

By Speed Post

**F.No 47011/1(18)/2000-CA-I  
Government of India  
Ministry of Coal**

....  
New Delhi, dated 5<sup>th</sup> December, 2012

To

M/s Corporate Ispat Alloys Limited  
EN1, Insignia Towers, 3<sup>rd</sup> Floor,  
Salt Lake, Sector V, Kolkata- 700 091

**Sub: Deduction of Bank Guarantee in respect of Chitarpur Coal block allocated to M/s Corporate Ispat Alloys Limited.**

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 47011/1(18)/2000-CPAM/CA dated 2<sup>nd</sup> September, 2005 (Annexure-I) and to this Ministry's show cause notice No. 13011/49/2012-CA-I dated 4<sup>th</sup> May, 2012 (Annexure-II) and to your reply to the show cause notice before the Inter Ministerial Group (IMG) on the above subject.

2. Chitarpur coal block was allocated on 2<sup>nd</sup> September, 2005 in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to M/s Corporate Ispat Alloys Limited to meet their coal requirement of 0.75 capacity sponge iron production at Hazaribagh, Distt. Hazaribagh in Jharkhand subject to the terms and conditions of the said allocation letter. In the allocation letter it has been mentioned that:-

Allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- (a) Unsatisfactory progress of implementation of their end use sponge iron plant/power plant.
- (b) Unsatisfactory progress in the development of coal mining projects.
- (c) For breach of any of the conditions of allocation.

The De-allocation/ cancellation of mining lease shall be without any liability to the Govt. or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatees out of the measures

taken by him shall solely be to his account and in no way be transferred to or borne by the Govt. or its agencies.

3. In respect of Bank Guarantee, the allocation has clearly mentioned that The company shall submit a bank guarantee for Rs. 13.88 crores (equal to one year's royalty amount based on mine capacity of 2 mtpa assessed by CMPDIL, grade of coal of from E to G grades and the weighted average royalty @ Rs. 69.39 per tonne) within three months from the date of issue of this letter. Subsequently, upon approval of mining plan, the Bank Guarantee amount will be modified based on the final peak/rated capacity of the mine.

The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated / peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then  $(50-35)/100 \times 100 = 15\%$  will lead to deduction of 15% of the original bank guarantee the amount for that year. Upon exhaustion of the Bank Guarantee amount, the block shall be liable for de-allocation/ cancellation of mining lease. M/s Corporate Ispat Alloys Limited shall ensure that the Bank Guarantee remains valid at all time till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.

4. The progress of allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through a Inter-Ministerial Review Committee from time to time wherein the allocatee company give presentation in respect of the development made by the company with reference to the milestones prescribed in the allocation letter during which it was noted as following:-

i) In the Review Meeting held on 25/26 March, 2008 , the Committee noted that the Company assured to start production in March 2009 subject to grant of FC. Change in location of plant.

ii) In the Review Meeting held on 15/16 October, 2008, the Committee noted that FC, ML execution and Land Acquisition pending . 406 acres land identified for handing over to the forest deptt. Prior approval pending at MOC. Deed of conveyance signed with CCL. Assured to start production by Dec, 2009.

iii) In Review Meeting held on 22/23.06.2009, the Committee noted that Mining Pan and Mining Lease approved. Site clearance from MOEF obtained. FC and land acquisition pending. 406 acres forest land procured for forest clearance. FC application has been forwarded to the CCF. Forest clearance is expected by December, 2009. As regards EUP, the representative informed that DRI Plant was being set up in Seraikela. Out of 450 acres, 60 acres of land is registered against company name. Permission for 24 acres of tribal land has been obtained. Project report is being made by MECON. For Financial Closure, proposal has been made to Bank and is under consideration. Permission for Water and EMP is also obtained. At this, Chairman advised, the representative to make a request to the Ministry of Steel for held, if required. Further, he advised to furnish detailed financial closure/bar chart data to MOC/CCO.

