

By Speed Post

F.No. 13016/49/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated 15th November, 2012

To

i) M/s IST Steel & Power Ltd.
D-1, Commercial Complex,
2, First Floor, Vasant Vihar,
New Delhi-110057.

ii) M/s Gujarat Ambuja Cements Ltd.,
106, Make Chamber-III,
Nariman Point, Mumbai-400 021.

iii) M/s Lafarge India Pvt. Ltd.
229, Bhakhtawar, 14th Floor,
Nariman Point, Mumbai-400 021.

Sub: De-allocation and deduction of Bank Guarantee in respect of Dahegaon/Makardhokra-IV Coal block jointly allocated to M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cements Ltd. and M/s Lafarge India Pvt. Ltd.

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/49/2008-CA-I dated 17th June, 2009 (**Annexure-I**) and to this Ministry's show cause notice number 13011/24/2012-CA-I dated 2nd May 2012 (**Annexure-II**) and to your reply to the show cause notice and the Presentation made/documents submitted by you on 8th September, 2012 before the Inter Ministerial Group (IMG) on the above subject.

2. **Dahegaon/Makardhokra-IV** coal block was allocated on 17th June, 2009 in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to **M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cements Ltd. and M/s Lafarge India Pvt. Ltd.** to meet their proportionate share of coal requirement as mentioned in the said allocation letter 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 plant.
- (b) Unsatisfactory progress in the development of coal mining projects.
- (c) For breach of any of the conditions of allocation.

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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 allocatee 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 JV company shall submit a bank guarantee for **Rs.13.47 crores** (equal to one year's royalty amount based on mine capacity of 1.00 mtpa assessed by CMPDIL, grade of coal C to E and the average royalty @ Rs.134.67 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.

- (a) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality:
- (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
- (c) Once production commences, 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.
- (e) The allocatee 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. Any lapses on this count shall lead to de-allocation/ cancellation of mining lease.

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 Committee Meeting held on 20/21.07.2010, the Review Committee asked the allocatees to submit the progress report both for block and EUPs of individual allocatees to the CCO by 5th of every quarter ending period. The committee was dissatisfied with the development of mine and asked to issue show cause notice for de-allocation. The recommendations of the Review Committee were examined by the

Government and the allocattee companies were issued an advisory vide Ministry of Coal's letter No.13016/49/2008-CA-I dated 10th December, 2009 to take immediate steps to achieve the milestones attached with the allocation letter within the prescribed time frame.

iii) Further, in the Review Committee meeting held in January, 2012, the Committee noticed that EMP, Mining Lease and Land acquisition are pending. ML returned to State Mines Department, Govt. of Maharashtra in December, 2011. The allocattees applied for forest clearance in November, 2011. It has been noticed that no serious efforts have been made by the allocatee company to develop the coal block, even after repeated assurances given by the allocattees themselves. The allocatee companies were issued the show cause notice. The allocatee companies 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 allocattee companies was referred to the IMG. Accordingly, the IMG gave an 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 8th September, 2012 before the IMG. The IMG considered the presentation, the status note of the **Dahegaon/Makardhokra-IV** coal block and associated EUPs 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
Purchase of GR	2.8.2009	16.2.2010	6 Months	
Submission of Bank Guarantee	17.09.09	10.5.2010	8 Months	JVC formed on 8 th January, 2010. Thereafter it took some time to complete formalities with bankers.
Mining Lease Application	17.09.09	31.3.2010	6 Months	Pending at State Level.
Submission of Mining Plan	17.12.09	31.1.2011	1Yr 1 Months	
Approval of Mining Plan	17.2.2010	May 12	2Yrs 3 m	
Application of Previous approval	17.4.2010	Pending	2Yrs2m	Mining Lease application processed through

