



# Auction scenario in India



**MINE**MAGMA

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# ABOUT MINEMAGMA

- A MinTech startup- incepted in 2017
- Service Providers in Digital mining, Techno Legal solutions, Policy analysis, Technical report preparation etc



# CLIENTS



S.N. Mohanty



# STRATEGIC COLLABORATIONS





## AUCTION !!!

- Relatively uncommon way to negotiate the exchange of goods and commodities.
- Auction for marriage
- Liquidation of assets
- Auction of artworks
- Arrive the market price and demand





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# SECTORS OF AUCTION

Minor Mineral ✓

Major Mineral ✓

Hydro carbon Mineral ✓

Strategic Mineral ✗

Bulk Mineral

High value Mineral



# LEASE GRANT PROCESS

## PRE-15

- Lease application by applicant
- Technical verification by DMG
- Hearing of applicants by Mineral Administration Dept.
- FCFS based on Fin-Tech experience
- Lol & Lease grant

## POST-15

- Area identification by State Govt.
- Exploration to the extent of mineral establishment
- Notice inviting Tender
- Identification of TQB
- EFA & Lol
- Vesting Order/ Clearances
- Lease Grant



# BIDDING PROCESS

- Notice Inviting Tender
- Sale of Tender Document
  - Pre-Bid Conference
- Submission of Bid document

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## Bid Due date

- Opening of Technical Bid
  - Declaration of TQB

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## EFA

- Declaration of Preferred Bidder



# LEASE GRANT

- Payment of 1<sup>st</sup> instalment of UP (20%)

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## Lol

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- Payment of 2<sup>nd</sup> instalment of UP (20%) & Performance Security

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## Declaration of Successful Bidder

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- Vesting Order

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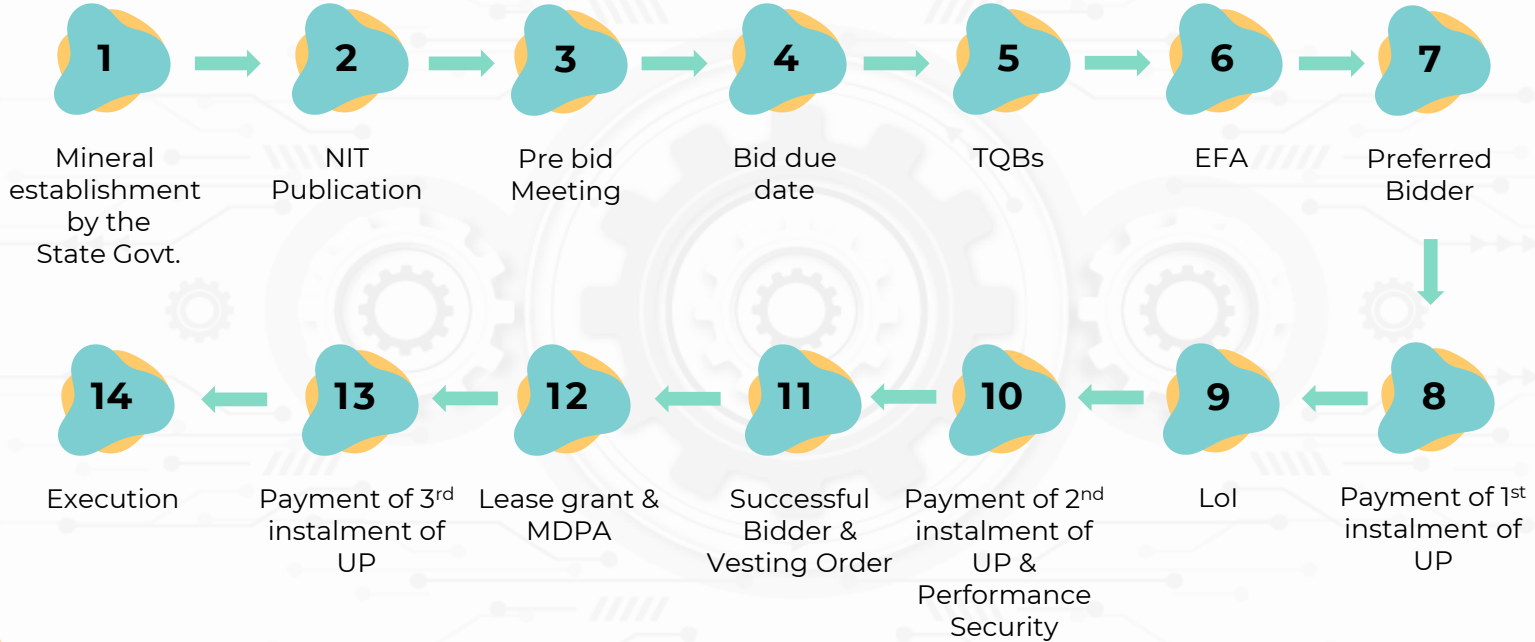
## Lease Grant & MDPA

