

**M O D E L Agreement for Coking coal supply to
Integrated Steel Plants)]**

FUEL SUPPLY AGREEMENT

BETWEEN

[Name of the Subsidiary Company]

AND

[Name of the Steel Manufacturing Company]

[Date of Agreement]

This Agreement is made on this ____ day of _____ 200__ between _____ (Name of the Coal Company), a company registered under the Companies Act, 1956 and having its registered office at _____ (Address of the Coal Company) hereinafter called the “Seller” (which expression shall unless excluded by or repugnant to the subject or context, include its legal representatives, successors and permitted assigns) of the one part,

AND

[M/s. _____, a company registered under the Companies Act, 1956 and having its registered office at _____] hereinafter called the “Purchaser” (which term shall unless excluded or repugnant to the subject or context include its legal representatives, heirs, successors and permitted assigns) of the other part

Whereas

- A. Ministry of Coal, Government of India has notified New Coal Distribution Policy (NCDP) on 18 October 2007 mandating a switchover from the linkage regime of Coal distribution to firm Fuel Supply Agreements (FSAs) between CIL’s subsidiaries and their respective consumers with demand greater than 4200 tonnes per annum (tpa)
- B. The Purchaser has integrated steel plants as per details contained in Schedule-I to this Agreement for the production and sale of steel and the Seller is engaged in mining and sale of raw and washed Coking Coal through its various mines
- C. The Seller is supplying and the Purchaser is procuring Coal for [_____ name and location of the integrated steel plant(s)] of the Purchaser, as per details contained in Schedule-I to this Agreement under the linkage system, which on account of the New Coal Distribution Policy has to be converted to a firm Fuel Supply Agreement between both the Parties

Now, therefore, in consideration of the agreement and covenants hereafter set forth and intending to be legally enforceable, the Seller and the Purchaser (each individually a Party hereto and collectively the Parties) hereby covenant and agree as follows:

1. **DEFINITIONS:**

- a) **“Agreement”** means this Coal supply agreement including all its Schedules, Annexure and attachments and subsequent amendments as may be issued in accordance with the terms and conditions hereof.
- b) **“Annual Contracted Quantity”** or **“ACQ”** shall have the meaning as ascribed to it in Clause 3.1
- c) **"Applicable Laws"** means all laws, brought into force and effect by the Government of India (“GoI”) or the State Government including rules, regulations and notifications made thereunder, and judgements, decrees, injunctions, writs and orders of any court of record, applicable to either Seller/CIL or the Purchaser, their obligations or this Agreement from time to time.
- d) **“As Delivered Price of Coal”** shall have the meaning ascribed to it in Clause 9.3
- e) **“Base Price”** shall mean, in relation to a Declared Grade of raw Coal produced by Seller, the pithead price notified from time to time by CIL or Seller, as the case may be.
- f) **“Business Day”** shall mean each Monday, Tuesday, Wednesday, Thursday, Friday and Saturday that is not declared a holiday in the State of (_____ to be stated by the Seller).
- g) **“Coking Coal”** or **“Coal”** shall mean raw coking coal produced by the Seller and/or the raw coking coal that has been washed. Raw Coking Coal shall be categorized into different classes, grades and sizes, as per the notification/order issued for such purpose by Government of India(GoI)/CIL/ Seller from time to time. The washed Coking Coal shall have quality specification as per Clause 4 of this Agreement;
- h) **“CIL”** means Coal India Limited, the holding company of the Seller, having its registered office at 10, Netaji Subhash Road, Kolkata 700 001, India.
- i) **“Declared Grade”** means the particular grade(s) of raw Coal mined from any seam or section of a seam in the Seller’s collieries from which Coal is produced and supplied under this Agreement, as declared by CIL or the Seller.
- j) **“Delivery Point”** means any of the colliery / washery sidings or colliery / washery loading points, as the case may be, of the Seller as per Schedule-I, and/ or the location(s) identified by the Seller at which the Seller delivers Coal in accordance with the terms of this Agreement.
- k) **“Effective Date”** shall have the meaning ascribed to it in Clause 2.1.

- l) **“Level of Delivery (LD)”** shall have the meaning ascribed to it in Clause 3.7.
- m) **“Level of Lifting (LL)”** shall have the meaning ascribed to it in Clause 3.8.
- n) **“Month”** shall mean a calendar month.
- o) **“Prime Lending Rate”** or **“PLR”**: shall mean the prime lending rate of State Bank of India as applicable on the due date of payment by the Purchaser.
- p) **“Performance Incentive”** shall have the meaning ascribed to it in Clause 3.11.
- q) **“Quarterly Quantity”** or **“QQ”** shall have the meaning ascribed to it in Clause 3.4.
- r) **“Year”** means the financial year of the Seller, commencing on April 1st and ending on the following March 31st and **“Quarter”** means the respective three-monthly periods, namely April to June, July to September, and so on.

2. PERIOD OF AGREEMENT:

- 2.1 This Agreement shall come into force with effect from the first day of the month that is immediately succeeding the month in which both the Parties sign this Agreement (the **“Effective Date”**).
- 2.2 This Agreement shall, unless terminated in accordance with the terms hereof, remain in force for a period of **five (5) years** from the Effective Date (**“Term”**).
- 2.3 After completion of three (3) years from the Effective Date, either Party may, by prior written notice to the other Party of period not less than 30 days, seek a review of this Agreement.
- 2.4 Notwithstanding the provisions of Clause 2.2 above, in the event of any change in the grade structure of raw Coking Coal, the Seller shall within seven (7) days of introduction of such change provide a written notice to the Purchaser calling for a joint review and upon such joint review this Agreement shall be duly amended in writing to bring it in full conformity with such change.
- 2.5 If the review in terms of Clause 2.3 does not result in a mutually agreed position with respect to the subject matter of review, this Agreement shall nevertheless continue to be in force. However, if despite further efforts the Parties are unable to arrive at a mutually agreed position with respect to the subject matter of review, within a period of nine (9) months from the date of notice in terms of Clause 2.3, the aggrieved Party shall have the right to terminate the Agreement subject to a further notice of three (3) months given in writing to the other Party.

- 2.6 On completion of five (5) years from the Effective Date, this Agreement shall expire unless both the Parties mutually agree in writing to extend the Agreement, on the same or such terms as may be agreed upon by the Parties.