iv) In the Review Meeting 20/21.07.2010, the Committee noted that Mining Lease, Forest Clearance and Land Acquisition are pending. State-I forest clearance is pending with State Govt. Forest clearance is the main issue. EUP 0.75 MTPA Sponge Iron plant at Birban, JH is coming up soon. The committee was dissatisfied with the development of mine the company was issued the show cause notice on 30<sup>th</sup> September, 2010.

v) The Committee examined the replies on 28<sup>th</sup> January, 2011 and 4<sup>th</sup> February, 2011, submitted by the allocatees against the show cause notice issue to the allocatees vide letter dated 30.09.2012 and recommended deduction of Bank Guarantee.

vi) In the Review Meeting held on 11/12.01.2012, the Committee noted that Mining Lease and Forest Clearance (Stage -I) , Land Acquisition are pending. Company informed that Forest Clearance (Stage-I) is expected by March, 2012. 600 acres land acquired and is in physical possession. Washery is there. Show cause notice was issued on 4<sup>th</sup> May, 2012. The company replied to the show cause notice.

5. In the meantime, the Government has set up an Inter-Ministerial Group (IMG) under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. The case of the allocatee company was referred to the IMG. Accordingly, the IMG asked the allocatee companies to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the

allocatee company gave presentation on 6<sup>th</sup> September, 2012 before the IMG. The IMG considered the presentation, the status note of the Chitarpur coal block and associated EUP prepared by Ministry of Coal and Coal Controller's Organization (Annexure-III). The progress of development of the block with reference to the milestones and their achievement is as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	
Purchase of GR	17.10.2005	15.7.2006	9 Months	
Submission of Bank Guarantee	2.12.2005	23.12.2005	N	
Mining Lease Application	2.12.2005	22.12.2005	N	
Submission of Mining Plan	2.3.2006	28.11.2005	Advance	
Approval of Mining Plan	2.5.2006	19.7.2006	2 Months	
Application of Previous approval	2.7.2006	29.5.2007	10 Months	
Granting of Previous approval	2.8.2006	14.1.2009	2Yrs 5 Months	
Application of Forest clearance	2.9.2006	14.2.2006	Advance	
Grant of Forest Clearance	2.3.2007	Pending	5 Yrs	The Go No Go confusion and multiple levels through which the FDP has to pass at the State level and there to MOEF. Regional Officer Bhubaneswar

				forwarded the proposal to MOEF in June 2012 after conduct of inspection and presentation by the Company. MOEF has sent bank the proposal to the PPCF, GOJ for certain clarifications
Application EMP Clearance	2.9.2006	20.2.2006	Advance	
Grant of EMP Clearance	2.3.2007	16.5.2007	2 Months	
Grant of Mining Lease	2.9.2007	Pending	4Yrs 9 Months	
Application of Land Acquisition	2.4.2007	5.9.2005	Advance	
Completion of Land Acquisition	2.9.2008	Pending	3 Yrs 9 Months	Land acquisition through conveyance deed and CCL.
Application for opening permission	2.1.2009	Pending	3 Yrs 5 Months	
Grant of Opening permission	2.2.2009	Pending	3Yrs 4 Months	
Coal Production	2.3.2009	Pending	3 Yrs 3months	

6. After detailed deliberations, the IMG observed as under:

M/s Corporate Ispat & Alloys Ltd. (Chitarpur)

The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the latest status paper presented to the IMG. The IMG noted that 7 years have elapsed from the date of allotment i.e. 2.9.2005. IMG also noted that the company has purchased the GR and the mining plan is approved. EC has been obtained. The company informed that FAC has sought further information and FC is pending. The conveyance deed has been entered into for the land and 365 acres of land has been acquired outside the lease area for OB dump. Investment made in the coal block as per CA certificate submitted by the company is Rs. 424 crores including land, CHP and washery. The company has set up its end-use plant and captive power plant has recently been lighted up as per schedule on 13.7.2012. Though CA certificate has not been provided, the company reported an investment of Rs. 511 crores on the end-use plant including power plant. During presentation, the company argued that the entire delay was not attributable to them and they assured that they will be in a position to open the mine by November 2012. The normative date of production is 2.3.2009.

