

**By Speed Post**

F.No 13016/31/2005-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 23<sup>rd</sup> November, 2012

To

- (i) M/s Nilachal Iron & Power Limited,  
5, Bentinck Street,  
Kolkatta 700 001, West Bengal.
- (ii) M/s Bajrang Ispat (P) Ltd.,  
168, SukhdevVihar,  
New Delhi 110025

**Sub: Deduction of Bank Guarantee in respect of Dumri Coal block allocated to (i) M/s Nilachal Iron & Power Limited and M/s Bajrang Ispat (P) Ltd.**

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/31/2005-CA-I dated 13<sup>th</sup> January, 2006 (**Annexure-I**) and to this Ministry's show cause notice number 13011/33/2012-CA-I (Pt) dated 4<sup>th</sup> May 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. **Dumri** 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 Nilachal Iron & Power Limited and M/s Bajrang Ispat (P) Ltd to meet their coal requirement of 47 million tonnes and 22 million tonnes sponge 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, the allocation has clearly mentioned that the leader company shall submit a bank guarantee for Rs.6.50 crores (equal to one year's royalty

amount based on mine capacity of 1.00 mtpa assessed by CMPDIL, F grade of coal and the weighted average royalty @ Rs. 65/- 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.

4. It has further been mentioned that the progress of the mine will be monitored annually with respect of 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 NIPL jointly or through their joint venture company, shall ensure that the Bank Guarantee remains valid at all times till the mines reaches its rated capacity or till the Bank Guarantee is exhausted.

5. 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 22<sup>nd</sup> and 23<sup>rd</sup> June, 2009, the progress of development of said coal blocks and the associated end use project was reviewed wherein the representatives of the allocatee company was invited to present their case. Review Committee after giving an opportunity of being heard, made its recommendations to deduct bank guarantee as the Committee found slow progress in development of coal block and end use plant and other milestones were also pending.

ii) Further, in the Review Committee Meeting held in July, 2010, the matter of setting up of the end use plant and development of coal block came up for discussion. During the said meeting held on 20/21.07.2010, 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 company itself. The company was issued the show cause notice. The company furnished their reply to the show cause notice. The Review Committee has examined the reply of the company and has recommended to the Government to deduct the bank guarantee.

iii) The Review Committee meeting held in January, 2012, the matter of setting up of the end use plant and development of coal block came up for discussion. During the said meeting, 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 company itself. The company was issued the show cause notice. The company furnished their reply to the show cause notice.



In the meantime, the Government has set up an Inter-Ministerial Group (IMG) on 06.2012 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.

7. The case of the allocatee company 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 6<sup>th</sup> September, 2012 before the IMG. The IMG considered the presentation, the status note of the Dumri 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 in case where exploration is required.	13.4.2008	Not applicable	-	<p>✓ Land Acquisiton:-More than 73% of the total land required which is sufficient for the next 10 - 15 years of mine operation.</p> <p>Delay in obtaining GR - <b>one year</b>. Previous approval delay:- Based on our application for grant of Mining Lease dated 29.10.2007, Government of Jharkhand forwarded the same to the Central Govt. for previous Approval on <b>01.09.2010</b>. of <b>2 yrs. 10 months</b>.</p> <p>Forest clearqance:- • DFO, Hazaribagh, has advised M/s. Nilachal Iron &amp; Power Limited for submission of compliance against the conditions stipulated in the Stage-I clearance letter by MoEF, New Delhi.</p>
Purchase of GR	27.2.2006	18.1.2007	1 Yr	
Submission of Bank Guarantee	13.4.2006	28.10.2007	1Yr 6 Months	
Mining Lease Application	13.4.2006	29.10.2007	1 Yr 6 Months	
Submission of Mining Plan	13.7.2006	19.3.2007	1Yr 8 Months	
Approval of Mining Plan	13.9.2006	9.1.2008	1 Yr 4 Months	
Application of Previous approval	13.11.2006	1.9.2010	3Yrs 10 Months	
Granting of Previous approval	13.12.2006	27.6.2011	4 Yrs 6 Months	
Application of Forest clearance	13.1.2007	22.9.2008	1Yr 8 Months	
Grant of Forest Clearance	13.7.2007	N	4 Yrs 11 Months	
Application EMP Clearance	13.1.2007	24.8.2008	1Yr 7 months	