3. QUANTITY:

3.1 Annual Contracted Quantity (ACQ):

The Annual Contracted Quantity of Coal agreed to be supplied by the Seller and undertaken to be purchased by the Purchaser, shall be _____ Thousand tonnes per Year in the following break-up: (i) washed prime Coking Coal = _____ Thousand Tonnes; (ii) washed medium Coking Coal = _____ Thousand Tonnes; and (iii) raw Coking Coal = _____ Thousand Tonnes) for the first Year of this Agreement. The ACQ for each subsequent Year of the Term shall be decided in writing by the Seller in consultation with the Purchaser at least one Month prior to commencement of the concerned Year.

3.2 End-use of Coal

The total quantity of Coal supplied pursuant to this Agreement is meant for use at the Plant(s) as listed in Schedule-I. The Purchaser shall not sell/divert and/or transfer the Coal for any purpose whatsoever and the same shall be treated as material breach of Agreement. It is expressly clarified that the Seller shall reserve the right to verify including the right to inspect/ call for any document from the Purchaser and physically verify the end-use of Coal and satisfy itself of its authenticity. The Purchaser shall have the obligation to comply with the Seller's directions/ extend full co-operation in carrying out such verification/ inspection.

3.3 Sources of Supply

Seller shall endeavor to supply Coal for the Scheduled Quantity from sources as mentioned in the Schedule II.

3.4 Quarterly Quantity (QQ)

The Annual Contracted Quantities for the Year, as per **Schedule - I**, shall be divided into Quarterly Quantities (QQ). The Seller shall declare the QQ for the quarter atleast 1 month before the start of that quarter. The declared QQ shall in no case be less than 18% of the ACQ. In case the Buyer wants to revise the declared QQ, the proposed revision shall be notified to the Seller within 7 days of the declaration of the QQ by the Seller. However, Seller reserves the right to finalize the QQ.

3.5 Scheduled Quantity (SQ):

- 3.5.1 The monthly Scheduled Quantity (SQ) shall be one third (1/3rd) of the QQ.

- 3.5.2 Either the Purchaser or the Seller by serving a written Notice at least 30 days prior to the commencement of a month, may revise the SQ to be supplied by the Seller in that month, provided that the increase/ decrease resulting from such revision shall not be in excess of 20% of the SQ.
- 3.5.3 Seller shall have the right to make good the short supplies in a particular month in the succeeding month(s) of the same Year to the extent of 20% of the SQ. Similarly, Purchaser shall have the right to make good the short lifting in a particular month in the succeeding months of the same Year to the extent of 20% of the SQ.
- 3.5.4 Total variation in any Month pursuant to clauses 3.5.2 and 3.5.3 shall in no case exceed 40% of the SQ.

3.6 **Compensation for short delivery/lifting**

- 3.6.1 If for a Year, the Level of Delivery by the Seller, or the Level of Lifting by the Purchaser falls below 100% with respect to that Year, the defaulting Party shall be liable to pay compensation to the other Party for such shortfall in Level of Delivery or Level of Lifting, as the case may be, (“**Failed Quantity**”) in terms of the following:

Table 1: Compensation for short delivery / lifting for raw Coking Coal

S. No.	Level of Delivery / Level of Lifting in a Year for raw Coking Coal	Rate of compensation for the Failed Quantity in terms of Base Price of the highest Grade, as shown in Schedule II	Formula for the calculation of the compensation for short delivery/ lifting
1	Less than 100% but upto 60% of ACQ	NIL	-
2	Below 60% of the ACQ	1%	$0.01 \times P \times [(60 - LD \text{ or } LL) / 100] \times ACQ$

Where P = Base price of the highest grade of Coal as shown in the Schedule II

Table 2: Compensation for short delivery / lifting for washed Coking Coal

S. No.	Level of Delivery / Level of Lifting in a Year for Washed Coking Coal	Rate of compensation for the Failed Quantity	Formula for the calculation of the compensation for short delivery/ lifting
1	Less than 100% but upto 60% of ACQ	NIL	-
2	Below 60% of the ACQ	1%	$0.01 \times P \times [(60 - LD \text{ or } LL) / 100] \times ACQ$

Where P = Simple average of the washed Coking Coal prices corresponding to guaranteed ash in respect of different washeries as mentioned in the Schedule - II

Notes:

The Level of Delivery/ Level of Lifting that would cause compensation for the Failed Quantity payable by the defaulting Party, as mentioned in the table above, may be reviewed by the Seller in light of its Coal availability and Coal commitments, and amended accordingly on year-to-year basis at the sole discretion of the Seller during the term of the Agreement.

3.6.2 Compensation for short supply/lifting shall be payable by the defaulting Party to the other Party within a period of 90 days from the date of receipt of claim. In the event of non-payment within the due date, the defaulting Party shall be liable to pay interest as mentioned in the Clause 12.

3.7 Level of Delivery:

Level of Delivery with respect to a Year shall be calculated in the form of percentage as per the following formula:

$$\text{Level of Delivery (LD)} = \frac{\Sigma (DQ+DDQ+FM+RF) \times 100}{\Sigma (SQ \pm VQ)}$$

Where:

SQ = The Monthly Scheduled Quantity, in Tonnes, for such month;

VQ = Increase / decrease over or under the Monthly Scheduled Quantity for such month pursuant to Clause – 3.5.2 and 3.5.3 for such month(s), expressed in Tonnes.

LD = Level of Delivery of Coal by the Seller for the year.

DQ = Delivered Quantity, namely, aggregate actual quantities of Coal delivered by the Seller during the Month.

DDQ = Deemed Delivered Quantity, reckoned in the manner stated in Clause 3.10

FM = Proportionate quantity of Coal which could not be delivered by the Seller in a Month due to occurrence of Force Majeure event affecting the Seller and / or the Purchaser, calculated as under:

$$FM = (SQ \pm VQ) \times \frac{\text{Number of days lost under applicable Force Majeure event}}{\text{Total Days in the corresponding Month}}$$

Note: For the purpose of calculation of 'Number of days lost under applicable Force Majeure event', affecting both the Parties shall be counted only once.

RF = Quantity of Coal that could not be supplied by the Seller during the month owing to the Railways not allotting wagons or not placing wagons for loading, in spite of specific valid indent/offer submitted by the Seller to the Railways against valid program(s) submitted by the Purchaser for the purpose.

3.8 Level of Lifting:

Level of Lifting with respect to a Year shall be calculated in the form of percentage as per the following formula:

$$\text{Level of Lifting (LL)} = \frac{(\Sigma (SQ \pm VQ) - \Sigma DDQ) \times 100}{\Sigma(SQ \pm VQ)}$$

Where:

SQ = The Monthly Scheduled Quantity, in Tonnes, for such month;

VQ = Increase / decrease over or under the Monthly Scheduled Quantity for such month pursuant to Clause – 3.5.2 and 3.5.3 for such month(s), expressed in Tonnes.