Taking into account all factors including substantial progress and investment made, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage. However in view of the time elapsed the IMG recommends that the BG equivalent to shortfall in production from normative date of production i.e. 2.3.2009 may be deducted as per the terms and conditions of the allocation letter.

7. The recommendation of the IMG has since been considered and accepted by the Government.

8. It has been decided to deduct the proportionate Bank Guarantee furnished by the allocatee companies. The Bank Guarantee (BG) to be the extent of **Rs 10.41 (Rupees Ten crore forty lakhs and ten thousand only)** be deducted and deposited with the Government. (The calculation of deduction of BG is as per Annexure-IV). This order is without prejudice to any other action which the Ministry of Coal may take/ consider appropriate.

9. It may be stated that M/s Corporate Ispat & Alloys Limited has filed Writ Petition No. 7063/2012 & CM No. 18289/2012 v/s Union of India in the Hon'ble High Court of Delhi on which the court has passed the following order on 07.11.2012.

"The petition is dismissed as withdrawn with liberty as prayed for in case an adverse order is passed, the same will not be given effect for a period of one week."

10. In compliance of the above order, this order is made effective after a period of one week from the date of issue.

Yours faithfully,

  
(P.S.S.Reddy)  
Director

Copy to:-

1. The Chief Secretary, Government of Jharkhand
2. The Secretary, Ministry of Steel, UdyogBhavan, New Delhi.
3. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to take necessary steps to deduct the Bank Guarantee amount
4. The Chairman, Coal India Limited, 10-Netaji Subhash Road, Kolkata
- ✓ 5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

Annexure - I

No. 47011/1(18)/2000-CPAM/CA  
Government of India  
Ministry of Coal

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New Delhi, the 2<sup>nd</sup> September, 2005.

To

M/s. Corporate Ispat Alloys Ltd.,  
32-A, Trust House,  
Chittaranjan Avenue,  
Kolkatta - 700 012.

Subject: Allocation of the Chitarpur block in the State of Jharkhand for captive mining of coal by M/s. Corporate Ispat Alloys Ltd. for their sponge iron capacity of 0.75 mtpa at Hazaribagh, District Hazaribagh in Jharkhand.

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Sir,

I am directed to refer to your letters dated 31.07.2000, 20.09.2000, 30.10.2000 and 04.06.2003 requesting for allocation of the Chitarpur block in the State of Jharkhand to meet your coal requirement for your 0.75 mtpa capacity of sponge iron production at Hazaribagh, District Hazaribagh in Jharkhand and to state that the Central Government, after considering your request, have decided to allocate the Chitarpur block which will meet your coal requirement of about 36 million tonnes. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following conditions :-

- i) The allocation of Chitarpur block to M/s Corporate Ispat Alloys Ltd. has been made to meet the coal requirement of 0.75 capacity sponge iron production at Hazaribagh, District Hazaribagh in Jharkhand. The coal produced from the block shall not replace any coal linkage given to M/s. Corporate Ispat Alloys Ltd. by the Coal India Limited/its subsidiary companies and/or by the Singareni Collieries Company limited, without prior permission of this Ministry.
- ii) The block is meant for captive use in their own specified end use projects i.e., sponge iron project and power plant.
- iii) The company will use the middlings generated in the process of washing for power generation. The modalities of disposal of surplus coal/ middlings/ rejects, if any, would be as per the prevailing policy/ instructions of the Government at the relevant point in time and could also include handing over such surplus coal/ middlings/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- iv) The coal production from the captive blocks shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) from the date of this letter in UG mine. The end use project schedule and the coal mine development schedule should be modified accordingly and submitted to this Ministry within 3 months from the date of this letter.