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- Payment of 3<sup>rd</sup> instalment of UP (60%)
  - Lease deed Execution
- **Commencement of mining operation**



# MILESTONES





# ELIGIBILITY CRITERIA

## Company/Firm

- Incorporated under the Company Act, 1956 or 2013.
- **VER  $\geq$  1000 Cr.** – Net worth > 2 %
- **1000 Cr. > VER > 100 Cr.** – Net worth > 1 %
- **VER  $\leq$  100 Cr.** – Net worth > 0.5 %

## Individuals

- Indian National
- **VER  $\geq$  1000 Cr.** – Net worth > 2 %
- **1000 Cr. > VER > 100 Cr.** – Net worth > 1 %
- **VER  $\leq$  100 Cr.** – Net worth > 0.5 %

**Upper Limit: 200 Cr.**



# PERIODIC PAYMENT



- Upfront Payment - 0.5% of VER in 3 instalments
- Performance Security - 0.5% of VER as BG
- Bid Security - 0.25% of VER as BG
- Royalty – 15% of the VMD
- Stamp Duty & Registration charges
- DMF – 10% of Royalty
- NMET – 2% of Royalty
- TCS – 2% of Royalty
- Premium – FPO % of VMD



# APPROPRIATION OF PS

## In Entirety

- Failure of 3<sup>rd</sup> instalment of UP.
- Illegal ML transfer (not as per Acts & Rules).
- Surrender of entire lease area.
- Failure in full exploitation of mineral resource.
- Warrantees are found to be untrue.
- Termination of mining lease.

## In Portion

- Non-compliance to Minimum Production & Dispatch.
- Failure in making Periodic Payment.
- Lapse of ML to carry out R&R measures
- Breach or non-compliance of any provisions of the MDPA.

## Specified

- Appropriation of event set forth elsewhere in the tender document / MDPA



# ASSIGNMENT OF AGREEMENT



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Section 12A of  
MM(D&R) Act, 1957

Rule 23 & 23A  
of MCR, 2016

## Conditions:

- Proposed assignee shall have eligibility
- Unconditional agreement- Supporting deed to be signed by the assignee
- Furnish Performance Security to State
- Clear the due of Successful Bidder
- Agree to indemnify

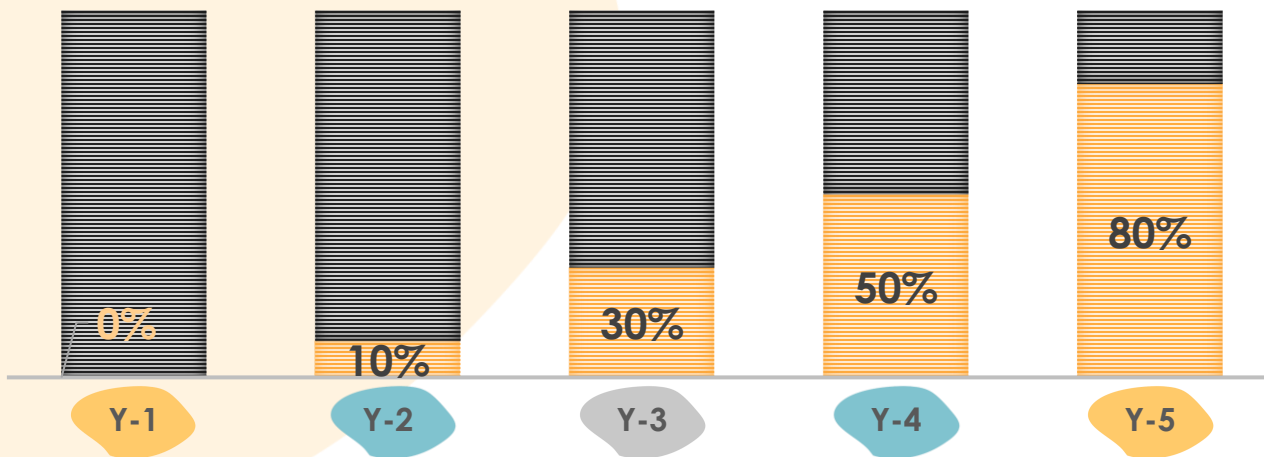
Availing bank finance by mortgaging the mining lease area without prior approval of State