				DMO and DGM and recommended to Principal Secretary (Industries), Govt. of Maharashtra. ML application pending with Mumbai Secretariat since May, 2012.
Granting of Previous approval	17.5.2010	Pending	2Yrs 1 Months	
Application of Forest clearance	17.6.2010	19.11.2011	1 Yr 5 Months	
Grant of Forest Clearance	17.12.2010	Pending	1Yr 6 Months	Forest clearance is expected by Aug.13.
Application EMP Clearance	17.6.2010	4.2.2011	1 Months	Socio-economic study in Core and 10km Buffer Zone conducted.
Grant of EMP Clearance	17.12.2010	Pending	1Yr 6 Months	TOR granted on 27.06.11. Draft EIA report submitted to SPCB on 07.08.2012 for conducting Public Hearing after completion of Baseline Data collection and Topographical Survey which got delayed due to onset of monsoon and obstruction by villagers respectively.
Grant of Mining Lease	17.6.2011	Pending	1yr.	State Govt needs to expedite the matter.
Application of Land Acquisition	17.1.2012	Pending	5 Months	50% land acquisition is expected by Dec.12
Completion of Land Acquisition	17.6.2012	Pending	-	
Application for opening	17.10.2013	Pending	-	

permission				
Grant of Opening permission	17.11.2013	Pending	-	
Coal Production	17.12.2013 (54 Months)	Pending	-	

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

"M/s IST Steel & Power Ltd., Gujarat Ambuja Cements Ltd. & Lafarge India Ltd. (Dahegaon Makardhokra IV)

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 3 years and 2 months have elapsed from the date of allotment i.e. 17.6.2009. IMG also noted that the company has purchased the GR and the mining plan is approved. EC and FC have not been obtained. No land has been applied for or possessed. The company informed that by November 2012 it will acquire some land through direct negotiation. IMG noted that the company submitted the mining plan with a delay of 1 year and 1 month. It was wrongly mentioned in the presentation made by the company that zero date for achieving milestone as per allocation letter is from preparation of GR whereas no such provision is contained in the allocation letter. Investment made in the coal block as per CA certificate submitted by the company is only Rs. 4.5 crore. The BG amount is Rs. 13.47 crore for this underground mine. There are 3 end-use plants linked with this mine. As per CA certificate, IST Steel & Power Ltd. has reported an investment of Rs. 89.18 crore. The end-use plant is functional and the expansion plant is in construction stage. M/s Ambuja Cement Ltd. has a commissioned plant and expansion is in progress. As per CA certificate, the total investment reported on both is Rs. 1042.63 crore. In case of Lafarge India Pvt. Ltd., it was reported that 90% land will be available by November 2012 and the plant will be commissioned by 2014. As per CA certificate, Rs. 90 crore is the reported investment. IMG noted that the financial closure for this project has not been achieved. 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 August, 2014. The IMG noted that the normative date for start of coal production is 17.12.2013.

Taking into account all factors and that there is no substantial progress in development of the coal block, though investment has been made in some of the EUPs, the IMG recommends that the coal block may be de-allocated on account of unsatisfactory progress in the development of coal mining project. The IMG noted that in this case as per terms and conditions of allotment, 50% of the BG is linked to the milestones set for the development of captive block and the remaining 50% to guaranteed production. In the event of lapses in the achievement vis-à-vis the milestones set, the allotment letter provides that a proportionate amount shall be encashed and deducted from the BG. As per

guidelines framed by IMG for proportionate deduction of BG related to non-achievement of milestones, the IMG recommends that out of the 50% BG related to achievement of milestones, deduction may be made on the basis of milestones not achieved in terms of weightages assigned to each of the milestones in the guidelines.

Out of 50% BG related to shortfall in production, the IMG recommends that since the normative date of production has not commenced, deduction in BG for shortfall in production is not called for and this part of the BG may be returned."

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

9. Accordingly, **Dahegaon/Makardhokra-IV** coal block allocated to **M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cements Ltd. and M/s Lafarge India Pvt. Ltd.** is **de-allocated**. The companies shall not be eligible for allocation of any alternative coal block in lieu of this block. The Bank Guarantee (BG) as calculated by Coal Controller's Office to the extent of **Rs.2.5593 crores** (Rupees two crores fifty five lakhs and ninety three thousand only) is also ordered to be deducted and be deposited with the Government. (The calculation of deduction of BG is as per **Annexure-IV**). Remaining BG may be returned.

