incentive for Coal Gasification/ Liquefaction

Particulars		
Final Offer (%)	(A)	10%
Scheduled Coal Production during the year as per approved Mining Plan – G11 Grade (MT)	(B)	15
Representative Price of G11 Grade (Rs/tonne)	(C)	1468
Total quantity of coal consumed or sold or both for Coal Gasification or Coal Liquefaction during the year – G11 Grade (MT)	(D)	2
Quantity of coal consumed or sold or both for Coal Gasification or Coal Liquefaction as % of Scheduled Coal Production (%)	(D/B)	13.33%
Rebate in Final Offer applicable for total quantity of coal consumed or sold or both for Coal Gasification or Coal Liquefaction during the year	(E)	50%
Revenue share payable for the year for quantity of coal consumed or sold or both for Coal Gasification or Coal Liquefaction - calculated in accordance with provisions of Tender Document (Rs. Crore)	(F)	30
Applicable revenue share payable for the year for quantity of coal consumed or sold or both for Coal Gasification or Coal Liquefaction after considering the incentive for Coal Gasification or Coal Liquefaction of coal (Rs. Crore)	(F x (1-E))	15



Flexibility in Production Schedule

- **Flexibility in coal production schedule**
 - At least 65% of scheduled production each financial year
 - At least 75% of scheduled production over a block of 3 financial years
- **Compensation in case of shortfall in production**

Shortfall Quantity	Revenue share for shortfall on basis of
65% of annual scheduled coal production in any FY as per approved Mining Plan, less the quantity of coal on which the statutory royalty is paid	Notional Price arrived at after adjusting the Representative Price with sub-index of National Coal Index of the relevant basket of coal grade(s) for relevant FY
75% of scheduled coal production for a block of 3 FYs as per approved Mining Plan (above 65% and below 75%) less the quantity of coal on which the statutory royalty is paid in 3 FYs	Notional Price arrived at after adjusting the Representative Price with sub-index of National Coal Index of the relevant basket of coal grade(s) for the relevant block of 3 FYs

- Statutory dues including taxes, levies, Royalty, contribution to DMF and NMET etc. shall be payable as per Applicable Law



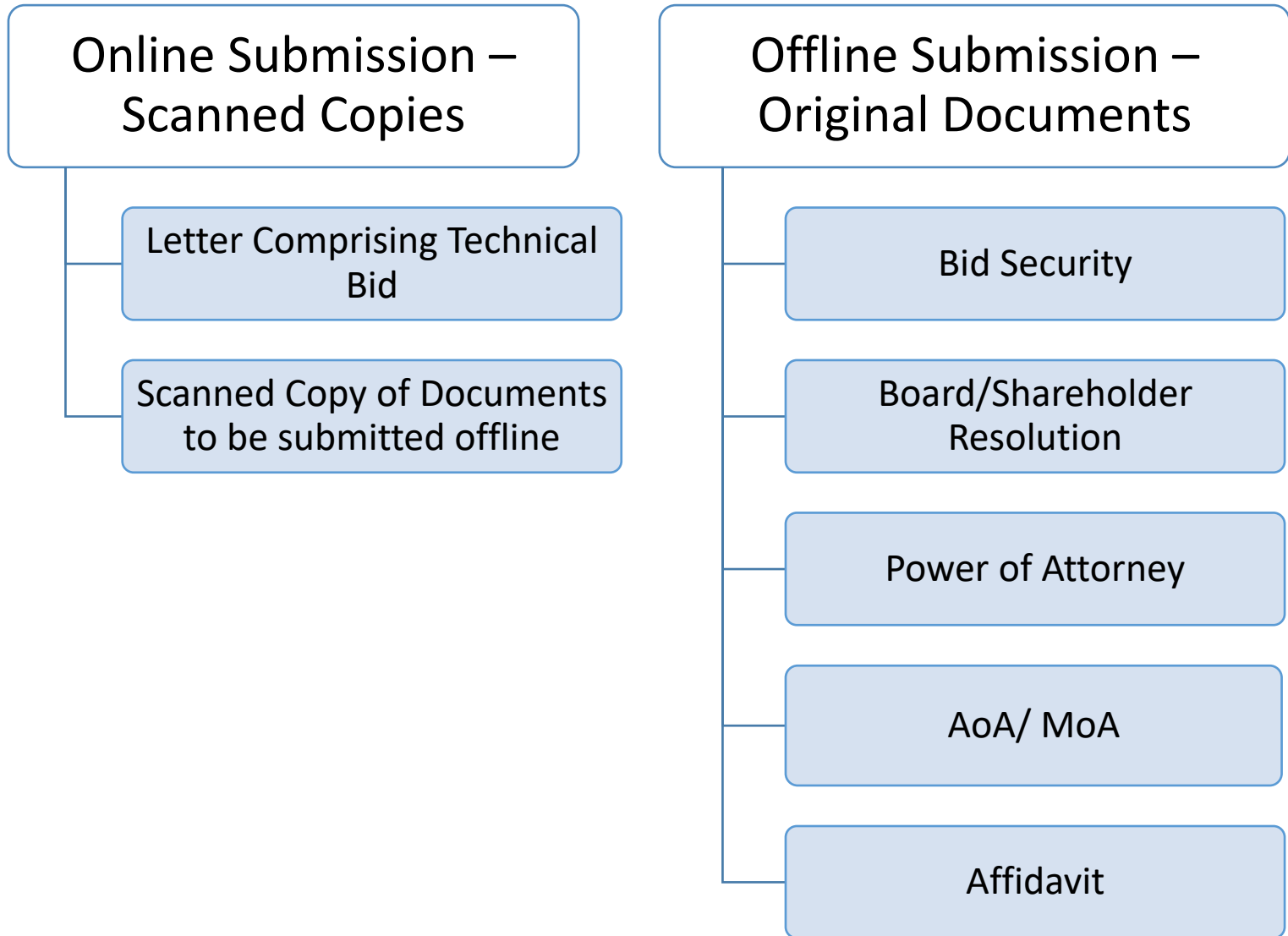
Illustration – Revenue payable on Shortfall