Grant of EMP Clearance	13.7.2007	23.12.2010	3 Yrs 5 Month
Grant of Mining Lease	13.1.2008	N	4Yrs 5 Months
Application of Land Acquisition	13.8.2007	14.12.2007	4 Months
Completion of Land Acquisition	13.1.2009	N	3Yrs 5 Months
Application for opening permission	13.5.2009	N	3 Yrs 1 Months
Grant of Opening permission	13.6.2009	N	2 Yrs 12 Months
Coal Production	13.7.2009	N	2 Yrs 11 Months (as on 3/2012)

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

*M/s Nilachal Iron & Power Ltd. and Bajrang Ispat Pvt. Ltd. (Dumri)*

*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. 13.1.2006. IMG also noted that the company has purchased the GR and the mining plan is approved, EC has been obtained. Stage-I clearance FC has been obtained in April 2012 and 203 ha. land is already in possession. Investment made in the coal block as mentioned by the company is Rs. 22 crore, however, CA certificate was not provided. Two end-use plants are linked with the coal block. Both are existing plants and expansion is in various stages. CA certificate in respect of end-use plants was not presented, however, Rs. 162.26 crore investment was reported by M/s Nilachal Iron & Power Ltd. on the end-use plant. M/s Bajrang Ispat Pvt. Ltd./Thakur Prasad Sao & Sons (merged vide order dated 26.9.2007 of Hon'ble High Court of Kolkata) did not appear or submit presentation. During presentation, the lead company M/s Nilachal Iron & Power Ltd. 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 January, 2013. The IMG noted that the normative date of coal production was 13.7.2009. Only FC Stage-II and execution of mining lease are pending at this stage before the company can seek permission for mine opening.*

*Taking into account all factors including substantial progress and investment made, the IMG did not consider it appropriate to recommend de-*




*allocation of the coal block at this stage. However IMG recommends deduction of BG for shortfall in production from the normative date of production i.e. 13.7.2009 as per formula provided in the terms and conditions of allocation.*

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

10. Accordingly, it is decided to **deduct** the proportionate Bank Guarantee furnished by the allocatee companies in respect of **Dumri** coal block in respect of shortfall in production. The Bank Guarantee (BG) to be the extent of **Rs.6.50 crores** (Rupees six crores and fifty lakhs only) be deducted and encashed 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.

11. M/s Nilanchal Iron & Power Ltd. has filed a W.P.(C) No.7235/2012 Vs. Union of India in the Hon'ble High Court of Delhi. The Hon'ble High Court heard the matter on 20.11.2012. The Hon'ble High Court was pleased to dispose the said Writ Petition in with a direction that " if an adverse order is passed, the same will not be given effect for a period of one week." In compliance of the above order, this order is made effective after a period of one week.

Yours faithfully,

  
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Jharkhand, Secretariat, Ranchi.
2. The Secretary, Ministry of Steel, Udyog Bhavan, New Delhi.
3. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata-700001.
4. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to take necessary steps to deduct and encash the Bank Guarantee amount.
- ✓ 5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

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13016/31/2005-CA-I  
Government of India  
Ministry of Coal

Annexure-I  
By Registered Post  
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New Delhi, dated 13<sup>th</sup> January, 2006.

- 5/1/06
1. M/s. Nilachal Iron & Power Ltd.,  
5- F, Everest,  
46/C, Chowringhee Road,  
Kolkata - 700 071.
  2. M/s. Bajrang Ispat (P) Ltd.,  
168, Sukhdev Vihar,  
New Delhi - 110 025.

