

By Speed Post

F.No.13016/15/2009-CA-I

Government of India

Ministry of Coal

New Delhi, dated 23/11/2012 November, 2012

To

1. M/s Bhushan Steel & Strips Limited F-Block, 1 <sup>st</sup> Floor, International Trade Tower, Nehru Place – 110 019	5. M/s Orissa Sponge Iron Limited Chaterjee International 11 <sup>th</sup> Floor, 33-A, Jawahar Lal Nehru Road, Kolkata- 700 071
1. M/s Adhunik Metaliks Limited (Formerly Neepaz Metaliks Limited) “Lansdowne Towers” Sarat Bose Road, Kolkata – 700 020	6. M/s SMC Power Generation Limited E- 13/29, Harsha Bhawan 2 <sup>nd</sup> Floor, Middle Circle, Connaught Place New Delhi – 110 001
2. M/s Deepak Steel & Power Limited P.O. Barbil – 758 035 Distt. Keonjhar Orissa	7. M/s Sree Metaliks Limited Power House Road, Rourkela- 769 001 Orissa
3. M/s Adhunik Corporation Limited 14, N.S. Road, IInd Floor Kolkata- 700 001	8. M/s VISA Steel Limited ( formerly VISA Industries Limited) VISA HOUSE 8/10, Alipore Road, Kolkata – 700 027.

**Sub: De-allocation and return of Bank Guarantee in full of New Patrapara ( Patrapara-Anuli- Machhakat part) coal block in the State of Orissa allocated to M/s Bhushan Steel & Strips Limited, M/s Adhunik Metaliks Limited, M/s Deepak Steel & Power Limited, M/s Adhunik Corporation Limited, M/s Orissa Sponge Iron Limited, M/s SMC Power Generation, M/s Sree Metaliks Limited and M/s Visa Steel Limited.**

Sir,

I am directed to refer to this Ministry's allocation letter No. 13016/33/2005-CA-I dated 13<sup>th</sup> January, 2006 (Annexure-I) and to this Ministry's show cause notice No.13011/27/2012-CA-I dated 3<sup>rd</sup> May, 2012 (Annexure-II) and to your reply to the show cause notice, your presentation made/documents submitted before the Inter Ministerial

Group (IMG) in respect of New Patrapara coal block and the status note on the development of the block prepared by Coal Controller and Ministry of Coal on the above subject.

2. New Patrapara coal block located in the State of Orissa was allocated to M/s Bhushan Steel & Strips Limited, M/s Adhunik Metaliks Limited, M/s Deepak Steel & Power Limited, M/s Adhunik Corporation Limited, M/s Orissa Sponge Iron Limited, M/s SMC Power Generation, M/s Sree Metaliks Limited and M/s Visa Steel Limited on 13<sup>th</sup> January, 2006 under the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to meet the coal requirement of 10.86 mtpa, 1.04mtpa, 1.23 mtpa, 0.83 mtpa, 3.80 mtpa, 1.20 mtpa, 2.20 mtpa and 1.8 mtpa respectively subject to the certain terms and conditions. In the allocation letter, 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 and one of other important conditions 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 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 light of various representations received from the joint allocatees for revision of zero dated for development of New Patrapara ( Patrapara – Aunli-Machhakata part) coal block, this Ministry examined the request of the joint allocatees and keeping in view of the interim stay order by the Hon'ble High Court of Orissa on 08.03.2006 and the date of the judgment of the Hon'ble Supreme Court of India on 09.08.2007, wherein the interim stay order of the High Court was modified, the competent authority decided that the period between 08.03.2006 to 09.08.2007 has been exempted from milestones of the block and the new schedule date of the production of coal from the block was 15.12.2010. It was also decided that the zero date for development of New Patrapara ( Patrapara –Aunli-Machhakata part) coal block has not been changed. All the developments and milestones were to be achieved accordingly.

4. The progress of allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through a 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 Review Meeting held on 22<sup>nd</sup> and 23<sup>rd</sup> June, 2009, it was noted that all the activities were pending and the matter was sub-judice before the Orissa High Court. The Chairman expressed dissatisfaction as to why the allocatees have not entered into agreement as per the model form and advised the representative of the companies that they should conclude the agreement first, and then raise the issue of share problem.
- ii) In Review Meeting held on 20<sup>th</sup> & 21<sup>st</sup> July, 2010, it was noted that all activities were pending. Matter was sub-judice before Orissa High Court. However, developmental work of the block could continue by the leader. Representatives informed that in a week time they will resolve the issue by mutual understanding. The committee observed that the leader was not developing the block as per the time-line. Further, in the meeting of the Committee held on 28<sup>th</sup> January, 2011 and 4<sup>th</sup> February, 2011 to review the response to recommendations of the review meeting held on 20<sup>th</sup> & 21<sup>st</sup> July, 2010, the committee recommended deduction of Bank Guarantee.
- iii) In Review Meeting held on 11<sup>th</sup> & 12<sup>th</sup> January, 2012 it was noted that Forest clearance, EMP, Mining Lease and Land Acquisition were pending. Show cause notice was issued on 3<sup>rd</sup> May, 2012.

