



**PRE BID MEETING**  
**AUCTION OF COAL MINES FOR SALE OF COAL**  
**Tranche 12 under CM(SP) Act & Tranche 2 under MMDR Act**



**26 April 2021**



# Agenda

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- **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
- Auction process successfully completed for 19 blocks in November 2020



# Mines on Offer – 67 mines

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	16	11	5	4	12	9	7
CHHATTISGARH	18	4	14	-	18	9	9
ODISHA	14	4	10	-	14	9	5
MAHARASHTRA	7	3	4	-	7	5	2
MADHYA PRADESH	10	1	9	2	8	3	7
ANDHRA PRADESH	2	-	2	-	2	2	-
<b>Total</b>	<b>67</b>	<b>23</b>	<b>44</b>	<b>6</b>	<b>61</b>	<b>37</b>	<b>30</b>

State	Total Mines	Resource (MT)			Resource (MT)		
		Fully Explored	Partially Explored	Total	Coking	Non Coking	Total
JHARKHAND	16	2,650	492	3,142	408	2,734	3,142
CHHATTISGARH	18	3,865	2,428	6,293	-	6,293	6,293
ODISHA	14	12,529	9,500	22,029	-	22,029	22,029
MAHARASHTRA	7	833	277	1,110	-	1,110	1,110
MADHYA PRADESH	10	1,058	1,361	2,420	610	1,810	2,420
ANDHRA PRADESH	2	1,002	-	1,002	-	1,002	1,002
<b>Total</b>	<b>67</b>	<b>21938</b>	<b>14059</b>	<b>35997</b>	<b>1018</b>	<b>34979</b>	<b>35997</b>



# Auction Process, Key Terms & Conditions



# Schedule of Auction Process

<b>Event Description</b>	<b>Estimated Date</b>
Launch of Auction	March 25, 2021
Last date of receiving written queries from Bidders	1600 hours on April 23, 2021
Last date of receiving written requests for Site Visit	1600 hours on May 13, 2021
Last date for written responses to queries by the Nominated Authority	May 13, 2021
Last date for registration of bidder at the website of MSTC	May 21, 2021
Last date for sale of Tender Document at the website of MSTC	May 24, 2021
Bid Due Date	Online: 1200 hours on May 27, 2021 Physical: 1600 hours on May 27, 2021
Conduct of electronic auction	June 28, 2021 - July 28, 2021



# 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;

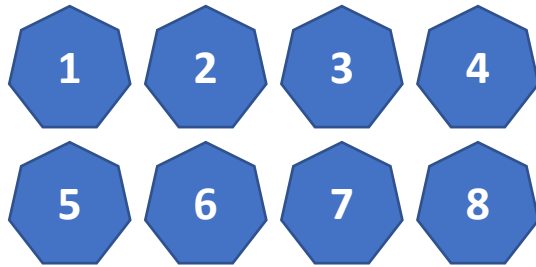
If there are 7 or more TQBs, 1/3<sup>rd</sup> of lowest ranked TQBs subject to maximum of 3 shall be eliminated. If there are more than 3 TQBs at lowest ranks, all such TQBs shall be eliminated and remaining are considered as Qualified Bidders.

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

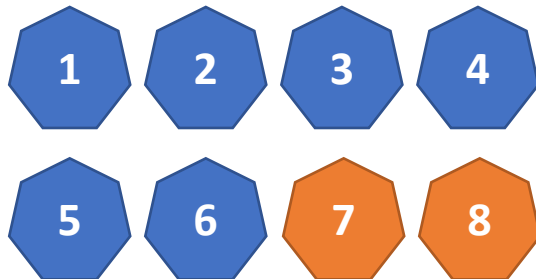
Auction process would be annulled in case of less than 2 TQBs



