

Revised Terms & Conditions of Spot e-Auction Scheme 2011-2012

Terms & Conditions

1. Objective:

Coal distribution through e-Auction has been introduced with a view to provide access to coal for such buyers who are not able to source coal through the available institutional mechanism. In the long run it is expected that e-Auction may help in creating spot as well as future market of coal in the country.

The purpose of e-Auction is to provide equal opportunity to purchase coal through single window service to all intending Buyers.

E - Auction has been introduced to facilitate across the country wide ranging access to book coal on-line for all sections of coal Buyers enabling them to buy coal through a simple, transparent and consumer friendly system of marketing and distribution of coal.

Terms & Conditions

1. Eligibility:

Any Indian Buyer (viz. individual, partnership firm, companies etc.) can participate in e-Auction for procurement of coal. Bidders other than end-users of coal will not be permitted for unloading point within 60 kms of coal belt area.

2. Registration:

2.1 Before participation in the e-Auction, a prospective Buyer shall be required to get itself / himself registered with the Service Provider appointed by the SCCL for the purpose, by submitting an application in the prescribed format available on the Website of the respective Service Providers. The application shall be made along with the required documents such as copy of Income Tax return (latest), PAN Number, Sales Tax / Vat Registration Certificate, SSI Registration, Trade License, if applicable, Passport size photograph, etc. as prescribed by the service provider. Registration can be done either online, or at any of the front offices of the service provider.

2.2 After the registration, all-prospective Buyers will have an auto generated "Unique User ID" & a "password" based on which they can log in. Details of the registration process with the service provider will be available in their respective websites.

2.3 The service provider shall issue "Photo Identity Card" to their registered bidders duly authenticating the identity & signature, indicating a "Unique Registration Number" allotted to them. The service provider shall communicate the "Unique registration number" of the registered bidders to SCCL.

2.4 Only one registration will be done against one PAN number. However, based on more than one independent valid sales tax registration, more than one

registration against a PAN Number can be considered. In such cases, the details of valid sales tax registration will be indicated in each 'Photo Identity Card'.

2.5 All Buyers having been registered with the service providers shall also have to furnish non-interest bearing Earnest Money Deposit (EMD) at the rate of Rs.500/- per tonne of coal for grade "G11" and above and Rs. 400/- for tonne of coal of grade 'G12' and below, Washery grade slurry and Washery grades rejects with the Service Provider for participation in e-auction.

3. Notification:

3.1 SCCL would draw program for conducting e-Auction at least once in a month and notify the same, minimum 7(seven) days in advance, through display on the Company's notice board at Chief General Manager (Marketing) office, Hyderabad and putting the same on the SCCL website for wide publicity. The program will be intimated to the Service providers accordingly for hoisting the same on their websites also.

3.2 There will be separate auction for dispatches by rail and road mode. The minimum quantity for bidding would be 51 (fifty one) tonnes for a source for Road mode, where as in case of Rail the minimum quantity for bidding would be 1 (one) rake. The rake size shall be as per prevalent Railway Rules. The quantity of coal in a rake (4000 tonnes) shall be as indicated in the notice of E-auction. Each rake consists of 4000 tonnes as per the prevalent carrying capacity fixed by the Indian Railways.

3.3 The Buyer should satisfy itself / himself about the Rake fit stations / destinations from the Railways before participation in e-Auction by rail, Non-acceptance of the programme, even after the option exercised under extant Railway rules, on account of rake-fit stations / destinations being not accepted by the Railways shall be treated as a failure of the Buyer leading to forfeiture of relatable EMD.

4. Bidding Process

4.1 The registered Bidders shall be required to record their acceptance after login, of the Terms & Conditions of the e-Auction before participation in the actual Bidding Process.

4.2 Before participating in e-Auction, bidders are to satisfy themselves with the quality of coal being offered from a source.

4.3 Prospective Bidders are entitled to Bid for the quantity to the extent of amount of EMD for which is available with the service provider in the bidder's account at the time of bidding.

4.4 The Buyers while bidding shall quote their "Bid price" per tonne in Indian Rupee as base coal price on FOR/FOB colliery basis, exclusive of other charges like statutory levies, surface transportation charges, sizing/beneficiation charges, taxes,

cess, royalty, SED, & any other charges as will be applicable at the time of delivery. These charges as well as freight etc. shall be on the Buyers' account.

4.5 The bidder has to bid for a price equal to or above the reserve price to secure consideration in the concerned e-Auction.

4.6 The date, time and period of e-Auction as notified in advance including closing time on portal of service provider shall be adhered to but for the event of force majeure. However, the closing time of e-Auction will be automatically extended up to last Bid time, plus 5 minutes, so that opportunity is given to other Bidders for making an improved Bid on that item.

4.7 The Bidder shall offer his Bid price (per tonne) in the increment of Rs.10/- (Rupees ten) during the Normal e-Auction period. During the extended period of first two (2) hours, the Bidder shall offer his Bid price in the increment of Rs.20/-. Beyond this extended period of two hours the bid price increment would be Rs. 50/- (Rs.Fifty) only.

