

By Speed Post

F.No 13016/32/2005-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 15<sup>th</sup> November, 2012

To  
**The Chairman-cum-Managing Director,  
M/s Wani Coalfields Private Limited,  
Gupta House, No.1, R.N.T. Marg,  
Civil Lines, Nagpur-440001,  
Maharashtra.**

**Sub: Deduction of Bank Guarantee in respect of Nerad Malegaon Coal block jointly allocated to M/s Gupta Metallics & Power Ltd. and M/s Gupta Coalfields & Washeries Ltd.**

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/32/2005-CA-I dated 13<sup>th</sup> January, 2006 (**Annexure-I**) and to this Ministry's show cause notice of even number dated 24<sup>th</sup> April, 2012 (**Annexure-II**) and to your reply to the show cause notice and the Presentation made/documents submitted by you on 6<sup>th</sup> September, 2012 before the Inter Ministerial Group (IMG) on the above subject.

2. **Nerad Malegaon** coal block was allocated on 13<sup>th</sup> January, 2006 under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to **M/s Gupta Metallics & Power Ltd. and M/s Gupta Coalfields & Washeries Ltd.** to meet their coal requirement of 14.40 million tonnes and 13.96 million tonnes for use in their sponge iron plants and captive power generation respectively 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, (i) the condition (ix) of the allocation has clearly mentioned that the joint venture company of **M/s Gupta Metallics & Power Ltd. and**

**M/s Gupta Coalfields & Washeries Ltd.** shall submit a bank guarantee for Rs. 8.30 crores (equal to one year's royalty amount based on mine capacity of 0.94 mtpa assessed by CMPDIL, grade of coal from C to F and the weighted average royalty @ Rs. 88.33 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.

(ii) The condition (xi) of the allocation letter states that the progress of the mine will be mentioned annually with respect to the approved mine 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 amount for that year. Upon exhaustion of the bank guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease. The allocatees 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.

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 15/16.10.2008, it was noticed that all activities were pending except purchase of Geological Report.

ii) In the next review meeting held on 22<sup>nd</sup> and 23<sup>rd</sup> June, 2009 the Committee noticed that the progress was very slow and very unlikely to start production as per the commitment. However, the company assured to start coal production by OC method by April, 2010 and in case of UG method by January, 2011.

iii) Subsequently, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal block. It was also noted that all the important/critical milestones such as Grant of Previous approvals, EMP, Mining Lease were pending. In addition to this it was noticed that no forest land is involved in the said block and the BG was lapsed. The company had rescheduled the production date and assured to produce coal by August, 2011.

iv) 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. Grant of previous approval, EMP, ML, LA were pending. Grant of previous approval for Mining Lease was also pending. Only 65% land was acquired. It is thus

seen that 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 company was issued a show cause notice as to why action should not be taken against them. The company furnished their reply to the show cause notice.

5. In the meantime, the Government has set up on 21.06.2012 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.

6. The case of the allocatee company was referred to the IMG. Accordingly, the IMG gave opportunity to 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 Nerad Malegaon 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	Remarks
Status of Exploration	13.4.2008 (27 Months)	Not applicable	-	GR:- Govt of MH informed that the block was prospected by DGM not by CMPDIL. This led to delay in applying to DGM for GR.
Purchase of GR	27.2.2006	14.8.2006	6 months	
Submission of Bank Guarantee	13.4.2006	18.2.2009	2Yrs 10 Months	
Mining Lease Application	13.4.2006	5.4.2007 and 3.6.2009 (revised)	1 Yr	
Submission of Mining Plan	13.7.2006	24.3.2008	1Yr 8 Months	BG:- New BG for in amount of 8.32 Crs got made in the name of JV company and submitted on 18.2.09 in pursuant to
Approval of Mining Plan	13.9.2006	23.4.2010	3 Yrs 7 Months	
Application of Previous approval	13.11.2006	2.8.2011	4 Yrs 9 Months	
Granting of Previous approval	13.12.2006	13.4.12	5 Yrs 3 Months (as on 3/2012)	
Application of Forest clearance	13.1.2007	No forest		