2<sup>nd</sup> Sept 05

Received as above

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(For Corp Ispat Alloys Ltd)



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- v) The Company shall buy the Geological report from CMPDIL within six weeks from the date of this letter.
- vi) The company shall submit a bank guarantee for Rs. 13.88 crores (equal to one year's royalty amount based on mine capacity of 2 mtpa assessed by CMPDIL, grades of coal from E to G grades and the weighted average royalty @ Rs. 69.39 per tonne) within 3 months of the date of this letter. Subsequently, upon approval of the mining plan the Bank Guarantee amount will be modified based on the final peak/rated capacities of the mines.
- vii) The company shall submit a mining plan for approval by the competent authority under the Central Government within six months from the date of this letter.
- viii) The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then  $(50-35)/100 \times 100 = 15\%$  will lead to deduction of 15% of the original bank guarantee the amount for that year. Upon exhaustion of the Bank Guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease. M/s. Corporate Ispat Alloys Ltd. shall ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.
- ix) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes except with the previous approval of the Central Government.
- x) Mining of Coal from the allocated captive coal block shall be carried out in accordance with the applicable Statutes/Rules/Orders/Directions governing the mining of coal in the country.
- xi) Since the area of the block was acquired under the Coal Bearing Areas (Acquisition & Development) Act, 1957 the mineral rights shall be surrendered by the Central Coalfields Ltd. to the State Government. On payment of necessary compensation/ considerations by the allocatee company to the Central Coalfields Ltd., the land shall be transferred to them and the State Government shall grant a mining lease over the area in favour of the allocatee company under the provisions of and as per the procedure prescribed under the MM(D&R) Act and MC Rules. Any delay beyond 2 months by CCL/CIL in transferring the title /possession of land as the case may be can be claimed as grace period by the allocatee for the purposes of conditions (vi) & (viii) above.
- xii) Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease, in addition to any further conditions imposed by or agreed to by the Central Government.
- xiii) The State Government at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant

conditions for vetting by the Central Government. The final mining lease shall be as vetted/modified by the Central Government. Any deviation from the vetted/modified draft shall render the mining lease deed *ab-initio* null and void and without effect.

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2. Allocation / mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- (a) Unsatisfactory progress of implementation of their end use sponge iron plant.
- (b) Unsatisfactory progress in the development of coal mining project.
- (c) For breach of any of the conditions of allocation mentioned at (i) to (xi) above.

The De-allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be on his account and in no way be transferred to or borne by the Government or its agencies.

3. The company may approach CMPDIL for the geological report and contact the State Government authorities concerned for the necessary permissions/clearances etc. for attaining mining rights and related matters. The arrangement to transport coal will have to be worked out by the company.

Yours faithfully,

  
(Premraj/Kuar)  
Section Officer

Copy to:-

1. Chairman, Coal India Ltd., 10-Netaji Subhas Marg, Kolkatta - 700 001.
2. Chairman/Mng.-Director, CMPDIL, Gondwana Place, Kanake Road, Ranchi - 834 008.
3. Chairman/Mng.-Director, Central Coalfields Ltd., Darbhanga House, Ranchi - 834 001.
4. Ministry of Steel (Shri D. Kashiva, Jt. Industrial Adviser), Udyog Bhawan, New Delhi.
5. Ministry of Railways, Railway Board (Shri M.S. Mathur, Joint Director (TP) Rail Bhawan, New Delhi.
6. Coal Controller, Office of the Coal Controller, 1, Council Street, Kolkatta - 700 001.
7. Chief Secretary, Government of Jharkhand, Secretariat, Ranchi.
8. CPAM Section

CS  
2/11/05

  
(Premraj/Kuar)  
Section Officer

SHOW CAUSE NOTICE

No.13011/45 /2012-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 4<sup>th</sup> May, 2012

To

M/s Corporate Ispat Alloys Limited,  
31-A, Trust House, Chittaranjan Avenue,  
Kolkata- 700 012.