Subject :- Allocation of the Dumri (explored) block in CCL area to M/s. Nilachal Iron & Power Ltd. and M/s. Bajrang Ispat (P) Ltd. as per option-III.

Sir,

I am directed to refer to the request of M/s. Nilachal Iron & Power Ltd. and M/s. Bajrang Ispat (P) Ltd. for allocation of coal blocks in the CCL 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 Dumri (explored) block jointly to M/s. Nilachal Iron & Power Ltd. as leader and M/s. Bajrang Ispat (P) Ltd. as associate under Option-III to meet their coal requirement of 47 million tonnes and 22 million tonnes respectively. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following conditions :-

- i) The allocation of the Dumuri (explored) block to M/s. Nilachal Iron & Power Ltd. and M/s. Bajrang Ispat Pvt. Ltd. has been made under option-III to meet the coal requirement of their 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 company i.e. sponge iron plants and captive power plants.
- iii) The unexplored northern part of the Dumuri block has also been allocated as additional area to M/s. Nilachal Iron & Power Ltd. and M/s. Bajrang Ispat Pvt. Ltd. This additional part shall be explored in detail by the leader company under the direct supervision of the Central Mine Planning and Design Institute (CMPDIL), Ranchi.
- iv) The mining lease shall be obtained in the name of M/s. Nilachal Iron & Power Limited, the leader company.



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s. Nilachal Iron & Power Limited, the leader company shall make all investments and undertake all mining operations to develop and extract coal from the allocated block.

Production from the mine shall be shared between the leader and the associate through Central Coalfields Ltd (CCL). The associates shall have first right over the production to the extent of his share 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 associate.

- vii) The leader company shall supply the associate's share of coal to the associate company through the CCL at a price to be determined by the Government.
- viii) The Central Coalfields Limited may charge such handling charges to the associate company as may be agreed to under an agreement for undertaking the handling and supply of the coal to the associate company.
- ix) The above two conditions shall be as per an agreement to be signed between the leader company, associate company and the Central Coalfields Limited under Option-III and submitted to the Ministry of Coal in 45 days from the date of this allocation letter. The tripartite agreement shall form part of the mining lease deed to be executed between the leader and the State Government. 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).
- x) Middlings generated in the process of washing the coal shall be used by the leader company and the associate company 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.
- xi) 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).
- xii) The leader company shall buy geological report from CMPDIL within six weeks of the date of this letter.
- xiii) The leader company shall submit a bank guarantee for Rs. 6.50 crores (equal to one year's royalty amount) based on mine capacity of 1 mtpa assessed by CMPDIL, F grade of coal and the weighted average royalty @ Rs. 65 per tonne) within three months of 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.

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. Bajrang Ispat (Pvt.) Ltd., the associate company.

- xv) 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. NIPL 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.
- xvi) 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.
- xvii) 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.
- xviii) 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.
- xix) 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 allocatee or any right or liability arising on the allocatee out of the measures taken by them shall solely be



ent and in no way be transferred to or borne by the Government or its

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M/s. Nilachal Iron & Power Ltd. may approach CMPDIL for the geological report 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.


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, Central Coalfields Ltd., Darbhanga House, Ranchi.
4. Ministry of Steel (Shri Vishwapati Trivedi, Joint Secretary), Udyog Bhawan, New Delhi.
5. The Chief Secretary, Government of Jharkhand, Secretariat, Jharkhand, Ranchi.
6. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta-700001
7. CPAM Section.

  
(Premraj Kuar)  
Section Officer.