National Coal Index as on the date of issuance of Tender Document (A)	120
Representative Price for the G10 grade of the Coal Mine (Rs./tonne) (B)	1800
Final Offer (C)	25%

Year	Scheduled Production (MT)	Actual Production (MT)	Actual Production as % of Scheduled Production	Shortfall in Production (MT)	Penalty Trigger Event	Value of NCI	Revenue Payable to Government on account of shortfall (Rs. Cr)
	D	E	F = E/D	G = Max (0%, 65% - F) (year) Max(0%, 75% - F) (block)		H	I = D x G X B x H/A x C/10
Y1	2	1.7	85.00%	0.00%		127	-
Y2	4	2.5	62.50%	2.50%	Event 1	128	5
Y3	7	5.6	80.00%	0.00%		129	-
Block 1	13	9.8	75.38%	0.00%		128	-
Y4	10	7.9	79.00%	0.00%		130	-
Y5	10	6.5	65.00%	0.00%		131	-
Y6	10	6.6	66.00%	0.00%		131	-
Block 2	30	21	70.00%	5.00%	Event 2	131	74



Submission of Technical Bid





Instructions regarding Technical Bid

- Value of Stamp Paper to be in accordance with State Laws where documents are executed
- Power of Attorney
 - Date of execution and date of notarization of Power of Attorney should be same
 - Common seal should be affixed on Power of Attorney if the same is required as per AoA/ MoA
 - Power of Attorney should pre-date the documents submitted as part of the Technical Bid
- Certified true copy of board resolution authorising execution of Power of Attorney
 - Board Resolution should pre-date Power of Attorney
- Certified extract of charter documents i.e. Memorandum of Association and Articles of Association to be submitted
- Affidavit
 - Date of execution and date of notarization of the Affidavit should be same
 - Affidavit to contain details of all submissions made as part of Technical Bid, both online and physical copy including specific mention of Affidavit being submitted
 - NIL is to be indicated in table at Sl. no. 3, if none of the Affiliates of Bidder are participating in the tender process for the Coal Mine
- Letter Comprising Technical Bid
 - NIL is to be indicated in table at Sl. no. 6, if none of the Affiliates of Bidder are participating in the tender process for the Coal Mine



Thank You

This presentation is for ease of understanding of the auction process by the Bidders. In case of any discrepancies between this presentation and the Tender Document & Agreement, the provisions of the Tender Document & the Agreement will prevail.