**Subject: Show cause notice in respect of Chitarpur coal block.**

Sir,

I am directed to refer to this Ministry's letter No.47011/1(18)/2000-CPAM/CA dated 02.09.2005 conveying allocation of Chitarpur coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all the important/critical milestones such as Forest Clearance, Mining Lease and Land acquisition are pending for Chitarpur coal block. The company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-



Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	17.10.2005	15.7.2006	9 Months
Submission of Bank Guarantee	2.12.2005	23.12.2005	N
Mining Lease Application	2.12.2005	22.12.2005	N
Submission of Mining Plan	2.3.2006	28.11.2005	Advance
Approval of Mining Plan	2.5.2006	19.7.2006	2 Months
Application of Previous approval	2.7.2006	29.5.2007	10 Months
Granting of Previous approval	2.8.2006	14.1.2009	2Yrs 5 Months
Application of Forest clearance	2.9.2006	14.2.2006	Advance
Grant of Forest Clearance	2.3.2007	Pending	5 Yrs
Application EMP Clearance	2.9.2006	20.2.2006	Advance
Grant of EMP Clearance	2.3.2007	16.5.2007	2 Months
Grant of Mining Lease	2.9.2007	Pending	4Yrs 6 Months (as on 3/2012)
Application of Land Acquisition	2.4.2007	5.9.2005	Advance
Completion of Land Acquisition	2.9.2008	Pending	3 Yrs 6 Months (as on 3/12)
Application for opening permission	2.1.2009	Pending	3 Yrs 2 Months (as on 3/2012)
Grant of Opening permission	2.2.2009	Pending	3Yrs 1 Months (as on 3/2012)
Coal Production	2.3.2009	Pending	3 Yrs (as on 3/2012)

3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 20 days from the date of issue of the show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment of Chitarpur coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of Chitarpur coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to The Coal Controller, Coal Controller Organisation, Kolkata.


Annex - 111  
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### Chitarpur

Sl No	Items	Remarks
1	Name Of the Block	Chitarpur block
2	Name Of the allocate	M/s Corporate Ispat Alloys Ltd.
3	Date Of allocation	02-09-2005
4	End-use Plant	0.75 mtpa capacity of sponge iron production at Hazaribagh, Distt. Hazaribagh in Jharkhand.
5	Important terms and conditions of allocation	The allocation letter dated 2.9.2005 is enclosed.
6	Milestones of allocation /Slippages against Milestones as stated in the SCN	Status of CCO, Kolkata is enclosed.
7	History Previous review / action	<p>Review Meeting held on 25/26 March, 2008 - Assured to start production in March 2009 subject to grant of FC. Change in location of plant.</p> <p>In Review Meeting held on 22/23.06.2009 - the representative informed that DRI plant was being set up in Seraikela. Out of 450 acres, 60 acres of land is registered against company name. Permission for 24 acres of tribal land has been obtained. Project report is being made by MECON. For Financial Clousre, proposal has been made to Bank and is under consideration. Permission for Water and EMP is also obtained. At this, Chairman advised, the representative to make a request to the Ministry of Steel for held, if required. Further, he advised to furnish detailed financial closure/bar chart data to MOC/CCO.</p> <p>In the Review Meeting 20/21.07.2010 it was noted that ML, FC &amp; LA are pending. State-l forest clearance is pending with State Govt. Forest clearance is the main issue. EUP-0.75 MTPA Sponge Iron plant at Birban, JH is coming up soon. The committee was dissatisfied with the development of mine &amp; asked to issue show-cause notice for de-allocation.</p>
7	Condonation of delay or extension of Zero date granted if any and permissible grace	NO

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	period if any whether any request for Condonation is pending with the Ministry	
	Litigation any orders of the court , if any	NO
9	Summary of reply of the company including reasons for delay	<p>The surrendering of the mineral rights by CCL took much longer time than provided for in the allocation letter due to their various internal formalities. The time taken is 2 years:</p> <p>The application for mining Lease was submitted on 22.12.2005 well in time and the State Govt., was expected to forward the same within a short time to the Central Government for 'Previous Approval'. However, it sent the same for previous approval on 29.05.2007 i.e. after a lapse of 1yr-7 months. This was probably due to the fact that there was frequent change of government in the state and on and off President's Rule.</p>
10	<p>Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.</p> 	<p>The Mine Plan was referred to Technical Wing on 02.01.2006 for consideration of the Standing Committee, which was approved by the Standing Committee in its meeting held on 27.02.2006 and file returned to the Administrative Section on 04.04.2006. As per procedure requirement about payment of Cost of GR to the concerned agency. The agency, CMPDIL vide letter dated 19.06.2006 informed that the allocatee company had not deposited the cost of exploration to CCL till date, in this regard CCL also informed on 05.07.2006 that the required cost of GR has not been deposited by allocatee till date. After obtaining confirmation with proof from allocatee on 18.07.2006, the approved MP was conveyed to the allocatee company on 19.07.2006.</p> <p>The Proposal dated 29.05.2007 for ML was received from State Govt. on 11.06.2007. Further the State Govt. intimated on 24.11.2008 that the area of ML for prior approve of the Central Govt. was sought by them has been mentioned as 354.96 ha</p>