Annexure - II

SHOW CAUSE NOTICE

No.13011/ 33/2012-CA-I(Pt.)  
Government of India  
Ministry of Coal

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

To

(i) M/s Nilanchal Iron & Steel Limited

50F, Everest

46/C Chouranghee Road,

Kolkata- 700 071

(ii) M/s Bajrang Ispat Pvt. Limited

168, Subkdev Vihar,

New Delhi -110 025

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

Sir,

I am directed to refer to this Ministry's letter No.31016/31/2005-CPAM/CA-I dated 13.01.2006 conveying allocation of Dumri coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all the





important/critical milestones such as Forest Clearance, Mining Lease and Land Acquisition are pending for Dumri 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	18.1.2007	1 Yr
Submission of Bank Guarantee	13.4.2006	28.10.2007	1Yr 6 Months
Mining Lease Application	13.4.2006	29.10.2007	1 Yr 6 Months
Submission of Mining Plan	13.7.2006	19.3.2007	1Yr 8 Months
Approval of Mining Plan	13.9.2006	9.1.2008	1 Yr 4 Months
Application of Previous approval	13.11.2006	1.9.2010	3Yrs 10 Months
Granting of Previous approval	13.12.2006	27.6.2011	4Yrs 6 Months
Application of Forest clearance	13.1.2007	22.9.2008	1Yr 8 Months
Grant of Forest Clearance	13.7.2007	Pending	4Yrs 8 Months (as on 3/2012)
Application EMP Clearance	13.1.2007	24.4.2008	1Yrs 3 Months
Grant of EMP Clearance	13.7.2007	23.12.2010	3Yrs 5 Months
Grant of Mining Lease	13.1.2008	Pending	4 Yrs 2 Months (as on 3/2012)
Application of Land Acquisition	13.8.2007	14.12.2007	4 Months
Completion of Land Acquisition	13.1.2009	Pending	3 Yrs 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	13.7.2009 (42 Months)	Pending	2 Yrs 8 Months

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 Dumri 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 Dumri coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

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



## DUMRI

Sl No	Items	Remarks
1	Name Of the Block	Dumri (explored) Block
2	Name Of the allocate	M/s Nilachal Iron & Power Ltd. M/s Bajrang Ispat (P) Ltd.
3	Date Of allocation	13-01-2006
4	Important terms and conditions of allocation	The allocation letter dated 13.01.2006 is enclosed.
5	Milestones of allocation /Slippages against Milestones as stated in the SCN	Status of CCO, Kolkata is enclosed.
6	History Previous review / action	<p>Review meeting held on 25/26.03.2008 it was noted that BG was submitted. MP approved. Applied for EMP, FC, land acquisition. JVA not yet finalised . No progress has been made as yet except purchase of GR due to non finalization of tripartite agreement between the block allocatees and CCL. The companies were advised to finalise this without further delay.</p> <p>Review Meeting held on 22/23.06.2009, it was noted that FC, ML, EMP &amp; LA are still pending. Tripartite Agreement with CCL is yet not finalized.</p> <p>Review Meeting held on 20/21.07.2010 FC, ML, EMP &amp; LA are still pending. FC application filed with the State Govt. pending with Secretary (forest) Compensatory land purchased. ML is pending with DGM, GoJH for final execution. The committee was dissatisfied with the development of mine &amp; asked to issue show-cause notice for de-allocation.</p>
7	Condonation of delay or extension of Zero date granted if any and permissible grace 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	A Tripartite Agreement for Coal Supply must be signed before execution of BG.