LL = Level of Lifting of Coal by the Purchaser for the year.

DDQ shall have the same meaning as given in Clause 3.10.

3.9 For the purpose of computing DDQ and RF, the weight per rake will be [_____to be specified by the Seller], which shall be used for calculation of compensation from either the Purchaser or Seller.

3.10 **Deemed Delivered Quantity:**

For the purpose of this Agreement, the aggregate of the following items provided under clause 3.10.1 to 3.10.2 shall constitute the Deemed Delivered Quantity with respect to a Month.

3.10.1 **For supply of Coal by rail:**

- i/ The quantity of Coal not supplied by the Seller owing to omission or failure on the part of Purchaser to submit in advance the designated rail program (s) to the Seller as per agreed time-table with respect to the Scheduled Quantity.
- ii/ The quantity of Coal not supplied by the Seller owing to cancellation, withdrawal or modification of the rail program(s) by the Purchaser after its submission whether before or after allotment of wagon(s) by Railways.
- iii/ The quantity of Coal not supplied by the Seller owing to Seller exercising the right of suspension of supplies in terms of Clause 13.
- iv/ The quantity of Coal not supplied by the Seller owing to Purchaser failing or omitting to fulfill the requirements under Clause 11.

3.10.2 **For Supply of Coal by road:**

- i/ The quantity of Coal not supplied by the Seller owing to omission or failure on the part of Purchaser to book value paid orders for the Scheduled Quantity in terms of Clause 6.2.2.
- ii/ The quantity of Coal not supplied by the Seller owing to Purchaser's failure to place the requisite number / type of road transport at the Delivery Point for delivery of Coal within the validity period of the sale order/delivery order.

3.11 **Performance Incentive:**

3.11.1 If the Seller delivers Coal to the Purchaser in excess of Ninety (90%) of the ACQ of Coal in a particular Year, The Purchaser shall pay the Seller an incentive (“Performance Incentive”/ “PI”), to be determined as follows:

$$PI = P \times \text{Additional Deliveries} \times \text{Multiplier}$$

Table 3: Performance Incentive for Quality

Annual Quantity	Bonus
From 90% to 95%	Multiplier shall be 0.05 for additional deliveries
Above 95%	Multiplier shall be 0.10 for the additional deliveries

For raw Coal, P = Base price of the highest grade of Coal as shown in the Schedule II

For washed Coal, P = simple average of the washed Coal prices corresponding to guaranteed ash from different washeries as mentioned in the Schedule - II

3.11.2 After the expiry of a Year, the Seller shall submit an invoice to the Purchaser with respect to the PI payable in terms of Clause 3.11.1 and the Purchaser shall pay the amount so due within thirty (30) days of the receipt of the invoice. In the event of non-payment of PI by the due date, the Seller shall have the right to suspend Coal supplies without absolving the Purchaser of its obligations under this Agreement. In the event of non-payment within the aforesaid stipulated period, the Purchaser shall be liable to pay interest in accordance with Clause 13.

4. **QUALITY:**

4.1 The quality of the Coal to be supplied from the mines/ washeries of the Seller shall, as far as possible, be within the specifications as per Schedule-II to this Agreement. The Seller shall take all reasonable steps to remove stone, shale and extraneous matters before the loading of raw Coking Coal.

4.2 [Not Used]

4.3 The Purchaser shall inform the Seller all incidents of presence of oversized Coal, in terms of specifications laid down in Column - (iv) of Schedule -II, in any specific consignment, immediately on its detection at the Delivery Point and the Seller, shall take all reasonable steps to prevent such occurrence at his end.

4.4 The Purchaser shall inform the Seller all incidents of presence of stones in any specific consignment immediately on its detection at the Delivery Point. The Seller shall, immediately take all reasonable steps to prevent such occurrence at his end.

4.5 Adjustment in Price on account of quality:

(i) For washed Coking Coal

Ash Percentage: The rate of penalty/ bonus for supplies of washed Coking coal from different washeries, exceeding or falling below the guaranteed ash content are as under:

Description	Bonus/ Penalty
Ash below guaranteed ash %	Bonus @ 0.25% of the base price for every 0.1% decrease in ash.
Ash above guaranteed ash % and upto cut-off limit	Penalty @ 0.25% of the base price for every 0.1% increase over guaranteed ash %
Ash above cut off limit but below __%	Penalty @ 0.5% of the base price for every 0.1% increase over the cut off limit of ash % but within _ % . However, if such quantity exceeds 5% of the ACQ in a Year, then Buyer shall be liable to pay only the price of listed ROM Coking coal of equivalent grade plus washery recovery charges notified by the Seller for the additional quantity supplied in excess of 5% of ACQ.
Ash above __%	Price of listed ROM Coking Coal of equivalent grade will be paid as per CIL/ Seller's price notification prevalent on date of supply

(ii) For raw Coking Coal

The adjustment in the price on account of quality will be to the extent of difference in base price of analyzed and declared grade of Coal.

5. **WEIGHMENT OF COAL:**

- 5.1 When Coal is delivered for despatch by rail, each wagon shall be weighed at the weigh bridge at the Delivery Point and the recorded weight shall be entered in the relevant dispatch document. Such recorded weight shall form the basis for raising bills by the Seller. The weighment shall be on wagon to wagon basis in the manner described hereinafter.
- 5.2 In case wagons are weighed on electronic weigh bridge the weight recorded in the electronic print out shall be taken as the weight for the respective wagon.
- 5.3 In the absence of weighment by electronic weighbridges at the delivery point, the weighment shall be done by the electronic weighbridges with electronic printout

facility of the Purchaser at the unloading point. In such an eventuality for supply of washed coal, the weight to be considered for the purpose of billing shall be after duly correcting the unloading end weighment by adding _____% during the period July to September and by adding _____% during October to May towards moisture loss in transit. However, for raw Coking Coal supply unloading end weighment by means of electronic weighbridge with electronics print out facility shall be considered for the purpose of billing.

- 5.4 In the cases not covered by Clauses 5.2 or 5.3, weight recorded on the Railway Receipt (RR) as per existing practice of Railways shall be reckoned as weight and shall be binding on the Parties.
- 5.5 The Purchaser shall be entitled to depute an authorised representative to witness the weighment / loading of wagon at the Delivery Point.
- 5.6 When Coal is delivered for dispatch by road, the weight recorded at the weighbridge of the Seller at the concerned Delivery Point and as mentioned in the dispatch document, shall be binding on the Parties.
- 5.7 The weighbridges at respective Delivery Points at Seller's end shall be calibrated and maintained as per applicable statutory provisions. The Seller shall regularly monitor the accuracy of the weighbridges. If and when any weighbridge is found to be out of order, after remedying the defect as expeditiously as possible, the Seller shall arrange for calibration, wherever necessary, as per Applicable Laws.