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# MINIMUM PRODUCTION AND DISPATCH



# SUCCESSFUL AUCTIONS



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## Himachal

Limestone: 0/1



## Tamil Nadu

Limestone: 0/8



## Goa

Iron Ore: 4/4



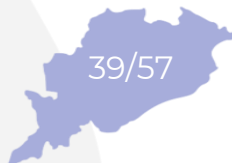
## Maharashtra

Bauxite: 7/10  
Iron Ore: 7/9  
Kyanite: 1/1  
Limestone: 4/7  
Copper: 3/4  
Manganese: 5/5  
Graphite: 1/1  
PGE: 0/3  
Tungsten: 0/2  
Base M: 0/1



## Rajasthan

Limestone: 18/30  
Iron: 2/3  
Manganese: 3/4  
Copper: 0/4



## Odisha

Iron ore: 28/38  
Limestone: 3/7  
Chromite: 3/3  
Graphite: 2/2  
Manganese: 3/4  
Bauxite: 0/4



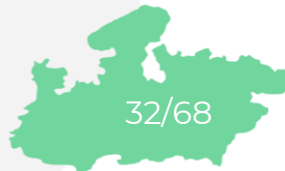
## Madhya Pradesh

Base M: 0/6  
Limestone: 12/23  
Graphite: 2/6  
Iron Ore: 4/6  
Diamond: 2/5  
Gold: 2/3  
Bauxite: 5/7  
Manganese: 2/7  
Rock Phosphate: 3/4  
Platinum: 0/1



## Karnataka

Iron Ore: 24/31  
Limestone: 8/10  
Gold: 2/13  
Bauxite: 0/1



## Jharkhand

Gold: 2/2  
Graphite: 2/4  
Iron Ore: 1/4  
Bauxite: 0/3  
Limestone: 0/5  
Mica: 0/2