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 IMG. Accordingly, the IMG asked the allocatee company 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 7<sup>th</sup> September, 2012 before the IMG. The IMG considered the presentation, the status note of the New Patrapara (Patrapara- Aunli-Machhakata part) coal block and associated EUP prepared by Ministry of Coal and Coal Controller's Organisation (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	Not	-	GR for New Patrapara block

	Months)	applicable		
Purchase of GR	27.2.2006	23.2.2006	-	<p>covering 9.5 Sq. Km out of total area 30 Sq. km. Despite several follow up by BSL, CMPDIL did not initiate exploration work for Anuli and Machakata part forming new Patra block. Boundary problem was there.</p> <p>BG:- Due to interim order 8.3.06 of Orissa High Court and Supreme Court stay order dt. 23.3.07 BSL unable to furnish BG and it was only pursuant enabling order dated 9.8.07 of Supreme Court BSL tendered the BG.</p> <p>ML:- ML application submitted on Sept.07 for an area 9.5 Sq Km out of 30 Sq.</p>
Submission of Bank Guarantee	13.4.2006	10.8.2007	1Yr 4 Months	
Mining Lease Application	13.4.2006	27.9.2007	1Yr 5 Months	
Submission of Mining Plan	13.7.2006	10.8.2007	1 Yr	
Approval of Mining Plan	13.9.2006	-	5 Yrs 9 Months	
Application of Previous approval	13.11.2006	-	5 Yrs 7 Months	
Granting of Previous approval	13.12.2006	-	5 Yrs 6 Months	



				KM. BSL could not apply for the ML of New Patrapara block in entire block as GR of Anuli and Machakata not available. MP: The MP has since been revised for higher capacity but was held up due to non availability of final block boundary. Revised MP submitted in April. 12 and is awaiting approval. FC: FC application submitted to IDCO. EMP: TOR approved on 11.1.12 for 15 MTPA. LA: BSL deposited 360,29,71,149 to IDCO on 22.9.10 and 100 Crs to project affected
Application of Forest clearance	13.1.2007	13.9.07	5 Yrs 5Months	
Grant of Forest Clearance	13.7.2007	-	4Yrs 11 Months	
Application EMP Clearance	13.1.2007	-	5 Yrs Months	
Grant of EMP Clearance	13.7.2007	-	4Yrs 11 Months	
Grant of Mining Lease	13.1.2008	-	4 Yrs 8 Months	
Application of Land Acquisition	13.8.2007		4Yrs 10 Months	
Completion of Land Acquisition	13.1.2009	-	3Yrs 5 Months	
Application for opening permission	13.5.2009	-	3Yrs 1 Months	
Grant of Opening permission	13.6.2009	-	3Yrs.	
Coal Production	<b>15.12.2010</b> (MOC revised normative date of production as 15.12.2010)		1Yrs 6 Months	

				persons.
--	--	--	--	----------

After detailed deliberations, the IMG made the following recommendation in respect of New Patrapara Coal block which was allocated to M/s Bhushan Steel & Strips Limited, M/s Adhunik Metaliks Limited, M/s Deepak Steel & Power Limited, M/s Adhunik Corporation Limited, M/s Orissa Sponge Iron Limited, M/s SMC Power Generation, M/s Sree Metaliks Limited and M/s Visa Steel Limited in its eighth meeting held on 15<sup>th</sup> September 2012.

M/s Bhushan Steel Limited ( New Patrapara)

*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 6 years and 8 months have elapsed from the date of allotment i.e 13.01.2006 IMG also noted that the company has purchased the GR but the mining plan is yet to be approved. In this regard IMG noted that the exact boundary for New Patrapara could be supplied by MOC on 5.8.2011. EC, FC applications have not been made in absence of mining plan and all other milestones are pending. Rs. 170 crores has been disbursed to land owners out of R. 360.29 crores deposited with IDCO which has acquired 75% of the total 2700 ha to be acquired. As reported by the company a total investment of Rs. 365.74 crores mostly on land has been done but CA certificate was not provided. The end use plants of seven companies are linked with this block and all except Adhunik Corporation have commissioned the end-use plants. Total investment reported in the end- use plants is more than Rs. 5000 crores. After factoring in the time for which there was a stay order, the revised normative date of production fixed by MOC was 15.10.2010.*

*The IMG took note of the fact that time has been lost due to litigation between the parties for disputes which were of their own creation. The mining plan was initially submitted only for 8 mtpa capacity in August, 2007 against demand of 23 mtpa and the company took 3 years to respond after the Standing Committee for approval of the mining plan asked it to submit modified mining plan in June 2009. Though part of the block was fully explored and mining could have been started on it, however, the company took about 3 years for revising the mining plan. Huge reserves amounting to 433 MT was linked to this block. The IMG while taking into account that there is no substantial progress in development of the coal block even after issue of show cause notice on 3.11.2010, recommends that the block may be de-allocated. Regarding of deduction of BG on account of slippage from normative date of production the IMG noted that since mining plan is still at consideration stage and zero date for deduction of shortfall in production is to be determined as per the mining plan, the BG may be returned in full without any deduction.*