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 Secretary, Department of Industrial Policy & Promotion, Udyog Bhavan, New Delhi.
4. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata-700001.
5. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to immediately take necessary steps to **deduct** the Bank Guarantee amount as mentioned above and to **return** the remaining BG amount to the allocattees.
6. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

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Annexure - I

Annexure - A-I

No 13016/49/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated the 17th June, 2009.

To
(1) M/s IST Steel & Power Ltd.,
D-1, Commercial Complex,
2. First Floor, Vasant Vihar,
New Delhi - 110057
(3) M/s Lafarge India Pvt. Ltd.
229, Bakhtawar, 14th Floor,
Nariman Point, Mumbai - 400 021

(2) M/s Gujarat Ambuja Cements Ltd.
106, Maker Chamber III,
Nariman Point, Mumbai-400021

Subject: Allocation of Dahegaon / Makardhokra IV coal block in the State of Maharashtra for captive mining of coal jointly by M/s. M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cement Ltd. and M/s Lafarge India Pvt. Ltd under Option-I.

Sir,

I am directed to refer to your application and this Ministry's offer letter no.38011/2/2007-CA-I dated 23rd December, 2008 and to state that the request of the companies have been considered by the Central Government and it has been decided to allocate Dahegaon/ Makardhokra-IV non-coking coal block in Umerer coalfields of Western Coalfields Limited command area in the State of Maharashtra for captive mining of coal jointly by M/s. M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cement Ltd. and M/s Lafarge India Pvt. Ltd. by working through a Joint Venture Company for meeting their proportionate share of requirement of coal. Based on the total geological reserves and requirement of coal as assessed by CMPDIL, tentative proportionate share of reserves is indicated in the table below :-

Name of Company	Geological Reserves	EUP Capacity (in MTPA)	Requirement of Coal(MTPA) and location of EUP	Proportionate of Share of reserves of coal in MT
1. M/s IST Steel & Power Ltd.	132 MT	0.63	1.008 (iron & steel sponge iron, Bellary/Karnataka)	70.74
2. M/s Gujarat Ambuja Cement Ltd.		2.85	0.513 Cement/ Vill Upperwahi, Chandrapur (Maharashtra)	36.00
3. M/s Lafarge India Pvt. Ltd.		2.0	0.36 (Cement/Vill. Chittapur, Taluk, Gulbarga Karnataka)	25.26

→ -
Estimated
ultimate
capacity

Signature
B.A.W.

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2. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 and subject to the following conditions :-

- i) A joint venture company be formed between M/s. M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cement Ltd. and M/s Lafarge India Pvt. Ltd. The equity holding in the joint venture company will be in proportion to the assessed coal requirement of the companies.
- ii) The joint venture company shall be formed and registered by the allocatees within 60 days from the date of allocation of this letter.
- iii) 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 allocatees in the proportion of their assessed requirement.
- iv) The block is meant for captive use in their own specified end use projects to be set up as per the details given in the table above. The coal produced from the block shall not replace any coal linkages given to you by the Coal India Ltd. / its subsidiary and/or by the Western Coalfields Limited, without prior permission of this Ministry.
- v) Coal mining shall be carried out as per the provisions of the Coal Mines (Nationalization) Act, 1973, the Mines and Minerals (Development and Regulation) Act, 1957, the Contract Labour (Regulation & Abolition) Act, 1970, all the minerals, environmental and labour laws alongwith other regulations, orders, directions governing coal industry.
- vi) Middlings generated in the process of washing the coal shall be used for power generation in their own power plant i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatee. 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) in case of underground mine from the date of this letter. The end-use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 5 months from the date of this letter. A copy of the indicative milestone chart is enclosed.

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File No. 346/1973-2106

- 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 shall submit a bank guarantee for Rs.13.47 crore (equal to one year's royalty amount based on mine capacity of 1.00 mtpa assessed by CMPDIL, grade of coal C-E and the average royalty @ Rs.134.67 per tonne) within ~~three~~ months from 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 capacity of the mine. ✓
- (a) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality:
- (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
- (c) Once production commences, in case of any lag in the production of coal/lignite, 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.
- (d) The allocatee 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. Any lapses on this count shall lead to de-allocation/ cancellation of mining lease.
- x) The Joint Venture 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 Joint Venture Company shall be required to comply with the guidelines/rules laid down by the Central Government from time to time relating to mine closure (both progressive and final). The Joint Venture Company shall be required to submit mine closure plan alongwith the mining plan as per the guidelines issued in this regard.