		<p>Initiated the process by informing CCL vide letter dated <u>6.2.2006</u> i.e. <i>immediately after 24 days of the date of allocation letter</i>) Bankers were very reluctant to open the Bank Guarantee for such a long period in absence of a legally valid agreement. we somehow convinced our reluctant bankers and the Bank Guarantee finally executed on <u>28.10.2007</u> even without the Tripartite Agreement for coal supply. Finally Tripartite Agreement was signed on <u>21.07.2009</u> ( i.e. <i>21 months after the date of submission of Bank Guarantee</i> Delay in obtaining GR - one year. Based on our application for grant of Mining Lease dated <u>29.10.2007</u>, Government of Jharkhand forwarded the same to the Central Govt. for previous Approval on <u>01.09.2010</u>. of 2 yrs. 10 months. <i>Due to absence of a popular government in the State of Jharkhand for 2-3 years, there was a Considerable delay in forwarding our M.L Application by the State Government to the Central Government.</i></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>Dumri coal block in the command area of CCL was allocated by the Central Government jointly to M/s Nilanchal Iron &amp; Power Limited, as leader and M/s Bajarang Ispat Limited, as associate under Option-III to meet their coal requirement of 47 million and 22 million tonnes respectively subject to certain conditions. A letter to CCL was sent on 18.5.2007 asking CMD, CCL to expedite finalization of the Tripartite agreement accordingly as considerable time has already elapsed and has delayed the development of the coal blocks.</p> <p>Mine Plan was submitted by the company on 13.04.2007. The company had submitted 3 copies of MP and the company was asked to submit the 4<sup>th</sup> MP duly signed/authenticate by RQP on 07.05.2007. The Standing Committee approved the MP(march 2007) vide</p>



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meeting held on 12.11.2007 and the approval was conveyed on 9.01.2008

The Mining Lease was received in the Ministry on 07.09.2010. Meanwhile the Review Committee in its Meeting held on 20/21.07.2010 had recommended for issue of Show cause notice to the allocatee company. Also the Tripartite Agreement, as directed by the Ministry vide letter dated 18.05.2007 has not been finalized.

Meanwhile the Ministry received the Tripartite coal supply agreement vide letter of CCL dated 19.08.2009 which has been entered among M/s Nilanchal Iron & Power Limited, M/s Thakur Prasad Sao & Sons Pvt. (Formerly Bagrang Ispat (P)Limited merged with Thakur Prasad Sao && Song (P )Ltd. and M/s CCL. The agreement has been entered into with M/s Thakur Prasad Sao & Sons Pvt. (Formerly Bajrang Ispat (P) Limited merged with Thakur Prasad Sao & Sons (P) Ltd. Vide order dated 26.09.2007 of the Hon'ble High Court of Calcutta. The CPD Section vide letter dated 03.04.2008 has agreed to the Change in name of the company and an order was passed that the project for which linkage has been given remains unaltered and its location is not changed and the condition under which original linkage was given will remain unaltered. Approval of ML was conveyed on 29.06.2011 for 208.32 Ha for coal bearing area. Subsequently, the approval of Central Govt. was conveyed to the revision of ML from 208.21 Ha to 279 Ha. Vide letter date 01.06.2012.



dr.

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

1. Name of Company:- M/s Nilachal Iron & Power Ltd. & Bajrang Ispat Pvt Ltd.
2. Name of Coal Block:- Dumri / OC Mine.
3. Date of Allocation:- 13.1.2006
4. Total investment made (as on 3/2012) :- 22.36 Crores
5. Reserve (Mill Tonnes): 55.988
6. Yearly Rated Capacity:- 1 MTPA
7. Cost of GR:- 1.70 Crores
8. Location: North Karanpura Jharkhand.
9. BG Amount:- 6.5 Crores Valid upto 17.11.2012
10. Type of EUP:- Sponge Iron Plant and Captive Power Plant
11. Location of Project:- Ratanpur, Khandra, Saraikela, JH for NIPL and Rourkela, Odisha for BIPL
12. Capacity of the Project:- 5 LTPA SIP and 40 MW CPP for NIPL and 1.8 LATA SIP for BIPL
13. Explored/Un Explored:- Explored
14. Zero Date:- As per allotment letter Para No (xi) zero date considered 13.1.2006 i.e. from the date of allocation of coal block
15. Previous recommendation: BG deduction.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Status of Exploration in case where exploration is required.	13.4.2008	Not applicable	-	✓ Land Acquisiton:- More than 73% of the total land required which is sufficient for the next 10 - 15 years of mine operation.  Delay in obtaining GR - <b>one year.</b> Previous approval delay:- Based on our application for grant of Mining Lease dated 29.10.2007, Government of Jharkhand forwarded the same to the Central Govt. for previous Approval on <u>01.09.2010</u> of 2 yrs. 10 months.
Purchase of GR	27.2.2006	18.1.2007	1 Yr	
Submission of Bank Guarantee	13.4.2006	28.10.2007	1Yr 6 Months	
Mining Lease Application	13.4.2006	29.10.2007	1 Yr 6 Months	
Submission of Mining Plan	13.7.2006	19.3.2007	1Yr 8 Months	
Approval of Mining Plan	13.9.2006	9.1.2008	1 Yr 4 Months	

