



Urgent: Journalists' Queries from The Reporters Collective and Al Jazeera

Dear Shreegireesh and Kumar,

Thank you for reaching out to inform us about the piece commissioned by Al Jazeera and apologies for the slightly delayed response. We hope that you can still use the below information in the article as it should provide some helpful clarity.

We are committed to providing clarification through feedback and transparency; in this case, regarding your concerns over the Mine Developer and Operator (MDO) operating model. The MDO model was adopted in India because of limited resources which impacted production levels and because sub-contracting mining operations to private players is a more capital efficient way to improve production. Overarchingly, MDO promotes competitiveness and efficiencies in the mining sector, which in turn is a critical element of India's energy security.

It is pertinent to note that MDO is a time tested and successful model, which is substantiated by prominent companies such as Essel Mining, Dilip Buildcon, Thriveni Sainik Mining, BGR Mining, Sical Logistics, Kalinga Commercial, Montecarlo, Rithwik Projects, Sushee Infra & Mining, Ambey Mining, Gainwell Commosales – beyond Adani Enterprises. These mining firms have made the MDO segment competitive to offer effective and efficient mining services to country's some of the largest public utilities such as NTPC, Coal India, SAIL, DVC, NCL and power generation companies of Punjab, West Bengal, Maharashtra, Odisha, Andhra Pradesh among others.

We believe that some of the questions you posed show a disconnect from some vital facts and request you to cover this issue in the light of rigorous process of MDO selection. We request you to reach out to the concerned stakeholders and authorities that have examined and approved the contracts awarded through transparent & competitive bidding process, as required under the Allotment Agreement and is conformity with applicable Laws.

Feel free to reach out to us at any time if you have additional questions or need help building a more comprehensive understanding.

Queries & Responses

1. Documents obtained by *The Reporters' Collective* show that the Prime Minister's Office in March 2020 sought a review of MDOs in the country after observing that the practice of MDO appointment lacks transparency and consistency. As a company that is invested in the MDO model, with nine contracts, and as a group that proclaims to be a pioneer of the MDO model, what would you say about this?

ANS: *This query can be best answered by the concerned authorities.*

2. The PMO in its letter dated 04 March 2020 said the Cabinet Secretary had opined “appointment of MDOs before the allotment of mineral blocks appears inappropriate and this may not be allowed in future”. Officials tasked with reviewing the MDO regime in 2020 observed that the only case that fits the description is the Adani MDO contract for the Parsa East Kente Basan coal block. Was Adani Enterprises or any other Adani Group firm or official contacted by any public authority regarding this?

ANS: This query can be best answered by the concerned authorities.

3. Government officials who reviewed the MDO regime based on the PMO’s letter agreed on record that Adani’s MDO contract for Parsa East Kente Basan is “inappropriate” – going by the Cabinet Secretary’s terminology. They, however, left this deal untouched and decided to prevent any such deals from being signed in the future. Do you think that by doing this, the central government granted you an exceptional favour and benefits?

ANS: This query can be best answered by the concerned authorities.

4. Any comment from you on this exception given by the government to your MDO contract? Whether and how did this exception help you in your business?

ANS: This query can be best answered by the concerned authorities.

5. Has Adani Enterprises recommended any MDO contract, apart from the one for PEKB, to be novated under Section 11 of the Coal Mines (Special Provisions) Act, 2015? If so, for which block/s?

ANS:

The Section 11 of the Coal Mines (Special Provisions) Second Ordinance, 2014

(1) Notwithstanding anything contained in any other law for the time being in force, a successful bidder or allottee, as the case may be, in respect of Schedule I Coal Mines, may elect, to adopt and continue such contracts which may be existing with any of the prior allottees in relation to the mining operations and the same shall constitute a novation for the residual term or residual performance of such contract

Provided that in such an event, the Successful Bidder or Allottee or the Prior Allottee shall notify the Nominated Authority to include the vesting of any contracts adopted by the successful bidder.

(2) In the event that a Successful bidder or Allottee elects not to adopt or continue with existing contracts which had been entered into by the prior Allottees with third parties, in that case all such contracts which have not been adopted or continued shall cease to be enforceable against the successful bidder or allottee in relation to the Schedule I Coal Mines and the remedy of such contracting parties shall be against the prior allottees.”

RRVUNL, in terms of the Section 11(1) of the Coal Mines (Special Provisions) Ordinance, 2014 & Coal Mines (Special Provisions) second Ordinance, 2014, adopted and continued the existing MDO contract i.e. Coal Mining and Delivery Agreement (CMDA) dated 16.07.2008 and Addendum dated 22.09.2010 entered with PKCL for PEKB blocks allotted to RRVUNL on 24.03.2015.

Also, in terms of Clause no. 3.1(f) of the ‘Allotment Agreement’ executed for PEKB blocks, RRVUNL on 30.03.2015 furnished the information to the Nominated Authority in the form of SCHEDULE-C regarding RRVUNL’s decision to adopt & continue the existing contract for mining (MDO).

As the aforesaid continuation was in line with the Section 11(1) of the Coal Mines (Special Provisions) Ordinance, 2014 & Coal Mines (Special Provisions) second Ordinance, 2014, there is no violation of any law/rules/allotment condition etc.

6. Rajasthan Colleries Limited, an AEL subsidiary, was appointed MDO for the Parsa coal block in March 2015 by Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL). According to the MDO contract, RRVUNL appointed RCL the MDO without any fresh auction for picking a JV partner. How do you view this in the context of the PMO and Cabinet Secretary's observations?

ANS: *The mode of engagement of MDO for Parsa block is in accordance with the terms and conditions of the Allotment Agreement. The selection of MDO contractor i.e RCL. has been made through a transparent & competitive bidding process, as required under clause 12.4 of the Allotment Agreement and is conformity with applicable Laws.*

This can be further clarified best by the concerned authorities.

7. Any other comments.

ANS: *Progressive MDO model is increasingly becoming popular since it promotes 'responsible mining' to meet the nation's demand for essential natural resources. MDO model is becoming increasingly popular among state and central PSUs with the improved results demonstrated by the contractors in the past about one and half decades. So far close to two dozen state and central government utilities have floated about 70 tenders to develop and operate their mining blocks by the professional companies through competitive bidding. Public sector utilities such as NTPC, Coal India, SAIL, DVC, NCL besides power utilities of Punjab, West Bengal, Maharashtra, Odisha, Andhra Pradesh are some of the government entities to have adopted MDO model.*

Kind regards