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) 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.

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.

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

- a. Unsatisfactory progress of implementation of the respective end use 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 allocatee or any liability arising on the allocatee out of the measures taken by him shall solely be his account and in no way be transferred to or borne by the Government or its agencies.

The Joint Venture Company may approach CMPDIL for the geological report and 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 / the Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,


(V.S.Kana)

Under Secretary to the Govt. of India

Prepared by the



(S. K. Kana)

Director, Coal Development Institute
P.O. Box 10, Ranchi - 834 001
Jharkhand

Annexure-II

SHOW CAUSE NOTICE

No.13011/24/2012-CA-I
Government of India
Ministry of Coal

New Delhi, dated 2nd May, 2012

To

- (i) M/s IST Steel & Power Limited,
D-1, Commercial Complex
2, First floor, Vasant Vihar,
New Delhi – 110057.
- (ii) M/s Gujarat Ambuja Cements Limited,
106, Make Chamber-III,
Nariman Point, Mumbai- 400 021.
- (iii) M/s Lafarge India Pvt. Limited
229, Bakhtawar, 14th Floor.,
Nariman Point, Mumbai- 400 021.

**Subject: Show cause notice in respect of Dahegaon Makardhokra IV
coal block.**

Sir,

I am directed to refer to this Ministry's letter No.13016/49/2008-CA-I dated 17th June, 2009 conveying allocation of **Dahegaon Makardhokra IV** 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

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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 grant of previous approval, EMP, Forest Clearance, Mining Lease and land acquisition are pending for **Dahegaon Makardhokra IV** 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	2.8.2009	16.2.2010	6 Months
Submission of Bank Guarantee	17.09.09	10.5.2010	8 Months
Mining Lease Application	17.09.09	31.3.2010	6 Months
Submission of Mining Plan	17.12.09	31.1.2011	1Yr 1 Months
Approval of Mining Plan	17.2.2010	Pending	2Yrs 1 Months (as on 3/2012)
Application of Previous approval	17.4.2010	Pending	2Yrs (as on 3/2012)
Granting of Previous approval	17.5.2010	Pending	2Yrs 1 Months (as on 3/2012)
Application of Forest clearance	17.6.2010	19.11.2011	1 Yr 5 Months
Grant of Forest Clearance	17.12.2010	Pending	1Yr 3 Months (as on 3/2012)
Application EMP Clearance	17.6.2010	4.2.2011	7 Months
Grant of EMP Clearance	17.12.2010	Pending	1Yr 3 Months (as on 3/2012)
Grant of Mining Lease	17.6.2011	Pending	9 Months (as on 3/2012)

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Application of Land Acquisition	17.1.2012	Pending	2 Months (as on 3/2012)
Completion of Land Acquisition	17.6.2012	Pending	-
Application for opening permission	17.10.2013	Pending	-
Grant of Opening permission	17.11.2013	Pending	-
Coal Production	17.12.2013 (54 Months)	Pending	-

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 **Dahegaon Makardhokra IV** 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 **Dahegaon Makardhokra IV** coal block.


(Sandeep Gupta)

Under Secretary to the Govt. of India

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

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Status Note

Sl. No.	Items	Remarks
1	Name of the Block	Dahegaon/Makardhokra IV Coal Block
2	Name of the allocatee	M/s IST Steel & Power Ltd., M/s Gujarat Ambuja Cement Ltd. and M/s Lafarge India Pvt. Ltd.
3	Date of allocation	17.06.2009
4	Important terms and conditions of allocation	Copy of allocation letter enclosed as Annexure-I
5	Milestones of allocation and slippages against milestone	Copy of status note from CCO enclosed as Annexure-II
6	History Previous review / action	<p>In the review meeting held on 20/21.07.2010 it was noted that all the important/critical milestones which were required to be completed by that date were pending. Allocatee companies were issued advisory to take immediate steps to achieve the milestones attached with the allocation letter within the prescribed time frame.</p> <p>In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the allocatees. It was noted that all important/critical milestones such as grant of previous approval, EMP, Forest Clearance, Mining Lease and land acquisition are pending.</p>
7	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
8	Litigation any orders of the court, if any	No
9	Summary of reply of the company including reasons for delay	<p>Purchase of GR - Geological Report made ready on 27.01.10 and issued on 16.02.10.</p> <p>Delay in submission of BG - JV Company being a new entity, bankers took some time for credit appraisal.</p> <p>Delay in Mine Plan approval - Because of time lag between submission of Mining Plan and its approval thereof.</p>



