

COAL INDIA LIMITED
MARKETING DIVISION
Apeejay House, A-Block, 6TH Floor, 15,
Park Street, Kolkata 700 016.

Phone : 033-22263301
TeleFax : 033-22170495
E-Mail : cilcontract@gmail.com

CIL:S&M:CMO:47252(New Pol): 404

Date: 6-June-2013

To
GM(Sales & Marketing)
ECL/BCCL/CCL/MCL/SECL/WCL/NCL/NEC

Dear Sir,

Sub : Renewal of Fuel Supply Agreements with the existing Non-Power consumers (including CPPs)

Further to the decision conveyed vide this office letter of even No.246 dated 26.3.13 on the above subject, it is informed that CIL Board in its 298th Meeting held on 27th May 2013, inter alia, accorded its approval for renewal of the existing Fuel Supply Agreements with the non-power consumers, including CPPs, (erstwhile valid linked consumers) for a period of 5 years. The Board approved the renewal of the FSAs with the following modifications/condition:

- (i) All consumers whose FSA are to be renewed may be offered 25% of the agreed quantity from higher grades of coal falling between G1 to G4 grades, wherever available. In case of non-acceptance by the Purchaser such quantity shall be considered as 'Deemed Delivered Quantity'. Supply of higher grades of coal shall however be made after adjustment of quantity on account of higher GCV of coal assuming 1.5 Mt of lower GCV coal is equivalent to 1 Mt of High GCV coal, falling between G1-G4 Grades. However, for CPP consumers, the quantity of higher grades of coal offered to CPP consumers may be adjusted on the basis of the consumption norms applicable to power sector consumers based on GCV of the coal being offered from such higher grades of coal.
- (ii) Renewal of the FSAs should be done after proper verification of the FSA holders as bonafide users.

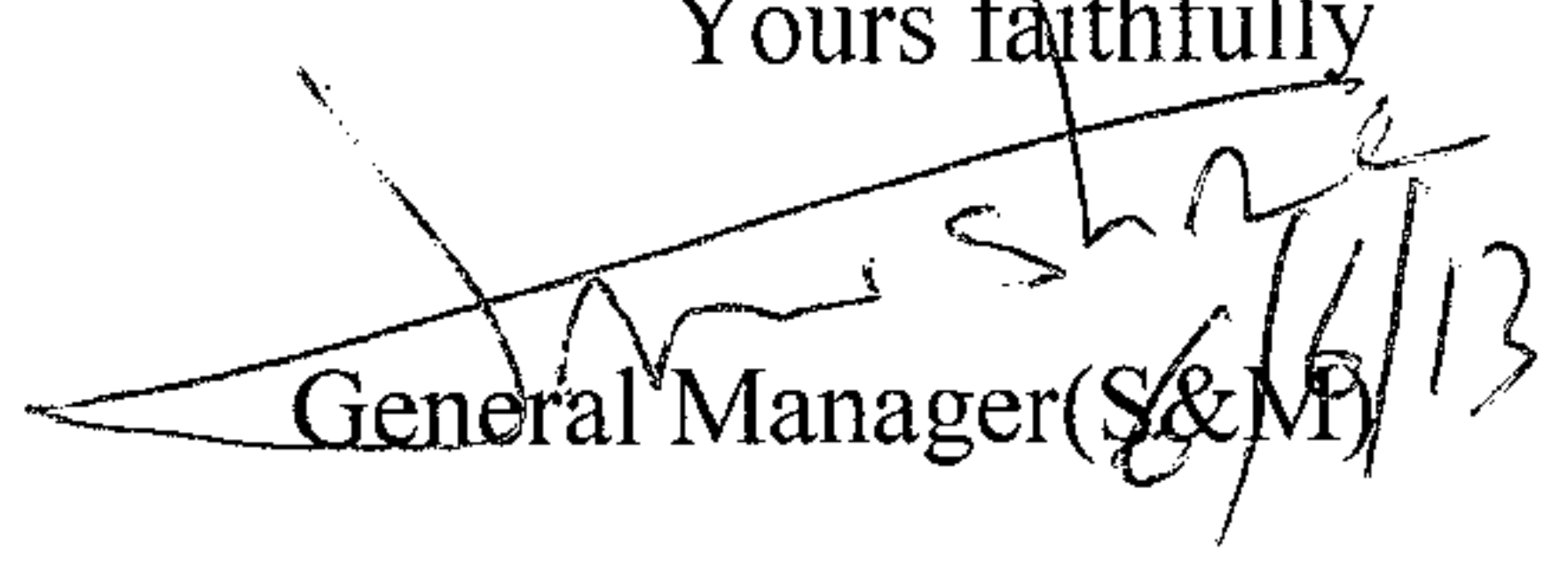
The required modification in the provisions of the FSA as approved by the CIL Board is enclosed as a comparative statement of the existing provision vis-à-vis modified provision.

This renewal for a further period of five years shall be made from the first date of the month, following the month in which the current FSA has expired or due to expire on completion of five years term. The renewed period of FSA for further 5 (five) years shall be inclusive the three months interim renewal conveyed vide letter No.246 dated 26.3.13. Further, in the matter of FSA(s) where cases are sub-judice in various Court of Laws the coal companies shall deal such cases in consultation with their respective associate legal departments.

You are requested to take necessary action as required.