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instead of 555.34 ha, which is a typographical error. The issue in respect of confirmation of boundary was referred to the Technical Wing on 13.10.2008. The mining lease area was confirmed i.e. 525.84 ha + 29.50 Ha ( adjacent Small patch) i.e 555.34 ha. ML was conveyed on 13/14<sup>th</sup> January, 2009.

The instruction in respect of transfer Mining right and CBA was issued to CCL on 30.01.2007.



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Status of Coal Block as on June.2012  
(As per report furnished by Block owners)

1. Name of Company:- M/s Corporate Ispat & Alloys Ltd.
2. Name of Coal Block:- Chitarpur (Explored)
3. Date of Allocation:- 2.9.2005 ✓
4. Location: North Karanpura, Jharkhand
5. Project cost:- 470 Crs
6. Total investment made :-279 Crs (as per status report)
7. Reserve (Mill tonnes):- 174.6
8. Yearly rated capacity (MTPA):- 2
9. Cost of GR:-
10. BG Amount :- 13.88 Valid upto 22.11.12
11. Type of EUP: SIP at Hazaribagh. ✓
12. Location of Project: JH
13. Capacity of Project:- 7.5 LTPA
14. Explored/Un explored:- E
15. Zero Date:- 2.9.05
16. Previous recommendation:--BG deduction.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Purchase of GR	17.10.2005	15.7.2006	9 Months	
Submission of Bank Guarantee	2.12.2005	23.12.2005	N	
Mining Lease Application	2.12.2005	22.12.2005	N	
Submission of Mining Plan	2.3.2006	28.11.2005	Advance	
Approval of Mining Plan	2.5.2006	19.7.2006	2 Months	
Application of Previous approval	2.7.2006	29.5.2007	10 Months	
Granting of Previous approval	2.8.2006	14.1.2009	2Yrs 5 Months	
Application of Forest clearance	2.9.2006	14.2.2006	Advance	
Grant of Forest	2.3.2007	Pending	5 Yrs	The Go No Go confusion and

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Clearance				multiple levels through which the FDP has to pass at the State level and there to MOEF Regional Office Bhubaneswar forwarded the proposal to MoEF in June 2012 after conduct of inspection and presentation by the Company. MoEF has sent back the proposal to the PPCF, GOJ, for certain clarifications.
Application EMP Clearance	2.9.2006	20.2.2006	Advance	
Grant of EMP Clearance	2.3.2007	16.5.2007	2 Months	
Grant of Mining Lease	2.9.2007	Pending	4Yrs 9 Months	The surrendering of the mineral rights by CCL took much longer time than provided for in the allocation letter due to their various internal formalities. The time taken is 2 years.
Application of Land Acquisition	2.4.2007	5.9.2005	Advance	
Completion of Land Acquisition	2.9.2008	Pending	3 Yrs 9 Months	Land acquisition through conveyance deed of CCL.
Application for opening permission	2.1.2009	Pending	3 Yrs 5 Months	
Grant of Opening permission	2.2.2009	Pending	3Yrs 4 Months	
Coal Production	2.3.2009	Pending	3 Yrs 3months	

EUP:  
Corporate Ispat & Alloys Ltd.