6. The recommendation of the IMG has since been considered and accepted by the Government. As the company has been given a number of opportunities to develop the coal block and the associated end use project and the allocatee company has failed to develop the same as per the milestones prescribed without any valid reasons for the delay, it has been decided to de-allocate the New Patrapara coal block in the State of Orissa from **M/s Bhushan Steel & Strips Limited, M/s Adhunik Metaliks Limited, M/s Deepak Steel & Power Limited, M/s Adhunik Corporation Limited, M/s Orissa Sponge Iron Limited, M/s SMC Power Generation, M/s Sree Metaliks Limited and M/s Visa Steel Limited.** In addition, it is further decided *to return the full Bank Guarantee amount without any deduction.* The company shall not be eligible for allocation of any alternative coal block in lieu of the de-allocated coal block.

7. It may be stated that M/s Bhushan Steel Limited has filed Writ Peition No. 5877/2012 v/s Union of India in the Hon'ble High Co0urt of Delhi on which the court has passed the following order on 18.09.2012:-

“...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 period of one week....”

In view of the above direction of the court this order will come into force after one week from the date of issue.

Yours faithfully,

  
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

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

ANNEXURE - I

80

By Registrar

1301 6/33/2005-CA-I  
Government of India  
Ministry of Coal

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

M/s. Bhushan Steel & Stripes Limited,  
F-Block, 1<sup>st</sup> Floor,  
International Trade Tower,  
Nehru Place,  
New Delhi - 110 019.

M/s. Adhunik Metaliks Ltd.  
(Formerly Neepaz Metaliks Ltd.),  
"Lansdowne Towers",  
Sarat Bose Road,  
Kolkata - 700 020.

M/s. Deepak Steel & Power Ltd.,  
P.O. Barbil - 758 035,  
Dist. Keonjhar,  
Orissa.

M/s. Adhunik Corporation Ltd.,  
14, N.S. Road, 1<sup>st</sup> Floor,  
Kolkata - 700 001.

M/s. Orissa Sponge Iron Ltd.,  
Chatterjee International  
11<sup>th</sup> Floor, 33-A,  
Jawahar Lal Nehru Road,  
Kolkata - 700 071.

M/s. SMC Power Generation Ltd.  
E-13/29, Harsha Bhawan,  
2<sup>nd</sup> Floor, Middle Circle,  
Cannuaght Place,  
New Delhi - 110 001.

M/s. Sree Metaliks Ltd.,  
Power House Road,  
Rourkela - 769 001,  
Orissa.

M/s. VISA Steel Ltd.,  
(formerly VISA Industries Ltd.),  
VISA House,  
8/10, Alipore Road,  
Kolkata - 700 027.

Allocation of the New Patrapara (Patrapara-Aunli-Machhakata part) block in MCL area to M/s. Bhushan Steel & Stripes Ltd. and M/s. Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s. Deepak Steel & Power Ltd., M/s. Adhunik Corporation Ltd., M/s. Orissa Sponge Iron Ltd., M/s. SMC Power Generation Ltd., M/s. Sree Metaliks Ltd., M/s. VISA Steel Ltd. (formerly VISA Industries Ltd.) under Option-III.

I am directed to refer to the requests of M/s. Bhushan Steel & Stripes Ltd., M/s. Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s. Deepak Steel & Power Ltd., M/s. Adhunik Corporation Ltd., M/s. Orissa Sponge Iron Ltd., M/s. SMC Power Generation Ltd., M/s. Sree Metaliks Ltd., M/s. VISA Steel Ltd. (formerly VISA Industries Ltd.) for allocation of coal blocks in MCL area and to state that the requests of these companies have been considered by the Government and it has been decided to allot the New Patrapara coal block jointly to M/s. Bhushan Steel & Stripes Ltd. as leader and M/s. Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s. Deepak Steel & Power Ltd., M/s. Adhunik Corporation Ltd., M/s. Orissa

8



81  
89

on Ltd., M/s. SMC Power Generation Ltd., M/s. Sree Metaliks Ltd., M/s. VISA Steel  
(formerly VISA Industries Ltd.) as associates under Option-III. to meet their coal  
requirements of 10.86 mtpa, 1.04 mtpa, 1.23 mtpa, 0.83 mtpa, 3.80 mtpa, 1.20 mtpa, 2.20 mtpa  
and 1.8 mtpa respectively. This allocation is in pursuance of the provisions contained in Section  
(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following  
conditions :-