# 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

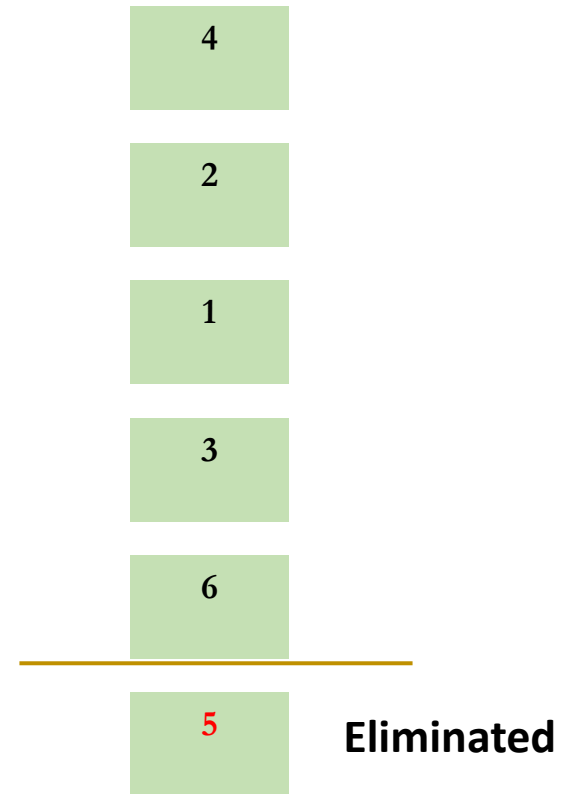
Initial Offers of the 6 TQBs shall be opened



# 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





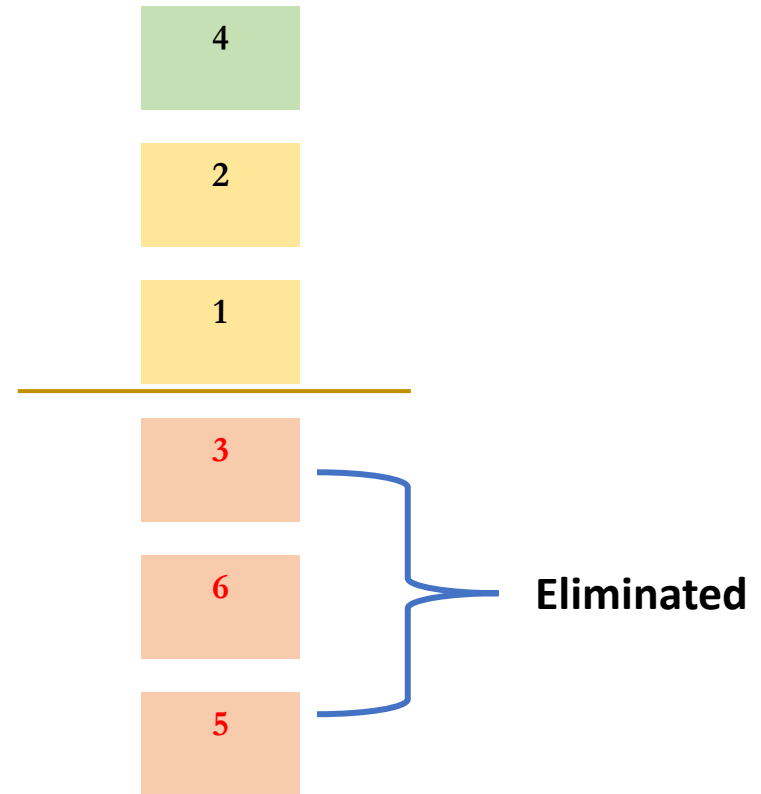
# Illustration 1 b – Ranking & Elimination