Grant of Forest Clearance	13.7.2007	-		review meeting decision 15/16.10.08.  MP:- Delayed due to get permission of PL for additional boreholes exploration.  Previous approved:- Delayed to laying at Stee Govt level since long.  ML:- ML grant is pending at State Govt level since 3 years.  MDO selected for mining at Q NO. 1.  200 acre land purchased.
Application EMP Clearance	13.1.2007	23.6.2008	1yr 5 m	
Grant of EMP Clearance	13.7.2007	21.12.2011	4Yrs 5 Months	
Grant of Mining Lease	13.1.2008	N	4Yrs 5 Months	
Application of Land Acquisition	13.8.2007	N	4 Yrs 10 Months	
Completion of Land Acquisition	13.1.2009	N	3 Yrs 5 Months	
Application for opening permission	13.11.2009	N	2 Yrs 7 Months	
Grant of Opening permission	13.12.2009	N	2 Yrs 6 Months	
Coal Production	13.1.2010	N	2 Yrs 2 Months (as on 3/2012)	

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

"M/s Gupta Metaliks & Power Ltd. & Gupta Coalfields & Washeries Ltd. (Nerad Malegon)

*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 six years and eight months have elapsed from the date of allotment i.e. 13.1.2006. IMG also noted that the company has purchased the GR and the mining plan is approved, EC has been obtained and 200 acres out of 450 acres land is already in possession. Investment made in the coal block as per CA certificate submitted by the company is Rs. 18.21 crore. The company has commissioned its end-use plant and power plant. As per CA certificate, Rs.861 crores investment has been reported on the end use plant and power plant. During presentation, the company argued that the entire delay was attributable to them. They assured that they will be in a position to open the mine by November, 2012. Though the block was*

*allocated as an explored block, the allocatee was required to undertake additional drilling from Government of Maharashtra in April, 2008 after which mining plan was prepared and approved on 23.4.2010. The company has to obtain only mining lease from Govt. of Maharashtra and prior approval of Ministry of Coal for the same has been granted on 13.4.2012.*

*Taking into view 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, the IMG noted that deduction of BG related to shortfall in production as per mining plan is provided for in the allocation letter. Taking all factors into account, the IMG recommends that further time eighteen months may be granted from the normative date of production i.e. 13.1.2010 and deduction of BG as per formula mentioned in the allocation letter may be calculated from revised normative date."*

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

9. Accordingly it is decided to deduct the Bank Guarantee furnished by the allocatee companies. The Bank Guarantee (BG) as calculated by Coal Controller's Office to the extent of **Rs.0.177 crore** (Rupees seventeen lakhs and seventy 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.

Yours faithfully,

  
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.
2. The Secretary, Ministry of Steel, Udyog Bhavan, New Delhi.
3. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata-700001.
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. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

ANNEXURE-I

13016/32/2005-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 13<sup>th</sup> January, 2006.

To

- 10/10/06
1. M/s. Gupta Metallics & Power Ltd.,  
6<sup>th</sup> Floor,  
1, 'GUPTA HOUSE',  
R.N. Tagore Marg, Civil Lines,  
Nagpur - 440 001.
  2. M/s. Gupta Coalfields & Washeries Ltd.,  
Shriram Towers,  
7<sup>th</sup> Floor, S.V. Patel Marg,  
Kingsway,  
Nagpur - 440 001.

Subject : Allocation of the coal block of Nerad Malegaon for working by a joint venture company of M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd., under Option-I.

Sir,

I am directed to refer to the request of M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd., for allocation of coal blocks in the WCL area and to state that the requests of these companies have been considered by the Central Government and it has been decided to allot the coal block of Nerad Malegaon jointly to M/s Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd. for working through a joint venture company to meet the coal requirement of 14.40 mtpa and 13.96 mtpa respectively for use in their plants for sponge iron production and captive power generation. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 as per Option-I, and is subject to the following conditions :-

- i) A joint venture company be formed between M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd. The equity holding in the joint venture company will be in proportion to the assessed coal requirement of the companies
- ii) M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd., shall submit a joint venture agreement to the Ministry of Coal within 30 days from the date of issuance of the letter. This agreement would form part of the mining lease deed to be executed between joint venture company and the State Government. Any breach of the said agreement shall amount to

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breach of mining lease condition and invite commensurate penalties including cancellation of mining lease.