6. METHOD OF ORDER BOOKING AND DELIVERY OF COAL:

Based on the Scheduled Quantity duly adjusted for variation in quantities arising out of the provisions of this agreement, CIL / Seller in consultation with Purchaser shall issue monthly, Seller's source wise and Purchaser's plant-wise coal allocations in the form of monthly program for supply of Coal by rail and road separately at least 7 working day prior to the commencement of the Month concerned.

6.1 Order Booking by Rail:

- 6.1.1 In case of supply by rail, the monthly allocation / program shall be communicated to the railway authority for issuance of sanction and allotment / supply of wagons against specific indent placed by the seller. The sanction of the consented rail programme shall be obtained accordingly. The validity period of the monthly programme for movement by rail for seeking allotment shall be till the last day of the month concerned. Once a rake is allotted, it shall remain valid for supply as per the prevailing Railways rules.
- 6.1.2 Subject to fulfillment of payment obligations pursuant to Clause 11.1.2 by the Purchaser, the Seller shall thereupon submit specific indent/offer based on the sanctioned monthly programme(s) to the Railways as per the extant Railway rules

- for the allotment and placement of wagons during the concerned month in conveniently spaced intervals.
- 6.1.3 The wagons shall be booked on “freight to pay” or “freight pre paid” basis, as applicable based on the arrangements made by the Purchaser with Railways in this regard.
 - 6.1.4 In case of formation of rakes with wagons loaded from different Delivery Points, the Seller shall make best efforts to complete documentation formalities as per Railway rules so as to enable the Purchaser to avail a trainload freight rate.
 - 6.1.5 In the event rail movement is declared / considered not feasible by Railways, review will be made jointly in the matter of mode of transport

6.2 **Order Booking by Road:**

- 6.2.1 [Not Used]
- 6.2.2 Based on the monthly colliery wise allocation done by the Seller in terms of Clause 6., the Purchaser shall place orders with the Seller for the Scheduled Quantity.
- 6.2.3 Subject to fulfillment of payment obligations pursuant to Clause 11.1.2 by the Purchaser, the Seller shall arrange to issue sale order(s)/delivery order(s) separately for each colliery and issue necessary loading programme / schedule from time to time. The Purchaser shall arrange to place the required number / type of trucks to lift the Coal as per such loading programme / schedule. The Seller shall ensure that the sale order / delivery order in favour of the Purchaser reaches the concerned colliery/weigh bridge within five (5) working days of the issue of sale order.
- 6.2.4 The Seller shall ensure delivery and the Purchaser shall ensure lifting of Coal against sale order / delivery order of any month within the validity period, as mentioned in the sale order.
- 6.2.5 In the event of any quantity remaining undelivered / unlifted, the Purchaser shall be entitled to receive, once the validity period of the sale order/ delivery order expires, the refund of the proportionate value of such quantity.

7. **DETERMINATION OF COAL QUALITY:**

- 7.1 Determination of Coal quality shall be done only at the Delivery Point through Joint Sampling and Analysis or through independent third party agency appointed jointly by Seller and Purchaser. All such sampling and analysis for determination of Coal quality shall be done in accordance with the relevant BIS Standards.

- 7.2 For rail supplies, the samples shall be drawn on rake-to-rake basis. For supplies by modes other than rail, the samples shall be drawn at loading end on daily basis. The detail of sampling / analysis procedures shall be as given in Schedule IV.
- 7.3 The quality of the Coal to be supplied from the mines of the Seller shall be as far as possible within specifications as per Schedule-II to this Agreement. Complaint if any, on the matter of Coal quality shall be made by the Purchaser giving specific details of the consignment to the CGM (Q & C) / GM (Q & C) / CGM (Washeries) / GM (Washeries) of the Seller. Any complaint regarding quality of Coal shall be made at the colliery end/ Delivery Point.

8. TRANSFER OF TITLE TO GOODS:

Once delivery of Coal have been effected at the Delivery Point by the Seller, the property / title and risk of Coal so delivered shall stand transferred to the Purchaser in terms of this Agreement. Thereafter the Seller shall in no way be responsible or liable for the security or safeguard of the Coal so transferred. Seller shall have no liability, including towards increased freight or transportation costs, as regards any diversion of wagons / rakes /road transport en-route, for whatever causes, by Railways, or road transporter or any other agency.

9. PRICE OF COAL:

- 9.1 The price for washery-wise washed Coking Coal supply shall be as per the Schedule – II.
- 9.2 The prices for the subsequent years shall be decided between the Seller and the Purchaser annually taking into account import parity prices at the time of deciding ACQ for the subsequent year in terms of clause 3.1 of this agreement. The Schedule II of this agreement shall be updated accordingly.
- 9.3 The “**As Delivered Price of Coal**” for the washed Coking Coal delivered hereunder shall be the price as per Schedule II plus taxes as applicable. In case the notified price of raw Coking Coal are revised during the year, there shall not be any impact of such increase in the price of washed Coking Coal. However, the impact of any increase / decrease in the rates of statutory levies like royalty etc. on the raw Coking Coal shall be passed on to the Purchaser in respect of washed Coking Coal accordingly.
- 9.4 The “**As Delivered Price of Coal**” for the raw Coking Coal delivered hereunder shall be the sum of the Base Price, sizing charges, transportation charges up to the Delivery Point, rapid loading charges, statutory charges, levies, washery recovery charges and any other charges, as applicable. The components of the As Delivered Price of Coal shall be determined on the basis of the rates/criteria duly notified by CIL/Seller/statutory authority from time to time as is applicable to the Purchaser and in force for the time being. In the event of revision of any component of the

As Delivered Price of Coal, other than statutory charges and levies, by the CIL/Seller, the Seller shall inform the Purchaser of such revision from time to time. The Purchaser shall be liable to pay the revised As Delivered Price of Coal as and from the date the revised rates/criteria becomes or has become effective. All Royalties, Taxes, Duties, Cesses, and such statutory levies payable to the State Government/ Central Government or to any other statutory authority for supply / despatch of Coal under this Agreement shall be borne by the Purchaser, as due on the basis of grade as declared by the Seller at the time of delivery of Coal.

9.5 [Not Used]

9.6 [Not Used]

9.7 In all cases the entire freight charges, irrespective of the mode of transportation of the coal supplied, shall be borne by and to the account of the Purchaser.