- 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

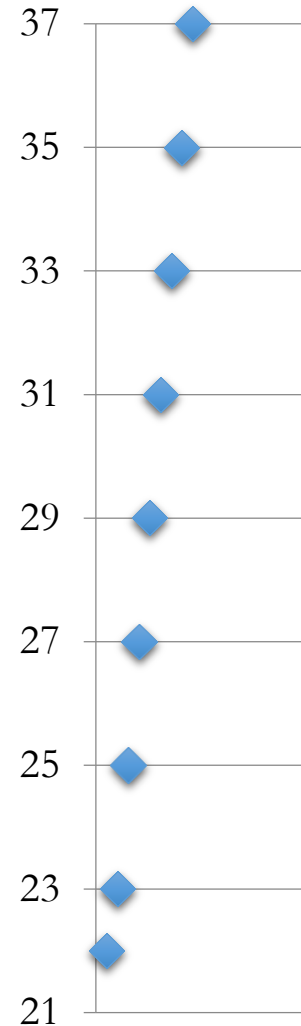
Say, the Initial Offers of the Technically Qualified Bidders were:

- 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



# 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

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- 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

<b>Instalment</b>	<b>Fully Explored Mines under MMDR Act and CMSP Act (other than Schedule II)</b>	<b>Partially Explored Mines under MMDR Act and CMSP Act</b>	<b>Payable to</b>
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
<b>Upfront Amount (Rs. Crore)</b>	<b>Min (E, 500)</b>	<b>500</b>

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
<b>Upfront Amount (Rs. Crore)</b>	<b>Min (E, 500)</b>	<b>345.68</b>



# 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
<b>Amount</b>	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
<b>Mine Plan not available (in case of fully explored mines)</b>	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	
<b>Performance Security to State Govt</b>	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	
<b>Annual Revision</b>	Change in: (i) National Coal Index (ii) Rate of Royalty (iii) Peak Rated Capacity	
<b>Appropriation</b>	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
<b>Total Performance Security</b>	<b><math>K = G + J</math></b>	<b>Rs. Crore</b>	<b>435.10</b>



# 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
<b>Total</b>	<b>1.80</b>				<b>28.96</b>



# 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 20% 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
<b>Total</b>	<b>1.80</b>					<b>14.48</b>



# 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)	20%
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
<b>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)</b>	<b>(F x (1-E))</b>	<b>24</b>



# 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



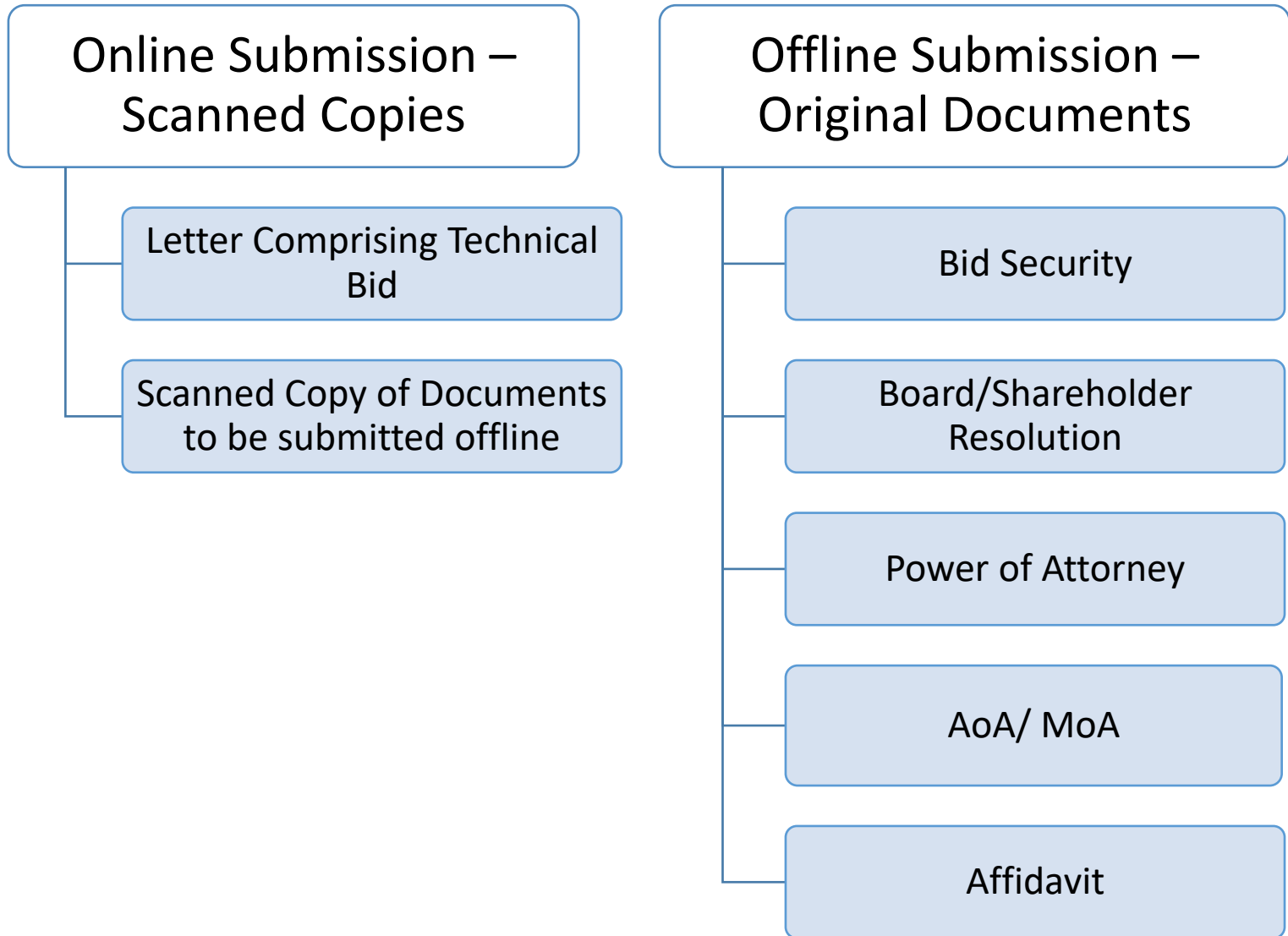
# Illustration – Revenue payable on Shortfall