- iii) The joint venture company shall be formed and registered by the allocatees within 60 days from the date of this letter.
- iv) The mining lease shall be obtained in the name of the Joint Venture Company and coal extracted from the mine shall be distributed among the allocatee companies in the proportion of their assessed requirements. Any surplus coal overall or individually shall be handed over to WCL at a transfer price to be determined by the Central Government.
- v) The block is meant for captive use in their own specified end use projects i.e. sponge iron plants and captive power generation.
- vi) Middlings generated in the process of washing the coal shall be used for power generation in their own power plants i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatees. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- vii) 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) from the date of this letter in case of UG mine. 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 this letter. (Copy of milestone chart is enclosed).
- viii) The joint venture company shall buy geological report from CMPDIL within six weeks from the date of this letter.
- ix) The Joint venture company of M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd. shall submit a bank guarantee for Rs. 8.30 crores (equal to one year's royalty amount) based on net assessed requirement of 0.94 mtpa, grades of coal from C to F grades and the weighted average royalty @ Rs. 88.33 per tonne within three months from the date 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.
- x) 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.
- xi) 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 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. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd., jointly or through their joint venture company 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.

- xii) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central Government.
- xiii) 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.
- xiv) 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 Govt.
- xv) 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 Govt. The final mining lease shall be as vetted/modified by the Central Govt. Any deviation from the vetted/modified draft shall render the mining lease deed *ab-initio* null and void and without effect.

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 / power plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation mentioned 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 allocatees or any right or liability arising on the allocatees out of the measures taken by them shall solely be to their account and in no way be transferred to or borne by the Government or its agencies.

3. The joint venture company or M/s. Gupta Metallics & Power Ltd. and M/s. Gupta Coalfields & Washeries Ltd., 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 of transport of coal will have to be worked out by the company in



consultation with the Ministry of Railways / Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,

o/c   
(Premraj Kuar)  
Section Officer.

Encls. As above.

To

1. The Chairman, Coal India Ltd., 10 Netaji Subash Marg, Kolkatta-700001
2. Chairman-cum-Managing Director, Central Mine Planning and Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
3. Chairman-cum-Managing Director, Western Coalfields Ltd., Coal Estate, Civil Lines, Nagpur - 440 001.
4. Ministry of Steel (Shri Ajay Kumar, Joint Secretary), Udyog Bhawan, New Delhi.
5. Ministry of Power (Shri Arvind Jadhav, Jt. Secretary), Shram Shakti Bhawan, New Delhi.
6. Chief Secretary, Govt. of Maharashtra, Secretariat, Mumbai.
7. Principal Secretary (Industries), Government of Maharashtra, Scretariat, Mumbai.
8. Directorate of Mines & Geology, Government of Maharashtra, Old Secretariat Building, Civil Lines, Opposite GPO, Nagpur.
9. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700 001
10. CPAM Section.

o/c   
(Premraj Kuar)  
Section Officer

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Annexure-II

SHOW CAUSE NOTICE

No.13016/32/2005-CA-I  
Government of India  
Ministry of Coal  
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New Delhi, dated 24<sup>th</sup> April, 2012

To  
The Chairman-cum-Managing Director,  
M/s Wani Coalfields Private Limited,  
Gupta House, 1, R.N.T. Marg,  
Civil, Line, Nagpur- 440 001 (M.S.)

Subject: Meeting held on 11.01.2012 & 12.01.2012 chaired by Additional Secretary (Coal) to review the progress of allocated coal/lignite blocks and associated end use projects.

Sir,

I am directed to refer to this Ministry's letter of even number dated 13.01.2006 conveying allocation of Nerad Malegaon coal block in pursuance of the provisions contained in Section 3(3)(a)(iii) 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 15/16.10.2008, it was noticed that all activities were pending except purchase of GR. In the next review meeting held on 22<sup>nd</sup> and 23<sup>rd</sup> June, 2009 the Committee noticed that the progress was very slow and very unlikely to start production as per the commitment. However, the company assured to start coal production by OC method by April, 2010 and in case of UG method by January, 2011. Subsequently, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal block. It was also noted that all the important/critical milestones such as Grant of Previous approvals, EMP, Mining Lease were pending. In addition to this it was noticed that no forest land is involved in the said block and the BG was lapsed. The company had rescheduled the production date and assured to produce coal by August, 2011.