- i) The allocation of the Patrapara coal block to M/s. Bhushan Steel & Strips Ltd. and M/s. Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s. Deepak Steel & Power Ltd., M/s. Adhunik Corporation Ltd., M/s. Orissa Sponge Iron Ltd., M/s. SMC Power Generation Ltd., M/s. Sree Metaliks Ltd., M/s. VISA Steel Ltd. (formerly VISA Industries Ltd.) has been made under Option III to meet the coal requirement of their proposed sponge iron plants and captive power generation.
- ii) Coal extracted from the block is meant for captive use in the specified end use projects of the leader company and the associate companies i.e. sponge iron plants and captive power plants.
- iii) The mining lease shall be obtained in the name of M/s. Bhushan Steel & Strips Limited, the leader company.
- iv) M/s. Bhushan Steel & Strips Ltd., the leader company shall make all investments and undertake all mining operations to develop and extract coal from the allocated block.
- v) Production from the mine shall be shared amongst the leader and the associates through Mahanadi Coalfields Ltd. (MCL). The associates shall have first right over the production to the extent of their shares which will be in the same proportion to total production that his net assessed requirement has to the total net requirement of the leader and the associates.
- vi) ~~The leader company shall supply the associate's share of coal to the associate companies through the Mahanadi Coalfields Limited at a price to be determined by the Government.~~
- vii) The Mahanadi Coalfields Limited may charge such handling charges to the associate companies as may be agreed to under an agreement for undertaking the handling and supply of the coal to the associate companies.
- viii) The above two conditions shall be as per an agreement to be signed between the leader company, associate companies and the Mahanadi Coalfields Limited under Option-III and submitted to the Ministry of Coal within 45 days from the date of this allocation letter. The tripartite agreement shall form part of the mining lease deed to be executed amongst the leader, associates and the Mahanadi Coalfields Ltd. Any breach of the said agreement shall amount to breach of mining lease condition and invite commensurate penalties including cancellation of mining lease. (A Draft is enclosed for guidance)
- ix) Middlings generated in the process of washing the coal shall be used by the leader company and the associate companies 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



80  
90

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.

- x) 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. (A milestone chart is enclosed)
- xi) The leader company shall buy geological report from CMPDIL withi six weeks from the date of this letter.
- xii) The leader company shall submit a bank guarantee for Rs. 138.77 crores (equal to one year's royalty amount based on annual net assessed coal requirement at 93% satisfaction level, of 21.35 mtpa, grades of coal from A to G grades and the weighted average royalty @ Rs.65/- 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.
- xiii) The leader 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. The mining plan shall be so made as to take care of the requirement of M/s. Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s. Deepak Steel & Power Ltd., M/s. Adhunik Corporation Ltd., M/s. Orissa Sponge Iron Ltd., M/s. SMC Power Generation Ltd., ~~M/s. Sree Metaliks Ltd.~~, M/s. VISA Steel Ltd. (formerly VISA Industries Ltd.), the associate companies.
- xiv) 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. Bhushan Steel & Strips 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.
- xv) 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.
- xvi) 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.



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.

xviii)

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. M/s. Bhushan Steel & Strips 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,

(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, Mahanadi Coalfields Ltd., Burla, Sambalpur, Orissa.
4. Ministry of Steel (Shri Vishwapati Trivedi, Joint Secretary), Udyog Bhawan, New Delhi.
5. The Chief Secretary, Government of Orissa, Bhubaneshwar.
6. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700 001
7. CPAM Section.

(Premraj Kuar)  
Section Officer

Annexure - I  
L

No. 13016/33/2005-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated the 29<sup>th</sup> December, 2010

To,

1. M/s Bhushan Steel & Strips Limited, F-block, 1 <sup>st</sup> Floor, International Trade Tower, Nehru Place, New Delhi-110019	5. M/s Orissa Sponge Iron Ltd., Chatterjee International, 11 <sup>th</sup> Floor, 33-A, Jawahar Lal Nehru Road, Kolkata - 700071
2. M/s Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), "Lansdowne Towers", Sarat Bose Road, Kolkata-700020.	6. M/s SMC Power Generation Limited, E-13/29, 2 <sup>nd</sup> Floor, Harsha Bhawan, Middle Circle, Connaught Place, New Delhi - 110 001.
3. M/s Deepak Steel & Power Ltd, P.O. Barbil-758035, Dist. Keonjhar, Orissa.	7. M/s Sree Metaliks Limited, Power House Road, Rourkela - 769 001, Orissa.
4. M/s Adhunik Corporation Ltd., 14, N. S. Road, IInd Floor, Kolkata-700001.	8. M/s VISA Steel Limited (formerly VISA Industries Ltd.), Visa House, 8/10, Alipore Road, Kolkata-700027

8  
30/12

**Subject:** Allocation of the New Partrapara (Patrapara-Anuli-Machhakata part) coal block in Mahanadi Coalfields Ltd. area to M/s Bhushan Steel & Strips Limited, M/s Adhunik Metaliks Ltd. (formerly Neepaz Metaliks Ltd.), M/s Deepak Steel & Power Ltd., M/s Adhunik Corporation Ltd., M/s Orissa Sponge Iron Ltd., M/s SMC Power Generation Limited, M/s Sree Metaliks Limited and M/s VISA Steel Limited (formerly VISA Industries Ltd.) under Option-III.