9.8 The Purchaser shall be liable to make payment to the Seller in terms of this Agreement, on the basis of analyzed quality with respect to all quantity of Coal supplied irrespective of when and in what condition the loaded wagons/ rakes/road transport vehicles reach or do not reach the destination.

10. OVERLOADING AND UNDER LOADING:

10.1 Any penal freight for overloading charged by the Railways for any consignment shall be payable by the Purchaser. However, if overloading is detected from any particular colliery /washery, consistently during three (3) continuous months, on due intimation from the Purchaser to this effect, the Seller undertakes to take remedial measures.

10.2 For Steel Grade I, Steel Grade II, Washery Grade I, Washery Grade II, Semi-Coking Grade I, Semi-coking Grade II and washed Coal; any idle freight for under-loading below the stenciled carrying capacity, as shown on the wagon or carrying capacity based on the actual tare weight, as the case may be, shall be borne by the Seller irrespective of extant Railway rules on the subject. For all other Grades of Coal, any idle freight for under-loading below the stenciled carrying capacity, as shown on the wagon or carrying capacity based on the actual tare weight, as the case may be, plus two (2) tonnes shall be borne by the Seller, irrespective of extant Railway rules on the subject.

10.3 Idle freight resulting from under loading of wagon, as per Clause 10.2, shall be adjusted in the bills. Idle freight shall be reckoned as:

(i) For Steel Grade I, Steel Grade II, Washery Grade I, Washery Grade II, Semi-coking Grade I, Semi-coking Grade II and washed Coal, the difference between the freight charges applicable for the stenciled carrying capacity, as shown on the

wagon or carrying capacity based on the actual tare weight, as the case may be, less the freight payable as per actual recorded weight of Coal loaded in the wagon irrespective of extant Railway rules on the subject.; and/or

- (ii) For all other Grades of Coal, the difference between the freight charges applicable for the stenciled carrying capacity, as shown on the wagon or carrying capacity based on the actual tare weight, as the case may be, plus two (2) tonnes less the freight payable as per actual recorded weight of Coal loaded in the wagon , irrespective of extant Railway rules on the subject.

11.0 **MODALITIES FOR BILLING, CLAIMS & PAYMENT**

11.1 **Billing**

11.1.1 The Seller shall raise source-wise bills for the raw Coal supplied to the Purchaser on **Declared Grade basis**. The Seller shall raise such bills on rake-to-rake basis for delivery of Coal by rail and on daily basis for delivery of Coal by road and other modes of transport. Such bills shall be raised within two (2) working days from the receipt of analysis results for such consignments.. In case of washed Coking Coal, bills shall be raised at the Price as applicable for the source as per Schedule II of this agreement duly adjusted for the ash percentage based on the analysis results

11.1.2 The Purchaser shall pay in accordance with either of the following payment mechanisms –

(a) **For raw Coking Coal**

The Purchaser shall make advance payment for a month in four (4) installments for availing Coal supplies from the Seller – first (1st) installment on the first (1st) day of the month, second (2nd) installment on the eighth (8th) day of the month, third (3rd) installment on the fifteenth (15th) day and the fourth (4th) installment on the twenty second (22nd) of the month. Each of these payment installments shall cover the As Delivered Price of Coal for the raw Coal quantities that is one-twelfth (1/12th) of the QQ concerned, as per Clause 3.4. Further, each of these installments shall take into account the weighted average of Base Prices for raw Coking Coal for the previous available month. However, the fourth (4th) installment shall also include the adjustment amount with regard to the actual quantity of Coal delivered pursuant to Clause 5 and the quality of Coal analysed pursuant to Clause 11.2 vis-à-vis the advance payment made for the previous month.

(b) **For washed Coking Coal**

The Purchaser shall make advance payment for a month in four (4) installments for availing Coal supplies from the Seller – first (1st) installment on the first (1st) day of the month, second (2nd) installment on the eighth (8th) day of the month,

third (3rd) installment on the fifteenth (15th) day and the fourth (4th) installment on the twenty second (22nd) of the month. Each of these payment installments shall cover the As Delivered Price of Coal for the washed Coal quantities that is one-twelfth (1/12th) of the QQ concerned, as per Clause 3.4. Further, each of these installments shall take into account the simple average of price corresponding to the guaranteed ash in respect of the washeries as per Schedule II. However, the fourth (4th) installment shall also include the adjustment amount with regard to the actual quantity and quality of Coal delivered as per the bill vis-à-vis the advance payment made for the previous month.

11.1.3 All the payments shall be made through Demand Draft / Banker's cheque/ Electronic Fund Transfer payable at (_____ to be stated by the Seller). In the event of non-payment within the aforesaid stipulated period, the Purchaser shall be liable to pay interest in accordance with Clause 12.

11.1.4 Advance payment made by the Purchaser shall be non-interest bearing, and it shall change in accordance with change in the As Delivered Price of Coal.

11.2 Adjustment for analyzed quality/ Grade

11.2.1 The bills with regard to adjustment for quality, as determined under Clause 4.5, shall be supported by relevant documents in respect of the analysis carried out.

Provided that in the event no sample is collected from dispatches by a rake or on any day, as the case may be, from a source for any reason, the weighted average of the most recent results available in any preceding month against respective Source for washed Coking Coal and against source and grade for raw Coking Coal shall be adopted for such dispatches for which samples were not collected.

11.2.2. The Seller shall give regular credit note on account of Grade slippage to the extent of difference in the Base Price of Declared Grade and analysed Grade of raw Coking Coal. In case of analysed Grade being higher than the Declared Grade, bonus bill/ claim shall be raised by the Seller. The credit note on Grade slippage shall be issued by the Seller within seven (7) days of acceptance of results under joint signature.

11.2.3 The amount arising out of final settlement of any bill pursuant to Clause 11.2.1 that is disputed by the Purchaser shall be paid for, as part of the fourth (4th) installment pursuant to Clause 11.1.2(a) that is due for payment in the same month or in the immediately succeeding month to the month in which such settlement takes place.

