

**Government of Madhya Pradesh
Mineral Resources Department
Mantralaya**

:: Letter of Intent ::

No. - F 3-26/2019/12/1

Bhopal, Date:- 19/12/2019

To,

**Essel Mining & Industries Ltd.,
Aditya Birla Centre,
'B' Wing, 4th Floor,
S. K. Ahire Marg,
Mumbai, (Maharashtra) - 400030.**

Sub: Letter of Intent with reference to e-auction dated December 11, 2019 for grant of a Mining Lease for Bunder Diamond Block for Diamond in Sagoria Village, Buxwaha Tehsil, Chattarpur District on 364.00 Hectare Area of Survey of India Toposheet No. 54P/7.

1. Background:

1.1. The Directorate of Geology and Mining (DGM), Government of Madhya Pradesh, pursuant to the Mines and Minerals (Development and Regulation) Act, 1957 (the "Act") and the Mineral (Auction) Rules, 2015 as amended from time to time (the "Auction Rules"), issued the notice inviting tender dated July 05, 2019 to commence the auction process for grant of Mining Lease for Diamond located in Chattarpur District of Madhya Pradesh. The e-auction process was conducted in accordance with the tender document for the said mineral block and Essel Mining & Industries Ltd. was declared as the 'Preferred Bidder' under Rule 9(4)(b)(iii) of the Auction Rules.

1.2. As required under Rule 10(1) of the Auction Rules and the tender document for the said mineral block, Essel Mining & Industries Ltd. has made payment of the first installment, being 10% (ten percent) of the upfront payment of Rs. Rs. 27, 52, 48, 440 (Rupees Twenty Seven Crore Fifty Two Lakhs Forty Eight Thousand Four Hundred Forty only) through RTGS (with UTRN: HDFCR52019121359372005) dated December 13, 2019 which was received on December 13, 2019.

2. Grant of Letter of Intent

2.1. Accordingly, pursuant to Rule 10(2) of the Auction Rules, the Government of Madhya Pradesh is issuing this Letter of Intent for grant of Mining Lease for Bunder Diamond Block for Diamond in Sagoria Village, Buxwaha Tehsil, Chattarpur District on 364.00 Hectare Area of

Survey of India Toposheet No. 54P/7 to Essel Mining & Industries Ltd.
for a period of 50 years.

3. Conditions

- 3.1. This Letter of Intent and the subsequent grant of aforementioned Mining Lease shall be subject to the provisions of the Act and the Rules made there under, as amended from time to time, and the Essel Mining & Industries Ltd. shall be designated as the 'successful bidder' and subsequently granted the Mining Lease only upon satisfactory completion of all the requirements under the Act and the Rules made there under.
- 3.2. This Letter of Intent shall be valid only if Essel Mining & Industries Ltd. ensures that the Bid Security is valid until the Performance Security is furnished to the Government of Madhya Pradesh, failing which this Letter of Intent shall become invalid from the date of expiry of the Bid Security.
- 3.3. For reference, the requirements under the Auction Rules for designation of Essel Mining & Industries Ltd. as the 'successful bidder' and subsequent grant of the Mining Lease are reiterated below under para 3.3(a), (b) and (c). It is clarified that the requirements mentioned below under para 3.3(a), (b) and (c) are only for reference and in the event of any change in the Act or the Rules made thereunder, the requirements under the modified Act or the Rules made thereunder, as the case may be, shall be applicable.

(a) Designation as the "Successful Bidder":

Essel Mining & Industries Ltd. shall be considered to be the 'successful bidder' upon:

- (i) continuing to be in compliance with all the terms and conditions of eligibility;
- (ii) payment of the second installment being 10% (ten percent) of the upfront payment;
- (iii) furnishing performance security of Rs. 275,24,84,400 (Rupees Two Hundred and Seventy Five Crore Twenty Four Lakh Eighty Four Thousand Four Hundred) ;



- (iv) satisfying the conditions specified in clause (b) of sub-section (2) of section 5 of the Act with respect to a mining plan; and
- (v) Complying with the special condition for Bunder Diamond Block as approved by the Ministry of Mines, Government of India vide their letter no 7/46/2015-M.IB which is reproduced below:

म0प्र0 शासन द्वारा गठित अंतर्विभागीय समिति के निर्णय -

1. खदान से खनन होने वाले समस्त हीरा खनिज को नियमानुसार विभाग द्वारा प्रथम दृष्टया आंकलन कर प्रारंभिक एवं अनुमानित मूल्य वर्तमान प्रक्रिया अनुसार हीरा विशेषज्ञ के माध्यम से घोषित किया जाएगा।
2. खननकर्ता लीजधारी कंपनी द्वारा समस्त हीरा खनिज की प्रथम बार नीलामी मध्यप्रदेश में ही की जायेगी। इस हेतु लीजधारी द्वारा आरक्षित मूल्य निर्धारित किया जाएगा जो शासकीय खनिज (हीरा) विशेषज्ञ द्वारा निर्धारित मूल्य से कम नहीं होगा।

नीलामी सफल होने पर वास्तविक बिक्री मूल्य के आधार पर राज्य को रॉयल्टी प्राप्त होगी।

नीलामी असफल होने पर खननकर्ता लीजधारी कंपनी द्वारा निर्धारित आरक्षित मूल्य (जो शासकीय मूल्यांकनकर्ता द्वारा निर्धारित मूल्य से कम नहीं होगा) के आधार पर राज्य शासन को अंतरिम रॉयल्टी प्रदान की जाएगी। इसके पश्चात हीरा खनिज को निर्यात या बिक्री या मूल्य संवर्धन के लिए स्वतंत्र रूप से ले जा सकता है, लीजधारी को हीरा खनिज की बिक्री के 02 माह के अंदर राज्य शासन को उक्ताशय की सूचना देना अनिवार्य है। अंतिम रॉयल्टी का निर्धारण वास्तविक बिक्री मूल्य (जो कंपनी द्वारा सूचित किया गया हो) अथवा प्रथम बार नीलामी के समय निर्धारित किया गया, आरक्षित मूल्य दोनों में से जो भी अधिक हो, के आधार पर निर्धारित किया जाएगा।



(b) Signing of the Mine Development and Production Agreement

Essel Mining & Industries Ltd. shall sign the Mine Development and Production Agreement with the Government of Madhya Pradesh upon obtaining all consents, approvals, permits, no-objections and the like as may be required under applicable laws for commencement of mining operations.

(c) Grant of Mining Lease

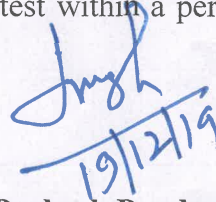
Subsequent to signing of the Mine Development and Production Agreement, Essel Mining & Industries Ltd. shall make payment of the third installment being 80% (eighty percent) of the upfront payment and thereafter the Government of Madhya Pradesh shall grant the aforementioned Mining Lease.

4. Validity

- 4.1. This letter of intent is valid for a period of 3 (three) years from the date of its issuance, within which time all the above conditions must be fulfilled and the Mining Lease deed must be executed between the Essel Mining & Industries Ltd. and the Government of Madhya Pradesh. In case there is a delay in execution of Mining Lease deed due to reasons beyond the control of the Preferred Bidder, then it may submit an application to Government of Madhya Pradesh, requesting for further extension

If the Government of Madhya Pradesh is satisfied that there is a delay in execution of Mining Lease deed due to reasons beyond the control of the Preferred Bidder longer period is required to enable the Preferred Bidder to satisfy all or any of the above conditions, then it may extend the validity of this letter of intent for such period or periods as the Government of Madhya Pradesh may specify. Provided that: (a) this letter of intent shall be extended for a maximum period of 2 years; and (b) the total period for which this letter of intent would remain valid must not exceed 5 (five) years from the date of issuance.

Kindly return the duplicate copy of this Letter of Intent duly signed by authorized signatory of the Company and furnish a suitable Board Resolution in token of having accepted the above terms and conditions. The accepted copy of Letter of Intent along with Board resolution should be submitted latest within a period of one (1) month from the date of receipt of this Letter of Intent.



(Prakash Pandre)

Under Secretary

Government of Madhya Pradesh
Mineral Resources Department

Endt. No. - F 3-26/2019/12/1

Bhopal, Date:- 19/12/2019

Copy to:

1. Secretary, Government of India, Ministry of Mines, Shastri Bhavan, New Delhi.
2. Additional Chief Secretary, Govt. of M.P., Forest Department, Mantralaya, Bhopal.
3. Chief Controller of Mines, Indian Bureau of Mines, Indira Bhavan Seminiari Hills, Nagpur.
4. Director, Geology and Mining (M.P.) Bhopal.
5. District Collector, District Chhatarpur, (M.P.).
6. Regional Head, Geology and Mining, Regional Office, Jabalpur (M.P.)
7. District Forest Officer, District Satna, (M.P.).

For information and necessary action please.

8. Guard File.



**Under Secretary
Government of Madhya Pradesh
Mineral Resources Department**