3. 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. Grant of previous approval, EMP, ML, LA were pending. Grant of previous approval for Mining Lease was also pending. Only 65% land was acquired. It is thus seen that 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	27.2.2006	14.8.2006	6 months
Submission of Bank Guarantee	13.4.2006	18.6.2007	1 Yr 2 Months
Mining Lease Application	13.4.2006	5.4.2007 and 3.6.2009 (revised)	1 Yr
Submission of Mining Plan	13.7.2006	24.3.2008	1Yr 8 Months
Approval of Mining Plan	13.9.2006	23.4.2010	3 Yrs 7 Months
Application of Previous approval	13.11.2006	2.8.2011	4 Yrs 9 Months
Granting of Previous approval	13.12.2006	13.04.2012	5 Yrs 3 Months (as on 3/2012)
Application of Forest clearance	13.1.2007	No forest	
Grant of Forest Clearance	13.7.2007	-	
Application EMP Clearance	13.1.2007	23.6.2008	1Yr 5 Months
Grant of EMP Clearance	13.7.2007	21.12.2011	4Yrs 5 Months
Grant of Mining Lease	13.1.2008	N	4Yrs 2 Months (as on 3/2012)
Application of Land Acquisition	13.8.2007	N	4 Yrs 7 Months (as on 3/2012)
Completion of Land Acquisition	13.1.2009	N	3 Yrs 2 Months (as on 3/2012)
Application for opening permission	13.11.2009	N	2 Yrs 4 Months (as on 3/2012)
Grant of Opening	13.12.2009	N	2 Yrs 3 Months

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permission			(as on 3/2012)
Coal Production	13.1.2010	N	2 Yrs 2 Months (as on 3/2012)

4. 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 Nerad Malegaon 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 Nerad Malegaon coal block.

Yours faithfully,



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to Coal Controller, 1 Council House Street, Kolkata-1, West Bengal.

*M/c coal*

Status NoteNerad Malegaon Coal Block

Sl. No.	Items	Remarks
1	Name of the Block	Nerad Malegaon
2	Name of the allocate	M/s Gupta Metallics & Power Ltd & M/s Gupta Coalfields & Washeries Ltd.
3	Date of allocation	13.01.2006
4	End Use Plant & capacity	Sponge Iron & Power Plant. 14.40 mtpa (M/s Gupta Metallics & Power Ltd) & 13.96 mtpa (M/s Gupta Coalfields & Washeries Ltd.) based on allocation letter
5	Important terms and conditions of allocation	<b>A copy of allocation letter is enclosed.</b>
6	Milestones of allocation & slippages against Milestones	Report from the office of Coal Controller is attached
7	History Previous review / action	<p>In the review meeting held on 15/16.10.2008, it was noticed that all activities were pending except purchase of GR. In the next review meeting 22<sup>nd</sup> and 23<sup>rd</sup> June, 2009 the Committee noticed that the progress was very slow and very unlikely to start production as per the commitment. However, the company assured to start coal production for OC by April, 2010 and for UG by January, 2011.</p> <p>In the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal block. It was also noted that all the important/critical milestones such as Grant of Previous approvals, EMP, Mining Lease were pending. In addition to this it was noticed that no forest land is involved in the said block and the BG was lapsed. The company had rescheduled the production date and assured to produce coal by August, 2011. It was seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and thus non-serious about timely development of the block. Based on the review meeting held on 20/21.07.2010 a show cause notice was issued vide letter dated 21.10.2010. Reply furnished in response to show cause notice was examined and considered by the review committee and with the approval of Hon'ble Minister it was decided to deduct BG for slow progress in development of coal block.</p>
8	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for condonation is pending with the Ministry	No



o	litigation any orders of the court, if any	No
10	Summary of reply of the company including reasons for delay	<p>The block was partially explored and to prepare MINE PLAN, additional boreholes were required to be drilled. Hence, details were collected for drilling additional 10 boreholes it was applied to DGM on 15.2.2007. The DGM recommended the case to Govt. of Maharashtra IN Nov. 2007( after delay of 9 months). After several follow up for 5 months finally we got permissions for drilling additional boreholes in April 2008 from Govt. of Maharashtra</p> <p>Govt. of Maharashtra took 14 months for giving permission. As per District administration consent from farmers was required and after consent monsoon started. The mining Plan was submitted by two allocates on 24.3.2008. However, MOC advised us for submitting Mining Plan in the name of Joint Venture company and not in individual name of Allocates. On advice of MOC Mining Plan was re- submitted on 16.4.2009 The delay in submission of mining plan to Ministry of coal by 1 year and 8 months is mainly on account of delay in granting permission for drilling additional 10 boreholes by Govt. of Maharashtra. Thus the delay was not on part of company. The Mining Plan was approved by MOC on 23 rd April 2010, after a gap of 12 months. Here, also delay occurred on part of Ministry of coal in approving Mining Plan.</p> <p>Ministry of Coal Granted prior approval of Mining Lease to Govt. of Maharashtra on 13.4.2012.. Thus there was delay of another 8 months</p>
11	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>The delay in convey of approved Mine Plan was due to non-confirmation of payment of GR cost, as per procedural requirement from Directorate of Geology &amp; Mining, Government of Maharashtra.</p> <p>Government of Maharashtra, vide its letter dated 02.08.2011 forwarded application for prior approval of mining lease. There were some discrepancies in the application. Accordingly State Govt. was requested to furnish the requisite clarifications vide letter dated 29.09.2011. State Govt. submitted its clarifications vide letter dated 21.01.2012. Prior approval of mining lease has been conveyed to the State Govt. on 13.04.2012.</p>