4.8 While maintaining the secrecy of Bidder's identity, the web site shall register and display on screen the lowest successful Bid price at that point of time. The system will not allow a Bidder to Bid in excess of his entitled quantity as per his EMD. However once a Bidder is out-bided by another (in part or full) the particular Bidder shall become eligible for making an improved Bid.

4.9 Following criteria would be adopted in deciding the successful bidders:-

(a) Precedence will be accorded to the highest bid price in the descending order (H1, H2, H3 and so on) as long as the offered quantity is available for allocation.

(b) If two or more buyers bid the same highest price, precedence for allotment will be accorded to the buyer who has placed the bid for the higher quantity.

(c) In case two or more buyers bid the same price and the same quantity, precedence will be given to the buyer who has accorded his bid first with reference to time.

5. **Post e-Auction process:**

5.1 ***Each successful bidder will be intimated through e-mail / SMS by the Service Provider after obtaining consent from the SCCL Marketing department on the subsequent date after the closure of e-Auction. However, it will be the responsibility of the bidder to personally see and download the result displayed on website, on the subsequent date after closure of e-Auction.***

5.2 The successful bidders after the e-Auction, will be required to deposit coal value with SCCL, within a period of **ten** working days, after the date of closing of e-Auction. Ten working days of Hyderabad office, SCCL would be reckoned.

5.3 Equivalent amount of EMD of successful bidder corresponding to successful bid quantity shall be blocked and will be transferred to SCCL by the service provider along-with the bid sheet in respect of successful bidders.

6. **Terms of payment:**

6.1 The coal value to be deposited in advance by the successful bidders shall be computed and deposited after making provision for the EMD amount for the successful bid quantity already transferred by the service provider to SCCL. In other words, the coal value to be deposited and EMD amount together shall be equivalent to the 100 % coal value.

6.1 (a) In addition to coal value as above, successful bidders shall also be required to pay the service charges and applicable taxes thereon payable to service providers from time to time. (Presently the service charges are 0.7 % of the Bid Price and Service Taxes inclusive of educational cess is being levied @ 10.3 % on the service charges.

6.2 EMD amount shall not be treated as an adjustment towards the coal value but would stand converted into a 'Security Deposit' for performance of the bidders towards completion of the said transaction.

6.3 The above security deposit (as converted from the EMD amount) would be adjusted as coal value, only after completion of lifting of coal covered under coal value paid, excluding security deposit. However, in the event of default in performance by the bidder, the provision of forfeiture of the 'Security Deposit' (as converted from the EMD) as stipulated would be applicable.

6.4 In case of rail supplies, the buyer shall deposit DD/RTGS/pay order drawn in favour of The Singareni collieries company Limited, payable at Hyderabad, along with the debit advice, issued by the bank certifying that the DD/RTGS/pay order has been issued by debiting the account of the concerned Buyer with in seven working days of SCCL.

6.5 In the event of non-deposition of 100% coal value by the Bidder in terms of Clause-5.2 and 6.4 above, EMD transferred by service provider will be forfeited.

6.6 The Buyers shall also have the option of making payment through RTGS mode and SCCL account details can be obtained from DGM (F&A) HYD, SCCL.

7. **Procedure of Coal Delivery**

By Road:

7.1 SCCL shall issue Sale / Delivery Orders to the successful bidders in terms of Clause 6.4 after realization of payment. The Buyer has to submit the option before the issue of the Sale / Delivery Order for movement of the coal "within state" or "outside state" and the Sale / Delivery Order would indicate the same accordingly. However, the challan issued by the SCCL shall indicate the destination.

7.2 The validity period to complete lifting of coal by road shall be two months from the date of issue of Sale/Delivery Order. Extension of validity period will be made up to a maximum period of 30 more days

7.2 (a) The successful bidders (in case of Individuals/traders) have to indicate the unloading point 60 kms away from the coal belt area (road distance from any of the coal mine). However, actual end users will be permitted for unloading of coal at their factory even if the unloading point is within 60 Kms of the coal belt area.

(b) **The unloading point shall be nominated at Weigh Bridge before issue of Delivery Challan by the customer and it shall be 60 kms away from the Coal belt Area.**

By Rail:

7.3 The seniority of buyers in case of rail supplies shall be guided by the seniority list as provided by the service provider based on buyer's bids.

7.4 The quantity allotted against each rake is indicative quantity only and delivery shall be made on the basis of actual weighment by the Seller at the loading end.

7.5 The validity period for seeking allotment of rake in case of rail supplies shall be two months from the date of issue of consent by the SCCL. Once the rake is allotted it shall remain valid for supply of coal as per prevailing Railway Rules.

7.6 Although loading will be the responsibility of the SCCL, but to avoid any complaint regarding over-loading, under loading and quality, the Buyer himself or his authorized representative may supervise loading at the loading point. The authorized representative must carry valid authority letter along with photocopy of Identity Card issued by Service Provider.