\*\*\*\*\*

Sir,

I am directed to refer to this Ministry's allocation letter of even number dated 13th January, 2006 on the above mentioned subject and to the various representations received from the joint allocatees for revision of zero date for development of New Partrapara (Patrapara-Anuli\_Machhakata part) coal block allocated jointly to M/s Bhushan Steel & Strips Ltd as leader., M/s Adhunik Metaliks Ltd. (Formerly Neepaz Metaliks Ltd.), M/s Deepak Steel & Power Ltd., M/s Adhunik Corporation Ltd., M/s Orissa Sponge Iron Ltd., M/s SMC Power Generation Ltd., M/s Sree Metaliks Ltd., M/s VISA Steel Ltd. (formerly VISA Industries Ltd.) as associates under Option-III on 13<sup>th</sup> January, 2006.

2. The request of the joint allocatees has been examined in the Ministry. Keeping in view of the interim stay order by the Hon,ble High Court of Orissa on



08.03.2006 and the date of the judgement of the Hon,ble Supreme Court of India on 09.08.2007, wherein the interim stay order of the High Court was modified, the competent authority has decided that the period between 08.03.2006 to 09.08.2007 has been exempted from milestones of the block and the new schedule date of the production of coal from the block is 15.12.2010. It has also been decided that the zero date for development of New Partrapara (Patrapara-Anuli-Machhakata part) coal block has not been changed. All the developments and milestones may be achieved accordingly.

3. Other terms and conditions remain the same as communicated vide allocation letter No.13016/33/2005-CA-I dated 13<sup>th</sup> January, 2006.

Yours faithfully,

  
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to the following :-

1. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
2. Secretary, Deptt. of Industrial Policy and Promotion, Udyog Bhavan, New Delhi.
3. Chief Secretary, Government of Orissa, Bhubaneshwar.
4. Chairman, Coal India Ltd., 10, Netaji Subash Marg, Kolkatta-700001.
5. Chairman-cum-Mng.-Director, Central Mine Planning and Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
6. Chairman-cum-Managing Director, Mahanadi Coalfields Limited, Sambalpur, Orissa
7. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700001.
8. CPD Section, Ministry of Coal, Shastri Bhavan, New Delhi-1
9. Allocation Folder of CA-I Section.

Annexure - II

**SHOW CAUSE NOTICE**

No.13011/27/2012-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 3<sup>rd</sup> May, 2012

To

M/s Bhushan Steel Limited F- Block , 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110019	M/s Orissa Sponge Iron Limited Chatterjee International, 11 <sup>th</sup> Floor, 22-A Jawahar Lal Nehru Road, Kolkata- 700071
M/s Adhunik Metaliks Limited (Formerly Neepaz Metaliks Limited) "Lansdowne Towers" Sarat Bose Road, Kolkata- 700020	M/s SMC Power Generation Limited E-13/29, 2 <sup>nd</sup> Floor, Harsh Bhawan, Middle Circle, Connaught Place New Delhi - 110 001
M/s Deepak Steel & Power Limited, PO Barbil- 758035 Dist. Koenjhar Orissa	M/s Metaliks Limited Power House Road, Rourkela - 769 001 Orissa
M/s Adhunik Corporation Limited 14, N.S.Road, 2 <sup>nd</sup> Floor, Kolkata - 700001	M/s Visa Steel Limited (formerly VISA Industries Limited) Visa House, 8/10, Alipore Road, Kolkata- 700027

**Subject: Show cause notice in respect of New Patrapara block.**

Sir,

I am directed to refer to this Ministry's letter No.13016/22/2005-CA-I dated 13.01.2006 conveying allocation of **New Patrapara** 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



14



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, Forest Clearance, EMP, Mining Lease and Land Acquisition are pending for **New Patrapara** 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	27.2.2006	23.2.2006	-
Submission of Bank Guarantee	13.4.2006	10.8.2007	1Yr 4 Months
Mining Lease Application	13.4.2006	27.9.2007	1Yr 5 Months
Submission of Mining Plan	13.7.2006	10.8.2007	1 Yr
Approval of Mining Plan	13.9.2006	Pending	5 Yrs 6 Months (as on 3/2012)
Application of Previous approval	13.11.2006	Pending	5 Yrs 4 Months (as on 3/2012)
Granting of Previous approval	13.12.2006	Pending	5 Yrs 3 Months (as on 3/2012)
Application of Forest clearance	13.1.2007	Pending	5 Yrs 2Months (as on 3/2012)
Grant of Forest Clearance	13.7.2007	Pending	4Yrs 8 Months (as on 3/2012)
Application EMP Clearance	13.1.2007	Pending	5 Yrs 2Months (as on 3/2012)
Grant of EMP Clearance	13.7.2007	Pending	4Yrs 8 Months (as on 3/2012)
Grant of Mining Lease	13.1.2008	Pending	4 Yrs 2 Months (as on 3/2012)
Application of Land Acquisition	13.8.2007	Pending	4Yrs 7 Months (as on 3/2012)

15 10

Completion of Land Acquisition	13.1.2009	Pending	3Yrs 2 Months (as on 3/2012)
Application for opening permission	13.5.2009	Pending	2Yrs 10 Months (as on 3/2012)
Grant of Opening permission	13.6.2009	Pending	2Yrs 9 Months (as on 3/2012)
Coal Production	15.12.2010 (MOC normative date of production as revised 15.12.2010)	Pending	1Yrs 3 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 **New Patrapara** 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 **New Patrapara** coal block.