11.3 Bills of Miscellaneous Claims:

- 11.3.1 The bills towards interest charges pursuant to Clause 12 shall be raised by the parties on monthly basis by the tenth (10th) day of the following month and the payment shall be made by fifteenth (15th) day of the same month.
- 11.3.2 Compensation for short supply/lifting, as calculated in accordance with Clause 3.6, shall be payable by the defaulting Party to the other Party within a period of ninety (90) days from the date of receipt of claim failing which it will attract interest in terms of Clause 12.
- 11.3.4 After expiry of the Year, the Seller shall submit an invoice to the Purchaser with respect to the Performance Incentive payable in terms of Clause 3.12.1 and the Purchaser shall pay the amount so due within thirty (30) days of the receipt of the invoice failing which it will attract interest in terms of Clause 12..
- 11.4 **Diverted rakes/ missing wagons**
In case of diversion of rakes en-route or missing wagons, bills shall be paid to the Seller by the original consignee.
- 11.5 **Annual Reconciliation / Adjustments:**
The Parties shall jointly reconcile all payments made for the monthly Coal supplies during the Year by end of April of the following Year. The Parties shall, forthwith, give credit/debit for the amount falling due, if any, as assessed during such joint reconciliation. The annual reconciliation statement shall be jointly signed by the authorised representative of the Seller and the Purchaser which shall be final and binding.
- 11.6 In the event of due date of any payment obligation under this Agreement falling on Sunday or a gazetted holiday, the next first working day shall be the effective due date for the purpose

11.7. Notice:

In the event, either Party owing payment of any amount to other Party under the terms of this Agreement, defaults in making such payments as per terms of the Agreement, the Party not in default shall give a notice in writing to the Party in default and the matter shall thereafter be dealt with in terms of Clause 12 & 13.

12. INTEREST ON DELAYED PAYMENT:

With respect to default in making any payment due in terms of this Agreement by one Party to the other, the defaulting Party shall be liable to pay interest at PLR on the total sum outstanding and for the period the payment has remained over due.

13. SUSPENSION OF COAL SUPPLIES

- 13.1 In the event any payment due under this Agreement is not made by the Purchaser by the due date, the Seller shall be entitled to regulate and/or suspend further delivery of Coal till such day the payment as due along with the interest amount is received by the Seller. The quantity of Coal not delivered by the Seller pursuant to such regulation and/or suspension of delivery of Coal shall be the Regulated Quantity Not Supplied (RQNS) and Deemed Delivered Quantity (DDQ) of Coal shall accrue to the Seller for the quantity equal to RQNS.
- 13.2 In the event the Seller suspends the Coal supplies pursuant to Clause 14.1, during such period that the Coal supplies remain suspended, while the Seller shall be relieved of his obligations under this Agreement, the obligations of the Purchaser under this Agreement shall be deemed to remain in full force.
- 13.3 The Seller shall resume the Coal supplies within three (3) days of payment of the outstanding amount together with interest.

14 SETTLEMENT OF DISPUTES:

- 14.1 All differences or disputes between the Parties shall be settled/resolved amicably in the first instance. If amicable settlement is not possible, then the unresolved disputes or differences shall be settled through Arbitration in terms of Office Memorandum (OM) No. 11/17/89-US (CT) dated 2.8.89 Govt. of India, Ministry of Industry, Department of Public Enterprises, New Delhi dated 30.6.1993 as enforced from time to time. The Arbitration shall be conducted as per the aforesaid Office Memorandum and the relevant provisions relating to Arbitration read as under:-

"In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party to the Arbitration of one of the Arbitrators in the Dept. of Public Enterprises to be nominated by the Secretary to the Govt. of India, in charge of the Bureau of Public Enterprises. The Arbitration Act 1940 shall not be applicable to the Arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Dept. of Legal Affairs, Ministry of Law & Justice, Govt. of India. Upon such reference, the dispute shall be decided by the Law Secretary or by the Special Secretary/Additional Secretary when so authorised by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties to the dispute will share equally the cost of Arbitration as intimated by the Arbitrator".

- 14.2 In the event the aforesaid OM is cancelled or otherwise becomes not applicable to both the Parties, any difference or dispute arising between the Parties under this Agreement shall then be resolved by arbitration in accordance with the provisions set forth below:

- (i) The arbitration proceedings shall be governed by the rules of the Indian Arbitration and Conciliation Act, 1996.
- (ii) The arbitral tribunal shall consist of three (3) arbitrators.
- (iii) The arbitration shall be conducted in (_____ to be indicated by the Seller) and Indian laws shall govern the arbitration.
- (iv) Any decision or award of the arbitrate tribunal shall be final and binding upon the Parties. The Parties hereto agree that the arbitral award shall be enforced against the Parties to the arbitration proceeding or their assets wherever they may be found and that judgement upon the arbitral award may be entered in any court having jurisdiction thereof.
- (v) The arbitral tribunal consisting of three (3) arbitrators shall be formed by the Purchaser and the Seller each nominating one arbitrator and the third arbitrator shall be nominated by the two arbitrators nominated by the Purchaser and the Seller and if the two arbitrators have failed to nominate the third arbitrator within fifteen (15) Business Days of their appointment, then such nomination shall be made by the Ministry of Coal, Government of India.
- (vi) The language of the arbitration and the arbitral judgement shall be English.

15. **TERMINATION OF CONTRACT/AGREEMENT:**

15.1 Notwithstanding the provisions of Clause 2, this Agreement may be terminated in the following events and in the manner specified hereunder:

15.1.1 In the event that either Party is rendered wholly or partially unable to perform its obligations under this Agreement (“**Affected Party**”) because of a Force Majeure Act, as described in Clause 16 below, and such inability to perform lasts for not less than a total of ninety (90) days in any continuous period of one hundred eighty (180) days, and in the considered assessment of the other Party (“**Non-Affected Party**”) there is no reasonable likelihood of the Force Majeure Act coming to an end in the near future, such Party shall have the right to terminate this Agreement, by giving at least ninety (90) days prior written notice to the Affected Party of the intention to so terminate this Agreement. In such event, the termination shall take effect on expiry of the notice period, and the Parties shall be absolved of all rights/obligations under this Agreement, save those that had already accrued as on the effective date of termination.

15.1.2 In the event that the Purchaser is prevented /disabled under law from using Coal, for reasons beyond their control, owing to changes in applicable environmental and/or statutory norms, howsoever brought into force; the Purchaser shall have the right to terminate this Agreement, subject to a prior written notice to the Seller of not less than thirty (30) days.