Encl: Statement showing modified FSA provisions

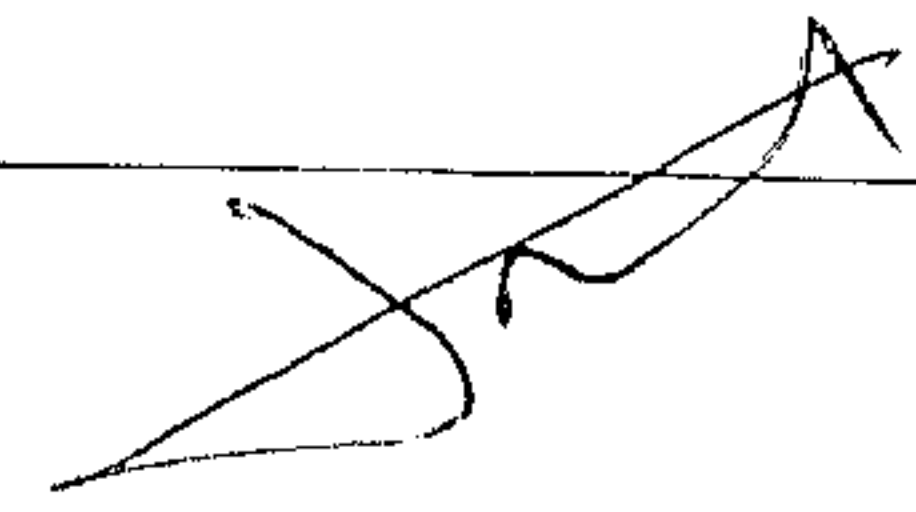
Yours faithfully


General Manager(S&M)

Cc: CMD ECL/BCCL/CCL/MCL/SECL/WCL/NCL/NEC
Cc: Dir(Mktg),Dir(Tech), CIL
Cc: TS to Chairman
Cc: GM(Commercial)/ GM(SO &LA)/GM(F), CIL S&M

Provisions to be added/ amended in the FSA Models for Existing Non Power Consumers (including CPPs)

Clause No	Existing Provision	Clause No	New Provision (after legal vetting)
<p>4.3 (Model A)</p> <p>4.3 (c) (Model B)</p> <p>4.3 (Model C)</p>	<p>Seller shall supply Coal from sources as mentioned in Schedule I. In case the Seller is not in a position to supply the Scheduled Quantity from such sources, the Seller shall have the option to supply the balance quantity from alternate source, including Imported Coal. Further, in case of alternate sources, Purchaser shall accept Coal directly from such alternate source through Indian railway system and / or by alternate modes of transport depending upon operational flexibility and at such Delivery Point as decided by the Seller. Additional cost due to supply through alternate source including the inland logistics cost of Imported Coal shall be borne by the Purchaser.</p>	<p>4.3 . (Model A)</p> <p>4.3 (c) (Model B)</p> <p>4.3 (Model C)</p>	<p>Seller shall supply Coal from sources as mentioned in Schedule I. In case the Seller is not in a position to supply the Scheduled Quantity from such sources, the Seller shall have the option to supply the balance quantity from alternate source, including Imported Coal. Further, in case of alternate sources, Purchaser shall accept Coal directly from such alternate source through Indian railway system and / or by alternate modes of transport depending upon operational flexibility and at such Delivery Point as decided by the Seller. Additional cost due to supply through alternate source including the inland logistics cost of Imported Coal shall be borne by the Purchaser.</p> <p>Notwithstanding the grades of coal agreed to be supplied by the Seller under this agreement as per Schedule II, the Seller may supply domestic coal falling between G1 to G4 Grades for 25% of ACQ quantity, wherever available. Supply of higher grades of coal shall however be made after adjustment of quantity on account of higher GCV of coal assuming 1.5 Mt of lower GCV coal is equivalent to 1 Mt of High GCV coal, falling between G1-G4 Grades. However, for CPP consumers, the quantity of higher grades of coal offered to CPP consumers may be adjusted on the basis of the consumption norms applicable to power sector consumers based on GCV of the coal being offered from such higher grades of coal</p>



Provisions to be added/ amended in the FSA Models for Existing Non Power Consumers (including CPPs)

Clause No	Existing Provision	Clause No	New Provision (after legal vetting)
4.8.1 (v) (Model A) 4.9.1(v) (Model B) 4.10.1 (v) (Model C)	The quantity of Coal offered by Seller through alternative source which is not accepted by the Purchaser.	4.8.1 (v) (Model A) 4.9.1(v) (Model B) 4.10.1 (v) (Model C)	“The quantity of coal offered by Seller from alternative sources including higher grades of coal from domestic sources, wherever available, which is not accepted by the Purchaser shall also qualify as Deemed Delivery Quantity”
4.8.2 (iii) (Model A) 4.9.2(iii) (Model B) 4.10.2 (iii) (Model C)	The quantity of Coal not supplied by the Seller owing to Coal through alternative source not accepted by the Purchaser.	4.8.2 (iii) (Model A) 4.9.2(iii) (Model B) 4.10.2 (iii) (Model C)	“The quantity of coal offered by Seller from alternative sources including higher grades of coal from domestic sources, wherever available, which is not accepted by the Purchaser shall also qualify as Deemed Delivery Quantity”