  
(Sandeep Gupta)

Under Secretary to the Govt. of India

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

16



## NEW PATRAPARA COAL BLOCK

Sl No	Items	Remarks
1	Name Of the Block	<b>New Patrapara</b>
2	Name Of the allocatees	M/s Bhushan Steel & Strips Limited M/s Adhunik Metaliks Limited M/s Deepak Steel & Power Limited M/s Adhunik Corporation Limited M/s Orissa Sponge Iron Limited M/s SMC Power Generation M/s Sree Metaliks Limited M/s Visa Steel Limited
3	Date Of allocation	13.01.2006
4	End use plant and Capacity	To meet the coal requirement of their sponge iron plants and captive power plants.  <u>Location of Project:</u> Meramandali, Orissa for BSL, Sundergarh, Orissa for AML, Kaurmunda, Sundergarh, Orissa for Adhunik Corp Ltd, Palasapangal Keonjhar, Orissa for Orissa Sponge Limited and Jharsuguda, Orissa for SMC Power Gen, Loidapada, Barbil Orissa for Sree Metaliks Limited and Kalinga Nagar Orissa for Visa Power Limited.  Capacity of the Project: Total 3.1 MTPA ISP for BSL, Existing 2.7 LTPA SIP and 30 MW CPP for AML, 700 TPD SIP for Adhunik Corp. Limited , 2.5 LTPA SIP and 24 MW CPP for Orissa Sponge, 2.5 LTPA SIP and 33 MWCPP for SMC Power Gen, 2.4 LTPA SIP and 28 MW CPP for Sree Metaliks and 3 LTPA DRI and 225 MW CPP of Visa Power Limited.  Partly Explored.
	Investment	<b>M/s Bhushan Steel Limited:</b> Acquiring land : Rs.168 cr Distributed till August, 2012 out of 360.29 cr deposited with Odisha State Government.  Financial Commitment till Date : 630 cr DPR for evacuation of coal by Railway from Patrapara coal block has been approved by East coast Railway and for execution M/s RITES with an investment of Rs. 2.95 crores and codal charges of Rs. 2.95 crores deposited with Railways.  An amount of Rs. 2.5 cr has been deposited with State Government to strengthen the existing road leading to Jharpada.  <b>M/s Adhunik Metaliks Limited</b> Total Investment in the EUP plant as on 31.03.2012 is Rs. 1683.03 cr as certified by CA.

5	Important terms and conditions of allocation	A copy of allocation letter is enclosed.
6	Milestones of allocation/ Slippages against Minestones as stated in the SCN	Status of CCO, Kolkata as on June, 2012 is enclosed.
7	History Previous review / action	Review meeting was held on 22 <sup>nd</sup> and 23 <sup>rd</sup> June, 2009 – it was noted that the matter is sub-judice before the Orissa High Court. The Review Committee had expressed dissatisfaction as to why the allocates have not entered into agreement as per the model form and advised the representative of the companies that they should conclude the agreement first and then raise the issue of share problem. Based on the recommendations of the Review Meeting held on 20 <sup>th</sup> & 21 <sup>st</sup> July, 2010, a show cause notice had been issued on 3 <sup>rd</sup> November, 2010 since the important milestones such as MP, ML, FC, EMP and Land Acquisition were pending.
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.	The MOC vide letter 29.12.2012 has decided to exempt the period between 08.03.2006 to 09.08.2007, as stay order given by the High Court of Orissa, from milestones of the New Patrapara (without altering the zero date).
9		
10	Litigation any orders of the court, if any	One of the co-allottees named as M/s SMC Power Generation Ltd. preferred W.P. (C) No. 2852 of 2006 before the Hon'ble High Court of Delhi at New Delhi challenging the allocation letter dated 13.01.2006, whereby, M/s Bhushan Steel was appointed as the leader.  In the meantime citing no respite and foreseeing no interim relief, one of the other co-allottees i.e. M/s Adhunik Metaliks Ltd. who was jointly opposing the name of M/s Bhushan Steel as a leader, filed a writ petition before the Hon'ble High Court of Orissa at Cuttack impugning the allotment letter dated 13 <sup>th</sup> January, 2006, by taking similar grounds and further succeeded in obtaining an interim order on 8 <sup>th</sup> March, 2006 i.e. "As an interim measure, it is directed that no further action pursuant to the decision dated 13.1.2006 shall be taken without leave of this Court"

18





In the meantime when the said writ petition was pending before the Hon'ble High Court of Orissa at Cuttack and upon the writ petition so filed by M/s SMC Power Generation Ltd. which was pending for decision before the Hon'ble High Court of Delhi at New Delhi, the Ld. Single Judge of the Hon'ble High Court of Delhi, vide a judgment dated 5<sup>th</sup> April, 2006, dismissed the writ petition as filed by M/s SMC Power Generation Ltd. against which a Letter Patent Appeal (Hereinafter referred to as LPA) was preferred before the Division Bench of the Hon'ble High Court of Delhi at New Delhi on 20<sup>th</sup> April, 2006.

