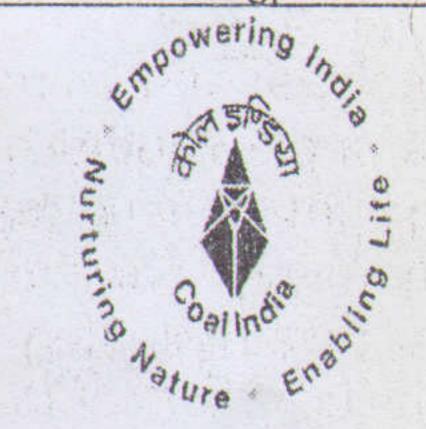
Under jurisdiction of Nagpur Court only

WESTERN COALFIELDS LIMITED

(A Miniratna-Cat-1.Govt.as of India Undertaking)



Office of the

GENERAL MANAGER(S&M)

Regd.Office, Coal Estate, Civil Lines Nagpur-440001

Tel.No. No.0712-2511061 - 2511323 FAX No.2512977

NGP/WCL/S&M/Comml/ 725

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16.01.16

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Sub: Advance payment/ Financial Coverage in case of rail supplies under FSA (Non Power including CPPs)

The FSAs between non power (including CPPs) consumers and WCL provide for full advance payment 48 hours before placement of rake(s) for loading and maintain Financial Coverage in cash or Bank Guarantee for an amount equivalent to 'As delivered price' of highest grade of coal for monthly quantity subject to minimum 1 rake.

The FSA also provides for annual joint reconciliation of accounts and issuance of debit/ credit notes.

In addition to above, the consumers may, if they so desire, maintain a non interest bearing cash deposit towards Financial Coverage throughout the term of FSA equivalent to 'As delivered price' of Z days of coal value (highest grade and highest size as per Schedule-II) (in multiple of rake load, subject to minimum 1 rake and any fraction rounded off to higher value) and in that event:

- a) The existing Financial Coverage Bank Guarantee may be reduced to the extent of cash component submitted.
- b) The applications will have to be submitted rake-wise for Financial Clearance specifically mentioning that financial clearance is being sought against cash component of FC. The clearance would be restricted to cash component in multiple of Rake Load.
- c) Consumers will not be required to make advance payment before 48 Hrs of Placement of rakes. However it will be the responsibility of consumers to obtain the copy of the bill(s) from the concerned Area(s) and make the payment within 7 Business days from the date of loading and furnish proof of such payment at WCL(HQ) before seeking Financial clearance for the next Lot/rake(s).
- d) It is clarified that at any particular time, financial clearance in absence of advance payment shall be restricted corresponding to the clear cash component of Financial Coverage available with WCL(not exceeding 7 days coal value) considering the proof of payment against bills. In the event of default, further clearances shall be only on the basis of Rakewise advance payments and this dispensation shall be liable for withdrawal at the discretion of WCL.

General Manager (S&M)-