## Andhra Pradesh

Limestone: 4/12  
Gold: 4/11  
Manganese: 9/9  
Iron: 2/2



## Gujarat

Limestone: 8/18  
Bauxite: 4/4



## Chhattisgarh

Bauxite: 3/5  
Limestone: 9/13  
Iron: 6/20  
Gold: 1/2  
PGE: 0/2



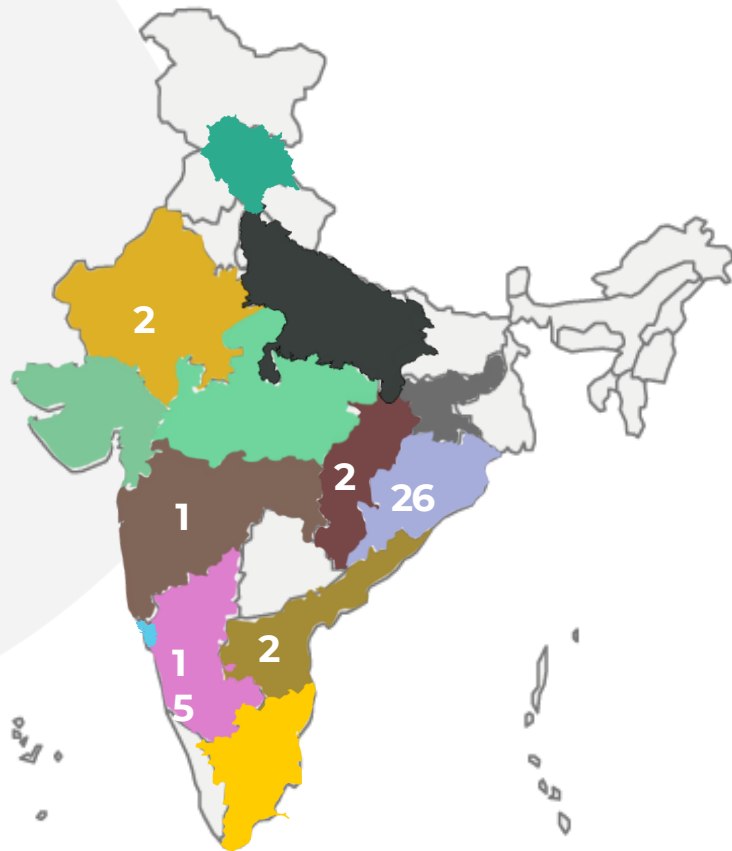
## Uttar Pradesh

Glaucconite: 0/2  
Gold: 0/4  
Iron: 0/2  
Phosphorite: 2/3  
PGM: 0/1

# OPERATION -SUCCESSFUL AUCTIONS



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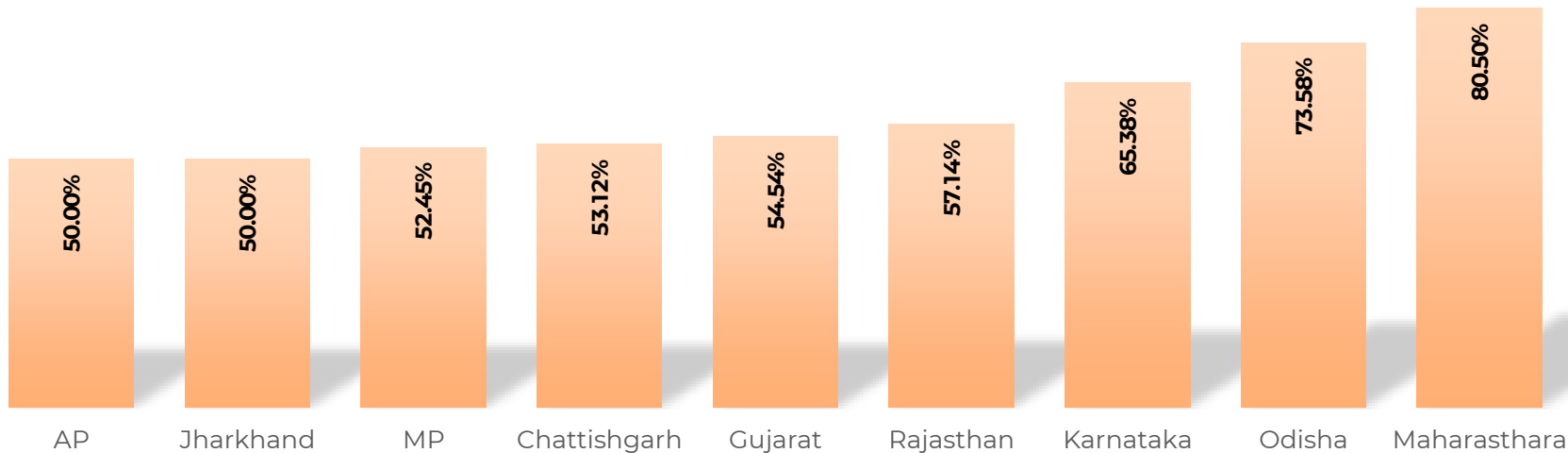