In the writ petition, which was filed by M/s Adhunik Metaliks Ltd. before the Hon'ble High Court of Orissa at Cuttack the Division Bench of the Hon'ble High Court Orissa dismissed the same being barred by the principles of res-judicata.

Against the said dismissal of the order of the Hon'ble High Court of Orissa, a Special Leave Petition (Civil) No. 5488 of 2007 was preferred by M/s Adhunik Metaliks Ltd. before the Hon'ble Supreme Court of India, which was later on converted into a Civil Appeal No. 3717 of 2007.

During the pendency of the said Civil Appeal, the Hon'ble Supreme Court set aside the impugned judgment passed by the Hon'ble High Court of Orissa and directed to transfer the case to the Hon'ble High Court of Delhi at New Delhi for being heard along the LPA No. 609 of 2006.

While doing so, the interim order as earlier passed by the Hon'ble Supreme Court of India, was modified to the extent permitting M/s Bhushan Steel & Strips Ltd. to furnish a bank guarantee in terms of the letter of allotment dated 13<sup>th</sup> January, 2006 and permitting M/s Bhushan Steel & Strips Ltd. to carry on all the activities under the letter of allotment dated 13<sup>th</sup> January, 2006, but the said was done with a caveat attached to by directing that no final mining lease will be granted in favour of M/s Bhushan Steel & Strips Ltd. in pursuance of the letter of allotment dated 13<sup>th</sup> January, 2006 without the leave of the Hon'ble High Court of Delhi in front of which both the writ petition as filed by M/s Adhunik Metaliks Ltd. before the Hon'ble High Court of Orissa at Cuttack and the Letter Patent Appeal being LPA No. 609 of 2006 as preferred by M/s SMC Power Generation Ltd. was sent for adjudication on it's merits.

Pursuant to the said order dated 9<sup>th</sup> August, 2007 as passed by the Hon'ble Supreme Court of India, M/s Bhushan Steel & Strips Ltd. while complying with the order dated 9<sup>th</sup> August, 2007 furnished a bank guarantee to the tune of Rs. 138.77 Crores equivalent to one year royalty amount based on annual net assessed coal requirement in terms of the letter of allotment.

In the meantime the co-allottees to the New Patrapara Coal Block and the contesting parties were able to arrive at an amicable settlement and the terms & conditions so agreed in writing vide Settlement Agreement dated



102

		21 <sup>st</sup> June, 2010.
11	Summary of reply of the company including reasons for delay	GR for New Patrapara block covering 9.5 Sq. km out of total area of about 30 Sq.Kms was made available to Bhushan Steel Limited by CMPDIL. Till date the FR of Aunli and Machhakata part has not been made available to Bhushan Steel Limited by CMPDIL. The exact block boundary for New Patrapara block was supplied by MOC on 05.08.2011. Further as the FR covered a very small area as compared to the entire block area, most of which is unexplored, it is requested that the date of acquisition may not be considered as a 'Zero date'. Further as the FR covered a very small area as compared to the entire block, most of which is unexplored, it is requested that the date of acquisition may not be considered as the Zero date. Submission of BG: Due to Interim Stay vid order dated 08.03.2006 of Orissa High Court and subsequent stay order dated 23.03.2007 of the Supreme Court, Bhushan Steel Limited was unable to furnish the BG and it was only pursuant to the an enabling order dated 09.08. 2007 of the SC, Bhushan Steel Limited tendered the BG on 10.08.2007 for the entire New Patrapara Block.
12	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.	The leader company submitted a mining plan of 8 mtpa capacity in August, 2007 against demand of 23 MTPA. The Mining Plan was examined by Standing Committee of the Ministry who advised to prepare a Mining Plan of higher capacity keeping in view of the large reserves in the block. In respect of boundary of the block a meeting was held in the Ministry on 21 <sup>st</sup> February, 2011. The revised boundary of New Patrapara coal block was forwarded by CMPDI vide letter dated 17.05.2011 to the company.



g/c  
→



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

- 1 Name of Company:- M/s Bhusan Steel Ltd and 7 Others
- 2 Name of Coal Block:- New Patrapara/Talcher,OR / OC Mine.
- 3 Date of Allocation:- 13.1.2006
- 4 Total Cost:- Not available
- 5 Total Investment (as on 3/2012) :-Rs. 550 Cr (As per status report)
- 6 Reserve (Mill Tonnes): 433
- 7 Yearly Rated Capacity:- 15 MTPA
- 8 Cost of GR:- 6.22 Cores
- 9 Location: Talcher, Odisha
- 10 BG Amount:- 138.77 Crores. Validity-10.08.2013
- 11 Type of EUP:- Sponge Iron & Captive Power Plant
- 12 Location of Project:- Meramandali, Orissa for BSL, Sundergarh, Orissa for AML,Kaurmunda, Sundergarh, Orissa for Adhunik Corp Ltd, Palaspangal Keonjhar, Orissa for Orissa Sponge Ltd and Jharsuguda, Orissa for SMC Power Gen, Loidapada, Barbil Orissa for Sree Metaliks Ltd and Kalinga Nagar Orissa for Visa Power Ltd.
- 13 Capacity of the Project:-Total 3.1 MTPA ISP for BSL, Existing 2.7 LTPA SIP and 30 MW CPP for AML, 700 TPD SIP for Adhunik Corp. Ltd.2.5 LTPA SIP and 24 MW CPP for Orissa Sponge, 2.5 LTPA SIP and 33 MWCPP for SMC Power Gen,2.4 LTPA SIP and 28 MW CPP for Sree Metaliks and 3LTPA DRI and 225 MW CPP of Visa Power Ltd.
- 14 Explored/Un Explored:- Partly Explored
- 15 As per allotment letter Para No 2(ii) zero date considered 13.1.2006 i.e. from the date of allocation of coal block.
- 16 Previous recommendation: Earlier received Show \cause \notice on 23.11.10 and Deduct BG.