Checked by *Ran*



*[Signature]*  
MOEF CONTROL

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**Proposed:-Total 0.75 mtpa (5x0.15 mtpa) SIP at Birban village, Jh is expected to be commissioned from 2012-13 (2<sup>nd</sup> quarter) (in phased manner) in coordination with coal blocks production.**

**Financial tie up with UCO bank for 325 crores obtained. EMP clearance completed. 430 acres land procured for the plant. Construction of boundary wall and soil testing is completed. 90% civil works completed & Mechanical execution of DRI & Power Plants started. Order have already placed with the leading vendors. 75 % Erection of DRI Plant completed. Coal to be transported through Rail/Road. Washability test of coal have not been conducted.**

**Total Cost :- 511 Crs**

**Investment made:- 51103.73 Lakhs (as per CA)**

**Major Constraint faced by the block allocates**

We have also applied to the State government for grant of mining Lease in the Non- Forest Area. This is under consideration of the State government.

If the Mining Lease is granted by the GoJ in this month, mining in the Block can commence in October 2012. State Govt needs for expedite the project for early development of the block.

**The EUP is getting commissioned by end of this month.**

checked by-

*R. B. Singh*



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COAL INDIA CORPORATION

14/27

1. Name of Company:- M/s. Corporate Ispat & Alloys Ltd.
2. Name of Coal Block:- Chitarpur (Explored)
3. Date of Allocation:- 2.9.2005
4. Normative Date of production:- 02.03.2009 (as per allotment letter)
5. Yearly rated capacity (MTPA):- 2 (as per mine plan)
6. BG Amount submitted :- 13.88 Crores
7. Recommendation: IMG recommends that the BG equivalent to shortfall in production from normative date of production i.e. 2.3.2009 may be deducted as per the terms and conditions of the allocation letter.

As per condition of Para-(viii) of the allocation letter No.47011(18)/2000-CPAM/CA dated 2.9.2005, in case of any lag in the production of coal, a percentage of BG amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to peak rated capacity of the mine.

In Case of Chitarpur, the amount of BG to be deducted on production basis is as under:-

### Calculation

#### Deduction for 1<sup>st</sup> year

A= Production as per the approved mining plan for the 1<sup>st</sup> year (2.3.2009 to 1.3.2010) = 0 MT.

B= Actual Production for the 1<sup>st</sup> year (2.3.2009 to 1.3.2010) = 0

C= Peak Rated Capacity= 2 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/C \times 100 = (0-0)/2 \times 100 = 0\%$

X=Amount of BG to be deducted for the 1<sup>st</sup> year =  $13.88 \text{ Crore} \times 0/100 = 0$

#### Deduction for 2<sup>nd</sup> year

A= Production as per the approved mining plan for the 2<sup>nd</sup> year (2.3.2010 to 1.3.2011) = 0.5 MT

B= Actual Production for the 2<sup>nd</sup> year (2.3.2010 to 1.3.2011) = 0

C= Peak Rated Capacity= 2 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/C \times 100 = (0.5-0)/2 \times 100 = 25\%$

Y=Amount of BG to be deducted for the 2<sup>nd</sup> year =  $13.88 \text{ Crore} \times 25/100 = \text{Rs. } 3.47 \text{ Crore}$

#### Deduction for 3<sup>rd</sup> year

A= Production as per the approved mining plan for the 3<sup>rd</sup> year (2.3.2011 to 1.3.2012) = 1 MT

B= Actual Production for the 3<sup>rd</sup> year (2.3.2011 to 1.3.2012) = 0

C= Peak Rated Capacity= 2 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/C \times 100 = (1-0)/2 \times 100 = 50\%$

Z=Amount of BG to be deducted for the 3<sup>rd</sup> year =  $13.88 \text{ Crore} \times 50/100 = \text{Rs. } 6.94 \text{ Crore}$

4<sup>th</sup> year (2.3.2012 to 1.3.2013) ends on 01.03.2013 which is not reached as on Oct'2012, hence deduction of BG for the 4<sup>th</sup> year may not be done.

Total amount of BG to be deducted on production basis =  $X+Y+Z = 0+3.47+6.94 = \text{Rs. } 10.41 \text{ Crore}$

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-x-

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Coal Controller