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		<p>Delay in previous approval- Approved Mining Plan submitted. ML application pending with Mumbai Secretariat since May, 2012.</p> <p>Commencement of production - Normative date for start of production 2 years away. Substantial progress already made. Company is confident of opening mine on schedule.</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>JV company has submitted Mine Plan to the Ministry on 31.01.2011. The Mine Plan was referred to Technical Wing on 09.03.2011 for consideration by Standing Committee. Standing Committee approval the Mine Plan in its meeting held on 03.04.2012. Technical wing conveyed approval of Mine Plan to CA-I Section on 18.04.2012. The approval of Mine Plan to JV company has been conveyed vide letter dated 08.05.2012.</p>



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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. IST Steel & Power Ltd, Gujarat Ambuja Cements Ltd & Lafarge India Ltd.
2. Name of Coal Block:- Dahegaon Makardhokra IV (Explored)
3. Date of Allocation:- 17.6.2009
4. Location: Umerer MH, .
5. Total investment made :- 4.5 Crores (CA Report)
6. Reserve (Mill tonnes):-132mt
7. Yearly rated capacity (MTPA):-
8. Cost of GR:-
9. BG Amount :- 13.47 Crs, Valid upto 18.5.2013 grade-C-E.
10. Type of EUP: SIP & Cement
11. Location of Project :Karnataka, MH, Karnataka.
12. Capacity of Project:- 0.63 MTPA sip & 2.85 MTPA Cement, 2MTPA Cement.
13. Explored/Un explored:- Semi Explored
14. Zero Date:- 17.6.09

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Purchase of GR	2.8.2009	16.2.2010	6 Months	
Submission of Bank Guarantee	17.09.09	10.5.2010	8 Months	JVC formed on 8 th January, 2010. Thereafter it took some time to complete formalities with bankers.
Mining Lease Application	17.09.09	31.3.2010	6 Months	Pending at State Level.
Submission of Mining Plan	17.12.09	31.1.2011	1Yr 1 Months	
Approval of Mining Plan	17.2.2010	May 12	2Yrs 3 m	
Application of Previous approval	17.4.2010	Pending	2Yrs 2m	Mining Lease application processed through DMO and DGM and recommended to Principal Secretary (Industries), Govt. of

checked by - *[Signature]* to -

[Signature]
COAL CONTROLLER
 2009

				Maharashtra. . ML application pending with Mumbai Secretariat since May, 2012.
Granting of Previous approval	17.5.2010	Pending	2Yrs 1 Months	
Application of Forest clearance	17.6.2010	19.11.2011	1 Yr 5 Months	
Grant of Forest Clearance	17.12.2010	Pending	1Yr 6 Months	Forest clearance is expected by Aug.13.
Application EMP Clearance	17.6.2010	4.2.2011	1 Months	Socio-economic study in Core and 10km Buffer Zone conducted.
Grant of EMP Clearance	17.12.2010	Pending	1Yr 6 Months	TOR granted on 27.06.11. Draft EIA report submitted to SPCB on 07.08.2012 for conducting Public Hearing after completion of Baseline Data collection and Topographical Survey which got delayed due to onset of monsoon and obstruction by villagers respectively.
Grant of Mining Lease	17.6.2011	Pending	1yr.	State Govt needs to expedite the matter.
Application of Land Acquisition	17.1.2012	Pending	5 Months	50% land acquisition is expected by Dec.12
Completion of Land Acquisition	17.6.2012	Pending	-	
Application for opening permission	17.10.2013	Pending	-	
Grant of Opening permission	17.11.2013	Pending		

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Coal Production	17.12.2013 (54 Months)	Pending	-	
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EUP Status

1) IST Steel & Power Ltd.: Total capacity 6.6 MTPA SIP.