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%	<b>Event 1</b>	128	<b>5</b>
Y3	7	5.6	80.00%	0.00%		129	-
<b>Block 1</b>	<b>13</b>	<b>9.8</b>	<b>75.38%</b>	<b>0.00%</b>		<b>128</b>	-
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	-
<b>Block 2</b>	<b>30</b>	<b>21</b>	<b>70.00%</b>	<b>5.00%</b>	<b>Event 2</b>	<b>131</b>	<b>74</b>



# 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.*



# HONEST MINING COMPANY

## Letter Comprising the Technical Bid

Date: 21 May 2021

To,

The Nominated Authority  
Ministry of Coal  
Room No. 120, F-Wing,  
1<sup>st</sup> Floor, Shastri Bhawan  
New Delhi - 110001

**Sub: Technical Bid for Koliyari Coal Mine; Honest Mining Company (MSTC Registration Number: 654321)**

Dear Sir,

With reference to your Tender Document dated March 25, 2021, I, having examined the Tender Document and understood their contents, hereby submit my Technical Bid for the aforesaid Coal Mine. The Bid is unconditional and unqualified.

1. I have reviewed the terms of the Tender Document and hereby unconditionally and irrevocably accept, agree and acknowledge the terms thereof. Capitalised expressions used in this letter have the same meaning as ascribed thereto in the Tender Document.
2. I acknowledge that the Nominated Authority will be relying on the information provided in the Bid and the documents accompanying the Bid for recommendation of the Preferred Bidder and subsequent selection of the Successful Bidder for the aforesaid Coal Mine, and we certify that all information provided therein is true and correct; nothing has been omitted which renders such information misleading; and all documents accompanying the Bid are true copies of their respective originals.
3. This statement is made for the express purpose of our participation in the tender process and possible selection as Successful Bidder.
4. I shall make available to the Nominated Authority any additional information it may find necessary or require to supplement or to authenticate the Bid.
5. I acknowledge the right of the Nominated Authority to reject our Bid without assigning any reason or otherwise and hereby waive, to the fullest extent permitted by Applicable Law, our right to challenge the same on any account whatsoever.
6. For the purposes of classification under Clause 4.1.3 of the Tender Document, the particulars of our Affiliates (*as defined in the Tender Document*), which are also participating in the tender process for the Coal Mine are set-out below:

Sl.	Name of the Company	Corporate Identity Number (CIN)	Registered Address
	NIL		

*Note: Indicate nil if none of the Affiliates are participating in the tender process for the Coal Mine.*

**Registered Address: World Trade & Business Park, Bhagyodaya Nagar, New Delhi 110001**

# HONEST MINING COMPANY

7. I declare that:
- a) I have examined and understood the Act and the Rules;
  - b) I have examined and have no reservations to the Tender Document, including any addendum and/or corrigendum issued by the Nominated Authority;
  - c) I have not directly or indirectly or through an agent engaged or indulged in any Corrupt Practice, Fraudulent Practice, Coercive Practice, Undesirable Practice or Restrictive Practice, as defined in Clause 8 of the Tender Document, in respect of any tender or request for proposal issued by or any agreement entered into with the Nominated Authority or any other public sector enterprise or any government, central or state; and
  - d) I hereby certify that we have taken steps to ensure that in conformity with the provisions of Clause 8 of the Tender Document, no person acting for us or on our behalf has engaged or will engage in any Corrupt Practice, Fraudulent Practice, Coercive Practice, Undesirable Practice or Restrictive Practice;
8. I understand that you may cancel the tender process at any time and that you are neither bound to accept any Bid that you may receive nor to invite the Bidders to Bid for the Coal Mine, without incurring any liability to the Bidders, in accordance with the Tender Document.
9. I unconditionally represent that we meet all the Eligibility Conditions as specified in the Tender Document.
10. I unconditionally represent that we are eligible to participate in the tender process in accordance with the Foreign Direct Investment Policy 2020 issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, as may be amended from time to time and including Press Note 4 of 2019 and Press Note 3 of 2020.
11. **I hereby confirm that the Bidder is permitted by its Memorandum of Association and Articles of Association to undertake coal mining activity.**
- OR**
- I hereby undertake to ensure that the main object under the Memorandum of Association of the Bidder will be duly revised and updated, if necessary, to allow mining activity in case of Bidder being declared as a Preferred Bidder<sup>1</sup>.**
12. I hereby irrevocably waive any right or remedy which we may have at any stage at law or howsoever otherwise arising to challenge or question any decision taken by the Nominated Authority in connection with the selection of the Preferred Bidder, or in connection with the tender process itself, in respect of the above mentioned Coal Mine and the terms and implementation thereof.
13. In the event of my being declared as the Successful Bidder, I agree to enter into an Agreement in accordance with the Tender Document and pay such amounts and provide such security as required therein
14. Any payments required to be made by me shall be subject to set-off in accordance with Section 16(3) of the Act, if applicable.

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<sup>1</sup> Bidder to retain any one of the two

# HONEST MINING COMPANY

15. I have ensured compliance with Clause 3.4 of the Tender Document and to the best of my knowledge this Bid is responsive in terms thereof.
16. I agree and understand that the Bid is subject to the provisions of the Tender Document. In no case, I shall have any claim or right of whatsoever nature if the Coal Mine is not awarded to me or my Bid is not opened or rejected.
17. The Initial Offer has been and the Final Offer shall be quoted by me after taking into consideration all the terms and conditions stated in the Tender Document, the Agreement, our own estimates of costs and feasibility and after a careful assessment of the Coal Mine and all the conditions that may affect the Coal Mine.
18. I would ensure that all documents required to be submitted electronically on the electronic auction platform and the following documents required to be submitted physically with the Nominated Authority are duly submitted: (a) power of attorney in the form and substance as specified in Annexure V of the Tender Document; (b) affidavit in the form and substance as specified in Annexure VI of the Tender Document; (c) Bid Security in the form and substance as specified in Annexure VIII of the Tender Document.
19. I shall keep this offer valid for 210 (two hundred and ten) days from the Bid Due Date specified in the Tender Document or such extended duration as may be agreed with the Nominated Authority

In witness thereof, I submit this Technical Bid under and in accordance with the terms of the Tender Document.