**Status of Coal Block as on June.12**  
(As per Report furnished by Block Owners)

1. Name of Company:- Wani coalfields Pvt Ltd (M/s Gupta Metalliks & Power Ltd & Gupta Coalfields & Washeries Ltd.)
2. Name of Coal Block:- Nerad Malegaon / UG Mine.
3. Date of Allocation:- 13.1.2006 -
4. Project cost:- 85.7 Crs
5. Total investment made (as on 3/2012) :- 18.21 Crores
6. Reserve (Mill Tonnes): 20.36
7. Yearly Rated Capacity:- 0.36 MTPA
8. Cost of GR:- NA
9. Location: Wardha Maharastra
10. BG Amount:- 8.31 Crores (Valid 13.7.2013)
11. Type of EUP:- Sponge Iron & Power Plant
12. Location of Project:- Chunala, Rajpura, Chandrapur, Maharastra for Gupta Metalliks & Power Ltd. and Usergaon, Chandrapur for Gupta Coalfields and Washeries.
13. Capacity of the Project:- 400 TPD SIP for GMPL and 120 MW Power Plant for GCWL
14. Explored/Un Explored:- Explored
15. Zero Date:- As per allotment letter Para No (vii) zero date considered 13.1.2006 i.e. from the date of allocation of coal block
16. Previous Recommendation :BG deduction.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Status of Exploration	13.4.2008 (27 Months)	Not applicable	-	GR:- Govt of MH informed that the block was prospected by DGM not by CMPDIL. This led to delay in applying to DGM for GR.  BG:- New BG for in amount of 8.32 Crs got made in the name of JV company and submitted on 18.2.09 in pursuant to review meeting decision 15/16.10.08.
Purchase of GR	27.2.2006	14.8.2006	6 months	
Submission of Bank Guarantee	13.4.2006	18.2.2009	2Yrs 10 Months	
Mining Lease Application	13.4.2006	5.4.2007 and 3.6.2009 (revised)	1 Yr	
Submission of Mining Plan	13.7.2006	24.3.2008	1Yr 8 Months	

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Approval of Mining Plan	13.9.2006	23.4.2010	3 Yrs 7 Months	MP:- Delayed due to get permission of PL for additional boreholes exploration.  Previous approved:- Delayed to laying at Stee Govt level since long.  ML:- ML grant is pending at State Govt level since 3 years.  MDO selected for mining at Q NO. 1.  200 acre land purchased.
Application of Previous approval	13.11.2006	2.8.2011	4 Yrs 9 Months	
Granting of Previous approval	13.12.2006	13.4.12	5 Yrs 3 Months (as on 3/2012)	
Application of Forest clearance	13.1.2007	No forest		
Grant of Forest Clearance	13.7.2007	-		
Application EMP Clearance	13.1.2007	23.6.2008	1yr 5 m	
Grant of EMP Clearance	13.7.2007	21.12.2011	4Yrs 5 Months	
Grant of Mining Lease	13.1.2008	N	4Yrs 5 Months	
Application of Land Acquisition	13.8.2007	N	4 Yrs 10 Months	
Completion of Land Acquisition	13.1.2009	N	3 Yrs 5 Months	
Application for opening permission	13.11.2009	N	2 Yrs 7 Months	
Grant of Opening permission	13.12.2009	N	2 Yrs 6 Months	
Coal Production	13.1.2010	N	3 Yrs 2 Months	

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कोयला नियंत्रक  
COAL CONTROLLER