Existing:- 350 TPD DRI plant (SIP) at Karnataka linked with block and 8 MW CPP is running.

Proposed:- 2100 TPD SIP total expansion project and 132 MW CPP are to be completed in 2013-14.

Investment made:- 89.18 Crs. (as per CA)

2) Gujrat Ambuja Cement Ltd.: Total capacity 28.5 LTPA Cement plant.

Existing:- 24.00 LTPA cement plant at Chandrapur, MH is operation since 2002.

Expansion:- 4.5 LTPA

Financial closure obtained. All pre construction activities completed.
Actual operating capacity is 10393 T/Day or 3.11 LTPA capacity.

Investment Made:- Rs.706.76 cr.. (as per CA)

3) Lafarg India Ltd 2 MTPA clinker capacity (3 MTPA cement capacity) located at Taluka - Chitapur, Dist.- Gulbarga, Karnataka.

Investment made:- 90 Crs. (as per CA)

As certified by Chartered Accountant, Investment made Rs.4.5 Cr By JVC for development of Coal Block

Major Constraint faced by the block allocates

1. Grant of Previous Approval by Ministry of Coal
2. Grant of Mining Lease by Govt. of Maharashtra
3. Grant of Environment & Forestry Clearances by MoEF

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CONTROL CONTROLLER

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1. Name of Company:- M/s. IST Steel & Power Ltd., Gujarat Ambuja Cements Ltd. & Lafarge India Ltd.)
2. Name of Coal Block:- Dahegaon Makardhokra IV (Explored)
3. Date of Allocation:- 17.06.2009
4. Yearly rated capacity (MTPA):-
5. Normative date of production:-17.12.2013
6. BG Amount :- 13.47 Cr
7. Recommendation: IMG recommends that the coal block may be de-allocated on account of unsatisfactory progress in the development of coal mining project. The IMG noted that in this case as per terms and conditions of allotment, 50% of the BG is linked to the mile stones set for the development of captive block and remaining 50% to guaranteed production.

As per guidelines framed by IMG for proportionate deduction of BG related to non-achievement of mile stones, the IMG recommends that out of the 50% BG related to achievement of Milestones, deduction may be made on the basis of milestone not achieved in terms of weightages assigned to each of the milestone in the guidelines. Out of 50% BG related to shortfall in production the IMG recommends that since the normative date of production has not commenced, deduction in BG for shortfall in production is not called for and this part of the BG may be returned.

BG deduction on the basis of achievement of Mile stone as on Oct'2012

Sl No.	Mile Stones	Weight (in %)	Actual Status	Marks	Remarks
1	Purchase of GR	5	Completed	5	
2	Submission of Bank Guarantee	8	Completed	8	
3	Mining Lease Application	7	Completed	7	
4	Submission of Mining Plan	10	Completed	10	
5	Approval of Mining Plan	10	Completed	10	
6	Application of Previous approval	6	Not Completed	0	
7	Granting of Previous approval	5	Not Completed	0	
8	Application of Forest clearance	8	Completed	8	
9	Grant of Forest Clearance	5	Not Completed	0	
10	Application EMP Clearance	8	Completed	8	
11	Grant of EMP Clearance	5	Not Completed	0	
12	Grant of Mining Lease	5	Not Completed	0	
13	Application of Land Acquisition	8	Not Completed	0	
14	Completion of Land Acquisition	4	Not Completed	0	
15	Application for opening permission	2	Schedule date not reached	2	
16	Grant of Opening permission	2	Schedule date not reached	2	
17	Production	2	Schedule date not reached	2	
	TOTAL	100		62	

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Coal Controller

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Bank Guarantee amount : 13.47 Cr.

A= 50% of BG =6.735 Crore

Score obtained for achieving of mile stone = 62%

B=Score obtained for not achieving of mile stone =(100-62)=38%

BG to be deducted for not achieving Milestones as on Oct'2012= Ax B = 6.735x38%=2.5593 Crore

Total amount of BG to be deducted linked to milestone = 2.5593 Crore

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20/10/12

Coal Controller

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