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	-	
Purchase of GR	27.2.2006	23.2.2006	-	GR for New patrapara block covering 9.5 Sq. Km out of total area 30 Sq. \km. Despite several follow up by BSL, CMPDIL did not initiate exploration work for Anuli and Machakata part forming new Patra block. Boundary problem was there.
Submission of Bank Guarantee	13.4.2006	10.8.2007	1Yr 4 Months	BG:- Dur to interim order 8.3.06 of Orissa High Court
Mining Lease Application	13.4.2006	27.9.2007	1Yr 5 Months	
Submission of Mining	13.7.2006	10.8.2007	1 Yr	

Checked by - Babbar

21



कॉपीला नियंत्रक  
ER

108

Plan				and Supreme Court stay order dt. 23.3.07 BSL unable to furnish BG and it was only pursuant enabling order dated 9.8.07 of Supreme Court BSL tendered the BG.
Approval of Mining Plan	13.9.2006	-	5 Yrs 9 Months	
Application of Previous approval	13.11.2006	-	5 Yrs 7 Months	ML: ML application submitted on Sept.07 for an area 9.5 Sq Km out of 30 Sq. KM. BSL could not apply for the ML of New Patrapara block in entire block as GR of Anuli and Machakata not available.
Granting of Previous approval	13.12.2006	-	5 Yrs 6 Months	
Application of Forest clearance	13.1.2007	13.9.07	5 Yrs 5Months	MP: The MP has since been revised for higher capacity but was held up due to non availability of final block boundary. Revised MP submitted in April. 12 and is awaiting approval.
Grant of Forest Clearance	13.7.2007	-	4Yrs 11 Months	FC: FC application submitted to IDCO.
Application EMP Clearance	13.1.2007	-	5 Yrs 5 Months	EMP: TOR approved on 11.1.12 for 15 MTPA.
Grant of EMP Clearance	13.7.2007	-	4Yrs 11 Months	LA: BSL deposited 360,29,71,149 to IDCO on 22.9.10 and 100 Crs to project affected persons.
Grant of Mining Lease	13.1.2008	-	4 Yrs 8 Months	
Application of Land Acquisition	13.8.2007		4Yrs 10 Months	
Completion of Land Acquisition	13.1.2009	-	3Yrs 5 Months	
Application for opening permission	13.5.2009	-	3Yrs 1 Months	
Grant of Opening permission	13.6.2009	-	3Yrs.	
Coal Production	15.12.2010 (MOC revised normative date		1Yrs 6 Months	

checked by - Bhar

22



कोयला नियंत्रक  
ER  
109



	of production as 15.12.2010)			

**Project cost of EUP in r/o Bhusan Steel Ltd.**

Total Project Cost: Rs.8000 Crores  
Amount Invested till date: Rs. 7500 Crores  
Financial Closure completed.

**Project cost of EUP in r/o Adhunik Metaliks**

Total Project Cost : Rs.640 Crores  
Amount Invested till date: Rs. 1740Crores (As per Status report)  
Financial Closure completed.

**Project cost of EUP in r/o SMC Power**

Total Project Cost: Rs.1015 Crores  
Amount Invested till date: Rs. 425 Crores (As per Status report)  
Financial Closure completed.

**Project cost of EUP in r/o Adhunik Corporation**

Total Project Cost: Rs.282 Crores  
Amount Invested till date: Rs. Not mentioned (As per Status report)  
Financial Closure completed.

**Major Constraint faced by the block allocates**

The company representative stated that detailed block boundary was not available at the time of allotment and five and half years was taken to settle the block boundary. New Patrapara coal block is a combination of Patrapara(explored), Machakata part and Anuli(both are unexplored). After getting block boundary from CMPDIL exploration started in unexplored blocks after a lapse of 6 years from allocation. Drilling is expected to be completed by 2 years. Initially Mining plan was submitted for Patrapara block with PRC 8 MTPA. Now revised MP submitted for 15 MTPA. Approval is still awaited.

**Project Delayed due to finalization of Court Case**

checked by - *Bler*



*[Signature]*  
कोयला नियंत्रक  
COAL CONTROLLER

23

110