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# SUCCESS RATE - STATE WISE

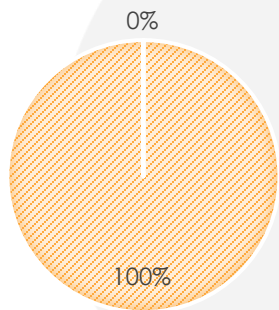




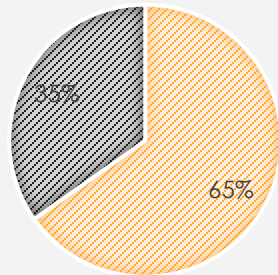
# SUCCESS RATE - FINANCIAL YEARWISE



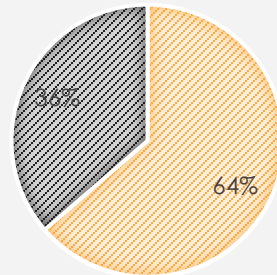
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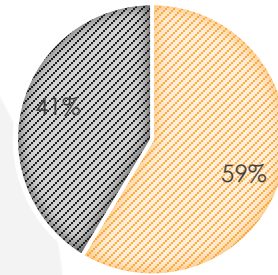
2015-16



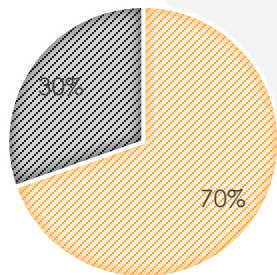
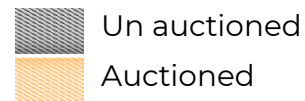
2016-17



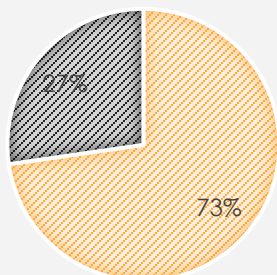
2017-18



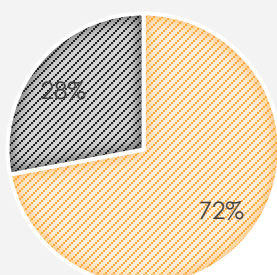
2018-19



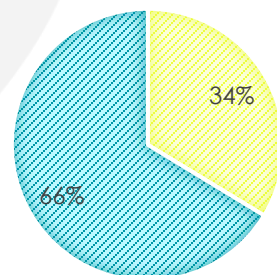
2019-20



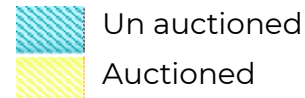
2020-21



2021-22



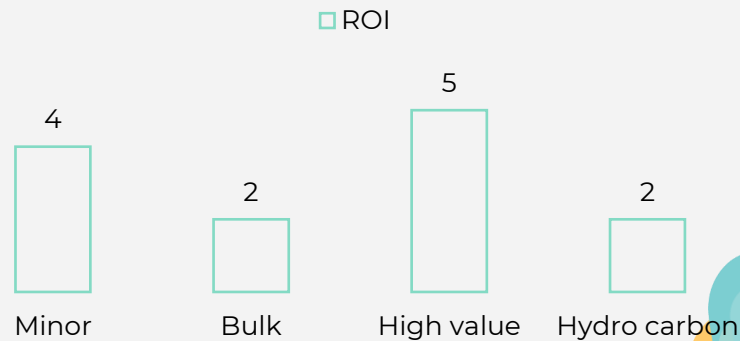
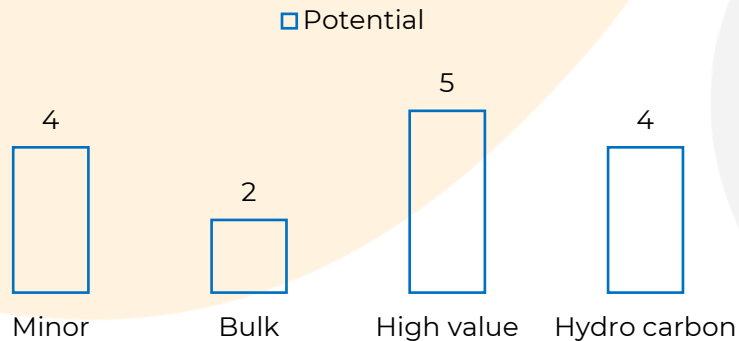
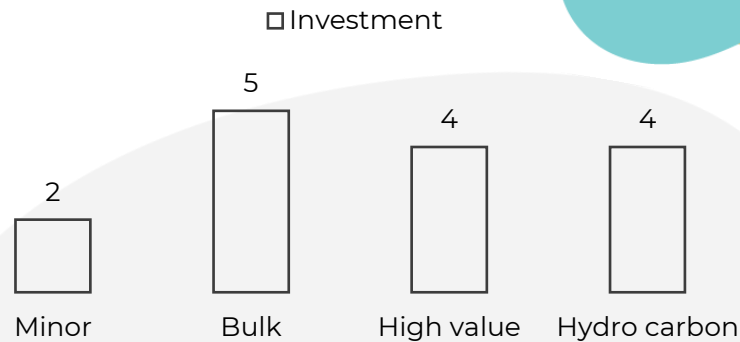
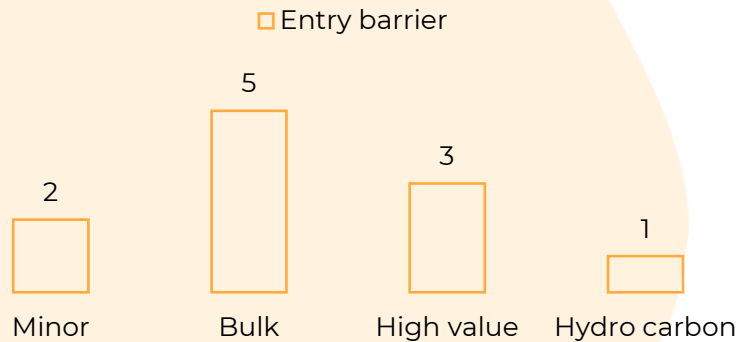
2022-23 ++