Yours faithfully,



**Maanaav Kumar**

**Manager (Coal)**

**Honest Mining Company**

**+91-9999988888**



Date: **21 May 2021**

Place: **New Delhi**

**Registered Address: World Trade & Business Park, Bhagyodaya Nagar, New Delhi 110001**



राज्य STATE

AB 12345

### Power of Attorney for Signing the Bid

Know all men by these presents, We, **Honest Mining Company** having our registered office at **World Trade & Business Park, Bhagyodaya Nagar, New Delhi 110001** do hereby irrevocably constitute, nominate, appoint and authorise **Mr. Maanaav Kumar**, son of **Mr. Chiranjeev Kumar** and presently residing at **World View Apartments, New Delhi 110017**, who is presently employed with us and holding the position of **Manager (Coal)**, as our true and lawful attorney (hereinafter referred to as the "Attorney") to do in our name and on our behalf, all such acts, deeds and things as are necessary or required in connection with or incidental to submission of our bid for the **Koliyari Coal Mine** ("Coal Mine") in response to the Tender Document dated **March 25, 2021** issued by Nominated Authority, Ministry of Coal (the "Nominated Authority") including but not limited to signing and submission of all applications, affidavits, bids and other documents and writings, participate in Bidders' and other conferences and providing information/ responses to the Nominated Authority, representing us in all matters before the Nominated Authority, and generally dealing with the Nominated Authority in all matters in connection with or relating to or arising out of our bid for the said Coal Mine and/or upon award thereof to us and/or till the entering into of the Coal Mine Development and Production Agreement/ Coal Block Development and Production Agreement with the Nominated Authority.

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by our said Attorney pursuant to and in exercise of the powers conferred by this power of attorney and that all acts, deeds and things done by our said Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us.



Attested  
**VIRAAT SINGH**  
Advocate & Notary  
Distt. New Delhi, Delhi, India

**12 05 2021**


AND we hereby confirm we do not have a common seal and therefore no common seal is required to be affixed hereto per applicable laws.

*(to be retained as applicable)*

IN WITNESS WHEREOF WE, **HONEST MINING COMPANY**, THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS **12<sup>TH</sup>** DAY OF **MAY 2021**.

*(day) (month) (year)*

*(Common Seal)*



*(Signature)*

**Ehsaan Mallick**

*(Name)*

**Managing Director**

*(Designation)*

THE SEAL OF THE ABOVE MENTIONED HONEST MINING COMPANY WAS HEREUNTO AFFIXED PURSUANT TO A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COMPANY PASSED IN THAT BEHALF AT THE MEETING HELD ON 21 APRIL 2021 IN THE PRESENCE OF MR EHSAAAN MALLICK, MANAGING DIRECTOR OF THE COMPANY AND MR ANIL MALLICK, COMPANY SECRETARY OF THE COMPANY, WHO HAVE SIGNED THESE PRESENTS

*(to be retained as applicable)*



*(Seal)*



*(Signature)*

**Anil Mallick**

*(Name)*

**Company Secretary**

*(Designation)*



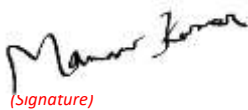
*(Seal)*

WITNESSES

1. AVATAR SINGH BEDI, K-432, NOIDA
2. FERDINAND D'SOUZA, SILK VIEW APARTMENTS, GURUGRAM



ACCEPTED



*(Signature)*

**Maanaav Kumar**

*(Name)*



*(Seal)*

**Manager (Coal), Honest Mining Company**

*(Designation)*

**World View Apartments, New Delhi 110017**

*(Address)*

NOTARISED



Attested  
**VIRAAT SINGH**  
Advocate & Notary  
Distt. New Delhi, Delhi, India

**12 05 2021**



राज्य STATE

AB 12345

## Affidavit

I, **Maanaav Kumar** aged 25 years, resident of **World View Apartments, New Delhi 110017** working as **MANAGER (COAL)**, an authorised signatory on behalf of **Honest Mining Company** (the "Bidder") hereby state as under:

1. I say that I am the **Manager (Coal)** of the Bidder. I am conversant with the facts and circumstances surrounding the subject of this Affidavit and have been authorized to depose to the same pursuant to the power of attorney dated **May 12, 2021**. I am filing this Affidavit to place on record verification of facts and documents in connection with the tender process concerning **Koliyari Coal Mine**.

