

Mahanadi Coalfields Limited

(A Subsidiary of Coal India Limited)

At/PO. Jagriti Vihar, Burla, Dist. Sambalpur – 768020 (Orissa)

Phone : 0663-2542870 / 2542359 / 2542853 (O),

Fax : 0663-2542360 / 2542307 / 2542770

Email : cgmsm_mcl@yahoo.co.in

No. MCL/SBP/GM/S&M/2008/

DT.28.01.2009

N O T I C E

ADDITIONAL GENERAL FACILITY TO FSA CONSUMERS

Board of Directors of CIL in its meeting held on 11.12.2008 have approved granting following facilities to FSA holders as conveyed by CGM (S&M), CIL, Kolkata vide is letter No. CIL/S&M/New Pol/37, Dt.14.01.2009.

(i) **Option to consumers for change of Mode:**

Consumers drawing coal under FSA shall have the option for supply of coal either through rail or road mode or by combination of both.

(ii) **Part payment for drawal of coal by road against monthly allocation:**

Consumers drawing coal supplies by road under FSA are allowed to make part payment as per their choice and commensurate drawal of coal accordingly against monthly entitled quantity. However, only one payment in a day would be accepted on a particular source within the notified date for monthly booking.

(iii) **Option for making payment through IRLC for coal supplies by Rail:**

FSA consumers drawing coal by rail can opt to avail facility of payment through IRLC. However, this shall be backed by advance deposit of coal value covering 15 days' monthly programme in multiple of rakes. In the event of default in payment through IRLC, facility shall stand withdrawn forth with. Value of LC shall be the amount equal to 110% of 'As Delivered Price' of coal for monthly scheduled quantity and yearly limit of the LC shall be worked-out at 12 times of the IRLC value. The details of IRLC and sample proforma are enclosed.

(iv) **Dispensation in A, B & C Models FSA on payment terms:**

It has also been approved vide above meeting to allow dispensation earlier approved for Cement plants to FSA holders of A, B & C models Vide this dispensation, FSA holders have option to provide financial coverage by way of 8 days equivalent coal value of ACQ in form of Bank Guarantee (BG) plus 7 days equivalent non-interest bearing payment of coal value of ACQ in cash deposit subject to a minimum amount equivalent to "as delivered price" for one rake load or in the multiple thereof as the case may be. Financial coverage shall be maintained by the Purchaser through out the contract period. The Purchaser shall not be required to deposit financial coverage again 3 days prior to anticipated date of offer . The quantity in any single offer within a month shall not exceed the quantity as per the above financial coverage.

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(v) **Dispensation in Model "A" FSA on Security Deposit :**

The units with FSA who want to opt for offering 1½% value of ACQ as Security Deposit shall be allowed to do so, subject to the provisions that their compensation shall be calculated on quarterly cumulated basis and in the event their outstanding compensation amount ever exceeds 1½% value of BG (as S.D.), their Bank Guarantee shall be invoked and S.D. forfeited. On forfeiture of the S.D., the FSA would stand terminated. However, the Purchaser shall be at liberty to supplement and increase the B.G. value of the initial S.D. at any time and avoid the default on this account.

General Manager (S&M)

Copy along with letter No.CIL/S&M/New Pol/37, Dt.14.01.2009 to: -

1. Director Tech.(OP), MCL for kind information.
2. CGM(F), MCL, Burla.
3. GM(System), MCL along with soft copy with a request to hoist this notice in MCL's website.
4. FM(I/C), MCL, Kolkata for taking further needful action and also to display on notice board.
5. Noda Officer/Area Sales Manager, Jagannath Area.
6. Shri A.K.Malwe, SOM/Nodal Officer, MCL, Bilaspur.
7. SM(OP)/SM(RS)/FM(SA), MCL, Burla for necessary implementation.
8. Notice Board.

SAMPLE PROFORMA FOR IRREVOCABLE REVOLVING LETTER OF CREDIT

(IRLC shall be advised through the negotiating bank)

MAHANADI

..... (Beneficiary)
.....
.....

Dear Sirs,

Sub : Irrevocable Revolving Letter of Credit No..... dated

- I) IRLC NO. _____
- II) ISSUING BANK _____
- III) NEGOTIATING BANK _____
- IV) ISSUE DATE _____
- V) EXPIRY DATE _____

COAL

At the request of _____ (FSA Holder) _____, we have opened a IRLC for a sum not exceeding Rs. _____ (Rupees _____) available by your Sight Draft drawn on us for 100% of Invoice Value accompanied by documents stated hereunder.

- 1) Sight draft
- 2) Signed Commercial Invoice in Duplicate evidencing 100% value of the coal supplied to _____.
- 3) Copy of Railway Receipt of the consignment.

FIELDS

OTHER TERMS AND CONDITIONS

- A) The yearly limit of the LC shall be
- B) The L/C is an automatic revolving L/C, the amount of drawing (Bill) would be automatically reinstated. There will be no restriction on the number of bills drawn under LC during a month.
- C) All the charges including LC opening charges, LC establishment, negotiation, reinstatement, amendments and any other charges including bills discount charges, overdue interest shall be borne by the opener.
- D) The credit for 100% value of the bills shall be given by the negotiating bank within the next working day from the date of presentation.
- E) Supplementary bills can also be negotiated through IRLC. The supplementary bill shall also include bills raised due to revision in Statutory charges.
- F) Drafts drawn under this L/C are to be negotiated at _____.
- G) The negotiation of any bill will be reinstated if the payment is not received within 3 working days after receipt of documents by the issuing bank.
- H) The Bank guarantees to protect the drawers and endorsers and bona-fide holders from any consequences which may arise in the event of non acceptance or non payment of drafts drawn in accordance with the terms of the credit.
- I) Any dispute which may arise will be subject to jurisdiction of High Court.

LIMITED

The Credit Dispatch and Negotiation dated

This credit is irrevocably valid in India up to against dispatches of coal within the validity period of the LC from any colliery of for negotiation up to 90 days from the date of expiry of this LC.

This documentary credit is subject to the UPDC (2007 Revision), ICC Publication No.600.

Thanking you.

Yours faithfully,

(Authorized Signatory).

Issuing Bank