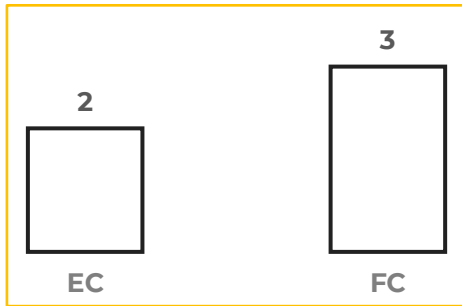
# SECTORS OF CONSIDERATION



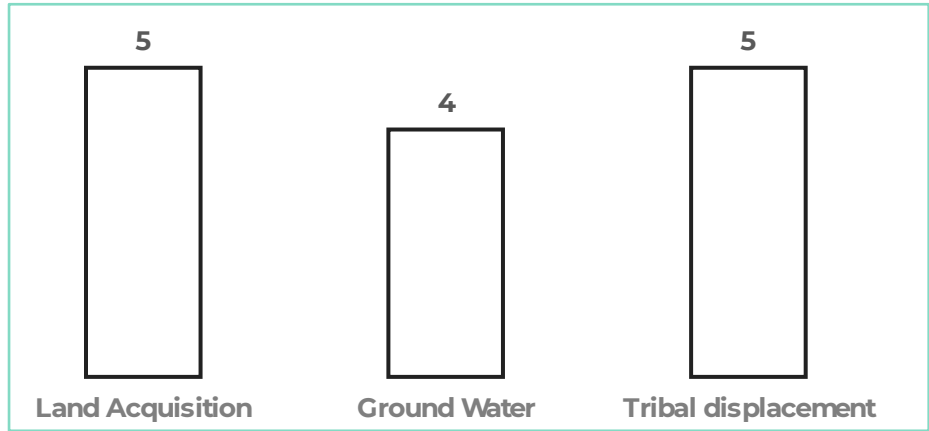
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# CLEARANCES AND RISK INVOLVED



Process driven



Dynamic approach

Way out: Strategic investment



# VALUE BASED BUSINESS MODEL



## ACQUISITION MODEL

- Acquire Composite licence
- Establish mineral deposit
- Preparation of Bankable documents
- Transfer of mineral concession

## MDO MODEL

- Setup of MDO infra
- Acquire sub contracts from MDOs
- Establish FIN-TECH experience
- Bid for individual projects





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B A N G A L O R E

**THANK YOU**