2. The following documents are brought on record on the website of MSTC or physically submitted with the Nominated Authority:

### A. Documents submitted on the website of MSTC

1. Letter comprising the technical bid as per Annexure IV of the Tender Document
2. Power of Attorney as per Annexure V of the Tender Document
3. This Affidavit as per Annexure VI of the Tender Document
4. Bid Security as per Annexure VIII of the Tender Document
5. Certified true copy of board resolution authorising execution of abovementioned Power of Attorney
6. Certified extract of charter documents i.e. Memorandum of Association and Articles of Association
7. *[insert any other document submitted by the Bidder]*



Attested  
**VIRAAT SINGH**  
Advocate & Notary  
Distt. New Delhi, Delhi, India

**21 05 2021**

## B. Documents submitted physically with the Nominated Authority

1. Original Power of Attorney as per Annexure V of the Tender Document
2. Original Affidavit as per Annexure VI of the Tender Document
3. Original Bid Security as per Annexure VIII of the Tender Document
4. Certified true copy of board resolution authorising execution of abovementioned Power of Attorney
5. Certified extract of charter documents i.e. Memorandum of Association and Articles of Association
6. *[insert any other document submitted by the Bidder]*

3. For the purposes of classification under Clause 4.1.3 of the Tender Document, the particulars of our Affiliates (as defined in the Tender Document), which are also participating in the tender process for the Coal Mine are set-out below:

Sl. No.	Name of the Company	Corporate Identity Number (CIN)	Registered Address
	NIL		

*Note: Indicate nil if none of the Affiliates are participating in the tender process for the Coal Mine.*

4. I unconditionally represent that we are eligible to participate in the tender process in accordance with the Foreign Direct Investment Policy 2020 issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, as may be amended from time to time and including Press Note 4 of 2019 and Press Note 3 of 2020.

5. I unconditionally represent that we have not and will not, directly or indirectly or through an agent engaged or indulged in any Corrupt Practice, Fraudulent Practice, Coercive Practice, Undesirable Practice or Restrictive Practice, as defined in Clause 8 of the Tender Document or enter to arrangement with a intent to form a cartel, in respect of any tender or request for proposal issued by or any agreement entered into with the Nominated Authority or any other public sector enterprise or any government, central or state.

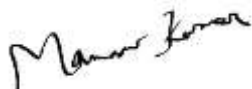
6. That nothing has been concealed in the information submitted as mentioned above.

Solemnly affirmed and verified on this **21st** day of **May 2021** at **New Delhi**.

*(day)*

*(month) (year)*

*(place)*

  
*(Signature)*

**Maanaav Kumar**

*(Name)*

**Manager (Coal)**

*(Designation)*



  
Attested  
**VIRAAT SINGH**  
Advocate & Notary  
Distt. New Delhi, Delhi, India

**21 05 2021**



VERIFICATION

I, **Manaav Kumar**, the **Manager (Coal)** of the Bidder above named, having my office at **World Trade & Business Park, Bhagyodaya Nagar, New Delhi 110001** do hereby solemnly declare that what is stated above are on the basis of the books and records of the Bidder, and verify that the contents of the above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

Verified at **21st** day of **May 2021** at **New Delhi**.

Deponent

  
(Signature)

**Maanaav Kumar**

(Name)

**Manager (Coal)**

(Designation)



  
Attested  
VIRAAT SINGH  
Advocate & Notary  
Distt. New Delhi, Delhi, India

**21 05 2021**