7.7 The overloading and under loading charges, if any, at the rates applicable as per Railway rules, will be borne by the SCCL and the respective Buyer / bidder as follows:

- i) Overloading charges will be borne by the Buyer / Bidder.
- ii) Under loading charges shall be borne by SCCL where the Load ability of the wagons is not under dispute.

7.8. The weighment at the loading end shall be final and binding for all commercial purposes.

8. Refund of EMD for Unsuccessful bidders:-

In case of unsuccessful bidders, EMD shall be refunded by the Service Provider after the auction is over, on the bidder's request. However, if no such request is received the Service Provider will retain the EMD for participation in e-Auction in future.

9. Forfeiture of EMD: -

The EMD submitted by the successful Bidders will be liable for forfeiture in the following cases: -

9.1 If after completion of e-Auction, a successful bidder fails to make payment for the coal value including all other charges within the stipulated time, the proportionate EMD equivalent to the failed quantity shall be forfeited.

9.2 If the successful bidder does not lift the booked quantity within the stipulated validity period, including the extended validity period, the proportionate Security Deposit @ Rs. 400/- or Rs. 500/- per Tonne (as converted from the EMD amount) for the un-lifted quantity would be forfeited. Such forfeiture shall be made only if the balance Un-lifted Quantity is equal or more than a Truck Load i.e.9 or 10 tonnes as applicable.

Such forfeiture, however, would not take place if the SCCL has failed to offer full or part of the successful bid quantity within the validity period. In such cases again, no forfeiture would take place if the balance quantity is less than a truck load/rake load.

9.3 If the Buyer cancels the order/Rake after booking, the EMD @ Rs.400/- (for 'G12' and below grades, Washery grade slurry and Washery grades rejects) or Rs. 500/- (for 'G11' and above grades) per tonne shall be forfeited for the order/rake cancelled.

10. Refund of Coal value:

The balance coal value of the un-lifted quantity after the expiry of the validity period for supply of coal and completion of required commercial formalities shall be refunded subject to forfeiture of EMD if required, in terms of the forfeiture clause as above.

11. General Terms & Conditions:

11.1 The coal procured under e-Auction is for use within the country and Not for Export.

11.2 In case any individual/trader, resale/unload/transship coal procured through e-auction within 60 kms of Coal Belt Area, SCCL reserves the right to suspend/stop supply of coal to such individual/trader/owner of the industry and they will be subject to penalty of a value equivalent to 3 times the quantity of coal sold/unloaded /transshipped within 60ksms of the Coal Belt Area at basic e-sales value of such coal.

11.3 All terms and conditions of Scheme are subject to force majeure conditions as applicable.

11.4 Bidders must always ensure to keep their email address valid. In any case Buyers cannot be absolved from fulfilling the responsibility of compliance of any of the terms and conditions herein including payment terms due to non-receipt of emails from the Service Provider.

11.5 Bidders must be extremely careful to avoid any error in bidding (whether typographical or otherwise) and they are fully responsible to check and rectify their bid before submitting their Bid into the live e-Auction floor by clicking the "Bid" button. During the auction if the incremental bid price is more than 50% of the immediate preceding bid price, then the system will seek a re-confirmation from the Bidder before the bid is registered.

11.6 There is no provision for bidding in decimals. The Bidder shall be solely responsible for all consequences arising out of the bid submitted by him (including any wrongful bidding by him) and no complaint /representation will be entertained by the Service Provider/SCCL in this regard.

11.7 The decision of the Chief General Manager(Marketing)of SCCL in matters related to this e-Auction shall be final and binding on the bidders / Buyers.

11.8 Quantity mentioned in notice are only indicative and may undergo a change depending on factors like actual production of coal, bottlenecks in coal transportation etc.

11.9 There will not be any joint/ third party sampling facility extended to any buyer. Refusal on account of non-suitability and /or sub-standard quality for the allotted quantity of coal shall not be acceptable.

11.10 SCCL / Service Provider reserve the right to cancel the sale of coal under this e-Auction from any source / location in part or whole at any stage at its sole discretion without assigning any reason thereof and no party shall have any right whatsoever to raise any claim in that regard on that count.

11.11 SCCL reserves their rights to amend/modify and revise the terms and conditions contained herein in full or in part at any point of time and no party shall have any right whatsoever to raise any claim in that regard on that count.

11.12 Sale under each e-Auction shall be an individual, independent, unique and complete transaction.

11.13 In the event of any dispute, Bidder / Buyer is necessarily required to represent in writing to the Chief General Manager (Marketing) who would deal with the same in a period of one month from such representation. Any interpretation of any clause of this will be subject to clarification by SCCL, which will be deemed as firm and final. All disputes arising out of this scheme or in relation thereto in any form whatsoever shall be dealt exclusively by way of arbitration in terms of the Arbitration and Conciliation Act, 1996. The arbitration shall be conducted at Hyderabad at a place to be notified by SCCL. The Chairman and Managing Director, SCCL shall appoint the arbitrator upon written request in this behalf. The award rendered by the Arbitrator shall be final and binding on the parties.

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