- 15.1.3 In the event of any material change in the Coal distribution system of Seller due to a Government directive/ notification, at any time after the execution of this Agreement and which is going to affect the performance of the agreement, the Seller may terminate this Agreement without any obligation/liability after providing the Purchaser with prior written notice to the Purchaser of not less than thirty (30) days.
- 15.1.4 In the event that the Level of Delivery (LD) for a particular month or cumulative for a year falls below thirty percent (30%) or the Level of Lifting (LL) falls below thirty percent (30%), the Purchaser or the Seller as the case may be, shall have the right to terminate this Agreement, within sixty (60) days of the end of the relevant Year after providing the other Party with prior written notice of not less than thirty (30) days.
- 15.1.5 In the event that the Purchaser resells or diverts the Coal purchased pursuant to this Agreement, the Seller shall have the right to terminate this Agreement forthwith.
- 15.1.6 In the event that either Party suffers insolvency, appointment of liquidator (provisional or final), appointment of receiver of any of material assets, levy of any order of attachment of the material assets, or any order or injunction restraining the Party from dealing with or disposing of its assets and such order having been passed is not vacated within sixty (60) days, the other Party shall be entitled to terminate this Agreement
- 15.1.7 In the event that any Party commits a breach of term or condition of this Agreement (“Defaulting Party”) not otherwise specified under this clause 15.1.1 to 15.1.6, the other Party (“Non-Defaulting Party”), shall have the right to terminate this Agreement after providing the Defaulting Party thirty (30) days prior notice and the breach has not been cured or rectified to the satisfaction of the Non-Defaulting Party within the said period of thirty (30) days.

15.2 Accrued rights to survive termination

Termination of this Agreement shall be without prejudice to the accrued rights and obligations of either Party as at immediately prior to the termination.

16. FORCE MAJEURE:

- 16.1.1 “Force Majeure Act” means any act, circumstance or event or a combination of acts, circumstances and events which wholly or partially prevents or delays the performance of obligations arising under this Agreement by any Party (“**Affected Party**”) and if such act, circumstance or event is not reasonably within the control of and not caused by the fault or negligence of the affected Party, and provided that such act, circumstance or event is in one or more of the following categories:

- a) Flood, inundation of mine/ washeries, drought, lightening, cyclone, storm, earthquake or geological disturbances, eruption of gases, subsidence and such natural occurrences.
- b) Explosion, Mine fire and other fire, contamination of atmosphere by radio active or hazardous substances.
- c) Civil disturbance such as riot, terrorism.
- d) Industry wise /nation wide strikes.
- e) Any law, ordinance or order of the Central or State Government, or any direction of a statutory regulatory authority that restricts performance of the obligations herein;
- f) Epidemic;
- g) The enactment, promulgation, amendment, suspension or repeal of any Applicable Laws after the date hereof;
- h) Any delay or direction or order on the part of the Government of India or relevant State Government or denial or refusal to grant or renew, or any revocation, or modification of any required permit or mining lease or governmental approvals including those related to land acquisition or environment/ forest clearance provided that such delay, modification, denial, refusal or revocation was not due to a cause attributable to the Affected Party;

Provided that a Force Majeure Act shall not include economic hardship, equipment failure or breakdown other than as specifically set forth above.

16.2 Burden of Proof:

In the event the Parties are unable to agree in good faith that a Force Majeure Act has occurred; the Parties shall resolve the dispute in accordance with the provisions of this Agreement. The burden of proof as to whether a Force Majeure Act has occurred shall be upon the Party claiming the occurrence or existence of such Force Majeure Act.

16.3 Effect of Force Majeure:

If either Party is rendered wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure Act, that Party shall be excused from whatever performance is affected by the Force Majeure Act to the extent so affected, provided that:

- a) Within five (5) Business Days after the occurrence of the inability to perform due to a Force Majeure Act, the Affected Party provides a written notice to the other Party of the particulars of the occurrence, including an estimation of its expected

- duration and probable impact on the performance of its obligations hereunder, and continues to furnish periodic reports with respect thereto, every seven (7) days, during the period of Force Majeure,
- b) The Affected Party shall use all reasonable efforts to continue to perform its obligations herein and to correct or cure as soon as possible the Force Majeure Act,
 - c) The suspension of performance shall be of no greater scope and no longer duration than is reasonably necessitated by the Force Majeure Act,
 - d) The Affected Party shall provide the other Party with prompt notice of the cessation of the Force Majeure Act giving rise to the excuse from performance and shall thereupon resume normal performance of obligations under this Agreement with utmost promptitude,
 - e) The non-performance of any obligation of either Party that was required to be performed prior to the occurrence of a Force Majeure Act shall not be excused as a result of such subsequent Force Majeure Act,
 - f) The occurrence of a Force Majeure Act shall not relieve either Party from its obligations to make any payment hereunder for performance rendered prior to the occurrence of Force Majeure Act or for partial performance hereunder during period of subsistence Force Majeure Act; and
 - g) The Force Majeure Act, shall not relieve either Party from its obligation to comply with Applicable Laws. The Affected Party shall exercise all reasonable efforts to mitigate or limit damages to the other Party.

17 SCHEDULES / ANNEXURES:

The Schedules detailed below shall form part of this Agreement.

Schedule - I - Annual Contracted Quantity (ACQ)

Schedule - II - Quality of Coal

Schedule - III – [Not Used]

Schedule - IV - Detailed modalities for joint sampling

18 MISCELLANEOUS:

18.1 Amendment: This Agreement cannot be amended or modified except by prior written agreement between the Parties.

18.2.1 Severability and Renegotiation: In the event any part or provision of this Agreement becomes, for any reason, unenforceable or is declared invalid by a

competent court of law or tribunal, the rest of this Agreement shall remain in full force and effect as if the unenforceable or invalid portions had not been part of this Agreement, and in such eventuality the Parties agree to negotiate with a view to amend or modify this Agreement for achieving the original intent of the Parties.

- 18.3 Governing Law: This Agreement, and the rights and obligations hereunder shall be interpreted, construed and governed by the laws of India. The courts of [_____name of place to be mentioned by the Seller] shall have exclusive jurisdiction in all matters under this Agreement.
- 18.4 Entirety: This Agreement together with any documents referred to in it, supersedes any and all oral and written agreements, drafts, undertakings, representations, warranties and understandings heretofore made relating to the subject matter hereof and constitutes the entire Agreement and understanding of the Parties relating to the subject matter hereof. It is expressly agreed that this Agreement shall supersede all previous discussions and meetings held and correspondence exchanged between the Seller & the Purchaser in respect of this Agreement and any decisions arrived at therein in the past and before coming into force of this Agreement shall have no relevance with reference to this Agreement and no reference of such discussions or meetings or past correspondence shall be entertained either by the Seller or the Purchaser for interpreting this Agreement or its implementation.
- 18.5 Counterpart: This Agreement may be executed in any number of counterparts and each counterpart shall have the same force and effect as the original instrument.
- 18.6 Assignment: The Purchaser shall not, without the express prior written consent of the Seller, assign to any third party this Agreement or any part thereof, or any right, benefit, obligation or interest therein or thereunder.
- 18.7 **Limitation Of Liability**: The Parties agree that except as otherwise expressly agreed in this Agreement, neither Party shall have any right or entitlement to any consequential losses, costs or damages, loss of profit or market, as a result of a breach by the other Party of this Agreement
- 18.8 **Notice**: Any notice to be given under this Agreement shall be in writing and shall be deemed to have been duly and properly served upon the Parties hereto if delivered against acknowledgement or by registered mail with acknowledgement due, addressed to the signatories or the authorised representatives of the signatories nominated in accordance with the provisions of this Agreement at the following addresses:

1) Seller's address

Designation:
Address:
Telephone:

2) Purchaser's address **Signature**

Designation:
Address:
Telephone:

Fax:
Email:

Fax:
Email:

19 IMPLEMENTATION OF THE AGREEMENT:

- 19.1 The respective [[•] designation of the authorized representative] of the industry/ plant or his nominated representative shall be authorised to act for and on behalf of the Purchaser.
- 19.2 CGM(S&M) / GM(S&M) / CGM(Washeries) / GM(Washeries) / or any representative duly authorized by the Seller shall act for and on behalf of the Seller.
- 19.3 Any other nomination of authorised representative shall be informed in writing, by the Seller and the Purchaser, as the case be, within one month of signing of this Agreement or by giving 30 (thirty) days' notice.
- 19.4 It shall be the responsibility of the Parties to ensure that any change in the address for service or in the particulars of the designated representative is notified to the other Party and all other concerned, before effecting a change and in any case within two (2) Business Days of such change

[**Note 1:** For consumers of Western Coalfields Limited (WCL), relevant amendments to Clauses 4.7, 4.10.1, 7.1 and 11.2 would need to be made to bring into effect the different practices followed by WCL with respect to these *clauses*].

[**Note 2:** For consumers of Western Coalfields Limited (WCL), relevant amendments to Schedule V and Clause 4 would need to be made to bring into effect the different practices of sampling followed by WCL with respect to these *clauses*].

Signed in presence of the witness /witnesses under mentioned on _____ day of _____.

For (_____ name of the Seller) For (_____ name of the Purchaser)

Signature

Signature

Name
(block letters)
Designation:
Address:

Name:
(block letters)
Designation:
Address:

Telephone:
Fax:
Email:

1. WITNESS

- a) Signature
- b) Name
(block letters)
- c) Address & Occupation

2. WITNESS

- a) Signature
- b) Name
(block letters)
- c) Address & Occupation

Telephone:
Fax:
Email:

1. WITNESS

- a) Signature
- b) Name
(block letters)
- c) Address & Occupation

2. WITNESS

- a) Signature
- b) Name
(block letters)
- c) Address & Occupation

**Annual Contracted Quantity
(Refer Clause 3.1)**

Annual Contracted Quantity

Sr. No.	Name of the Plant owned by Purchaser	Name of Rake Fit Station

Sr. No.	Source coal field/ washery of the Seller*	Mode of transport	Annual Contracted Quantity (Lakh Tonnes)
raw Coking Coal			
washed Coking Coal			
Prime			
Medium			

* For Raw Coking quantity to be indicated on consolidated basis for basket of sources

Schedule-II

QUALITY OF COAL
(Refer Clauses 4.1)

Name of the Washery	Max Moisture (%)	Guaranteed Ash Content (%)	Cut-off limit for Ash Content	Price of washed Coking Coal at guaranteed ash %
washed Coking Coal				

Name of the Colliery	Grade
raw Coking Coal	

SCHEDULE-III

(Not Used)

SCHEDULE –IV

DETAILED MODALITIES FOR JOINT SAMPLING

Joint Sampling will be done from the delivery / loading point of the seller for Coal produced from own sources.

1.0 Modalities for Collection, Handling, Storage and Preparation of Joint Samples.

1.1 Collection of Samples from Wagons:

- a) Each rake of Coal supplied from one delivery point/loading point shall be considered as a lot for the purpose of sampling. Separate lots to be made in case Coal is of different grades and from different sources loaded from one delivery / loading point.
- b) Each rake shall be divided into sub-lots in a manner that the quantity of Coal/number of wagons in such sub-lots is more or less equal. The number of sub lots shall be determined as under :

No. of wagons in the rake	Number of sub lots
Up to 30 wagons	3
>30 wagons up to 40 wagons	4
> 40 wagons up to 50 wagons	5
>50 wagons and above	6

- c) From each of the sub lots one wagon each shall be selected as per random table in IS: 436 (Part I/Section I) for collection of increments.
- d) In each wagon selected for sampling the spot from where the sample will be drawn in such a manner so that if in one wagon the sample is collected at one end, in the next wagon the spot will be in the middle of the wagon and in the third wagon at the other end and it will go on and sample procedure will be repeated for subsequent wagons.
- e) Before collecting the samples, the spot from where sample is to be collected from top of the wagons, will be leveled and at least 25 cm of coal surface shall be removed/scrapped from the top and the place will be leveled for an area of 50 cm by 50 cm.
- f) About 30 kg of sample shall be collected from each selected wagon in the rake of a source by drawing 6 increments of approx. 5 kg each with the help of shovel/scoop.
- g) Item (d), (e) and (f) above shall be applicable for the Coal supplied in box wagons, where there is no live overhead traction line.

- h) In case of Box wagons, the parties shall ensure that the power supply in the over head traction is switched off to facilitate collection of joint samples pursuant to points (d), (e) and (f) above.

1.2 Preparation of Samples:

- a) Each sub lot will be mixed with equal quantity to make one lot on source-wise and grade-wise.
- b) The gross samples for the day for each delivery/loading point shall be separately crushed to (-) 5 cm by mechanical means, mixed thoroughly and quartered.
- c) Two opposite quarters shall be retained and the rest rejected.
- d) The retained material shall be further mixed, halved and one half retained.
- e) Material so obtained shall be crushed to 12.5 mm by a Jaw Crusher and then to 3.3 mm by a reduction mill / or jaw crusher.
- f) The crushed material shall be reduced either by coning and quartering or by ruffling to 2 kgs.
- g) The sample so reduced shall be finally ground to pass through 212 micron IS sieve.
- h) From the final sample passing through 212 micron IS sieve, 1.5 Kg shall be taken, which shall constitute the laboratory sample.
- i) Each laboratory sample shall be divided into two equal parts one for joint analysis by the Seller and the Purchaser at the loading end and the second to be kept as referee sample under joint custody of the Seller and the Purchaser. The sample shall be kept in glass or polythene container.
- j) In the event of any dispute (which shall be raised not later than 48 hours after analysis) at the time of joint analysis, the referee sample shall be analysed at a mutually agreed laboratory within 72 hours of the dispute, but not later than 8 days of the collection of the sample.