**Status of Coal Block as on June.12**  
(As per Report furnished by Block Owners)

1. Name of Company:- Wani coalfields Pvt Ltd (M/s Gupta Metalliks & Power Ltd & Gupta Coalfields & Washeries Ltd.)
2. Name of Coal Block:- Nerad Malegaon / UG Mine.
3. Date of Allocation:- 13.1.2006 -
4. Project cost:- 85.7 Crs
5. Total investment made (as on 3/2012) :- 18.21 Crores
6. Reserve (Mill Tonnes): 20.36
7. Yearly Rated Capacity:- 0.36 MTPA
8. Cost of GR:- NA
9. Location: Wardha Maharastra
10. BG Amount:- 8.31 Crores (Valid 13.7.2013)
11. Type of EUP:- Sponge Iron & Power Plant
12. Location of Project:- Chunala, Rajpura, Chandrapur, Maharastra for Gupta Metalliks & Power Ltd. and Usergaon, Chandrapur for Gupta Coalfields and Washeries.
13. Capacity of the Project:- 400 TPD SIP for GMPL and 120 MW Power Plant for GCWL
14. Explored/Un Explored:- Explored
15. Zero Date:- As per allotment letter Para No (vii) zero date considered 13.1.2006 i.e. from the date of allocation of coal block
16. Previous Recommendation :BG deduction.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Status of Exploration	13.4.2008 (27 Months)	Not applicable	-	GR:- Govt of MH informed that the block was prospected by DGM not by CMPDIL. This led to delay in applying to DGM for GR.  BG:- New BG for in amount of 8.32 Crs got made in the name of JV company and submitted on 18.2.09 in pursuant to review meeting decision 15/16.10.08.
Purchase of GR	27.2.2006	14.8.2006	6 months	
Submission of Bank Guarantee	13.4.2006	18.2.2009	2Yrs 10 Months	
Mining Lease Application	13.4.2006	5.4.2007 and 3.6.2009 (revised)	1 Yr	
Submission of Mining Plan	13.7.2006	24.3.2008	1Yr 8 Months	

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ANNEXURE-IV

6/27

1. Name of Company:- M/s Gupta Metaliks & Power Ltd & Gupta Coalfields Ltd
2. Name of Coal Block:- Nerad Malegaon (Explored)
3. Date of Allocation:- 13.1.2006
4. Normative Date of production:- 13.01.2010 (as per allotment letter)
5. Yearly rated capacity (MTPA):- 0.36 (as per Mine Plan)
6. BG Amount submitted: 8.31 Crores\*

\*N.B.-(The company submitted BG for Rs. 8.31 Crore based on PRC of 0.94 MTPA as per allocation letter. As per approved Mine Plan, the revised PRC is 0.36 MTPA and the BG amount should be modified as Rs. 3.18 Crore as mentioned in para-ix of the allocation letter dated 13.01.2006.)

7. Recommendation: IMG noted that deduction of BG related to shortfall in production as per mining plan is provided for in the allocation letter. Taking all factors into account, the IMG recommends that further time eighteen months may be granted from the normative date of production i.e. 13.1.2010 and deduction of BG as per formula mentioned in the allocation letter may be calculated from revised normative date.

As per condition of Para-(xi) of the allocation letter No.13016/32/2005-CA-I dated 13.1.2006, 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 Nerad Malegaon as per IMG recommendation the revised normative date of production will be 13.7.2011, so the amount of BG to be deducted on production basis is as under:-

Actual B.G. amount submitted as per allocation letter – Rs. 8.31 crores

As per revised Mine Plan B.G. should be modified as Rs. 3.18 crores

Calculation is made based on Rs. 3.18 crores.

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

A= Production as per the approved mining plan for the 1<sup>st</sup> year (13.7.2011 to 12.7.2012) = 0.02 MT

B= Actual Production for the 1<sup>st</sup> year (13.7.2011 to 12.7.2012) = 0

C= Peak Rated Capacity = 0.36 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/C \times 100 = (0.02-0)/0.36 \times 100 = 5.56\%$

Amount of BG to be deducted for the 1<sup>st</sup> year = 3.18 Crores X 5.56/100 = 0.177 Crore

As the 2<sup>nd</sup> year (13.07.2012 to 12.07.2013) ends on 12.07.2013 which is not reached as on Oct' 2012, the deduction of BG not calculated for this year.

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*M*

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H.O.*

*Coal Controller*

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