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Application of Previous approval	13.11.2006	1.9.2010	3Yrs 10 Months	advised M/s. Nilachal Iron & Power Limited for submission of compliance against the conditions stipulated in the Stage-I clearance letter by MoEF, New Delhi.
Granting of Previous approval	13.12.2006	27.6.2011	4 Yrs 6 Months	
Application of Forest clearance	13.1.2007	22.9.2008	1Yr 8 Months	
Grant of Forest Clearance	13.7.2007	N	4 Yrs 11 Months	
Application EMP Clearance	13.1.2007	24.8.2008	1Yr 7 m	
Grant of EMP Clearance	13.7.2007	23.12.2010	3 Yrs 5 Month	
Grant of Mining Lease	13.1.2008	N	4Yrs 5 Months	
Application of Land Acquisition	13.8.2007	14.12.2007	4 Months	
Completion of Land Acquisition	13.1.2009	N	3Yrs 5 Months	
Application for opening permission	13.5.2009	N	3 Yrs 1 Months	
Grant of Opening permission	13.6.2009	N	2 Yrs 12 Months	
Coal Production	13.7.2009	N	2 Yrs 11 Months (as on 3/2012)	

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EUP:

**NIPL:-**

**Total capacity:** 5.00 LTPA SIP. **Running capacity is 1.85 LTPA.** Existing:-1.25 LTPA(1x350 TPD)DRI/ SIP 1st phase at Saraikela, West Singbhum is operational. **Expansion:-**2nd phase 3.75 LTPA (2x100 TPD) SIP is successfully commissioned and trial run completed. **Proposed:-** Balance 40 MW CPP & 2x100 TPD Kilns to be commissioned in April,2015. EMP clearance obtained in 24.12.09. Financial closure not complete. Ralway siding is coming up to facilitates raw materials.. Construction for the balance project has been started. Majority of land has been acquired and for balance land, company approached JIDCL and Pvt land owners. Finalisation of work order will be done shortly. Installation of major equipment, civil works for phase-II projects have been completed.

**Total cost:- 450 Crs**  
**Investment made:- 162.26 Crs (as per CA)**

Thakur Prasad Sao & Sons (BIPL)

**Existing:-** 0.15 MTPA SIP is already in operation at Rourkela. **Expansion:-** Upto 0.18 MTPA**Proposed:-**8 MW CPP. **Comissioning target:-**Depends upon production from Dumri Block.**EMP clearance and LA completed.**Financial closure not yet completed.

**Investment :-** No information

Major Constraint faced by the block allocates

It was stated that Stage-I forest clearance, Previous approval of ML and Env clearance of the block were obtained. Submission of Previous approval application delayed 2 years at the state level. 206.04 Ha land out of total land 279 Ha have been purchased. CA land handed over to Forest Department of Govt of Jh. Rs. 22.14 Crores invested towards development of the block. Financial closure of the project completed. **Company assured to start mining by Dec.2012.**

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ANNEXURE - IV

1. Name of Company:- M/s Nilachal Iron & Power Ltd. & Bajrang Ispat Pvt Ltd
2. Name of Coal Block:- Dumri / OC Mine.
3. Date of Allocation:- 13.1.2005
4. Normative Date of production:- 13.07.2009 (as per allotment letter)
5. Yearly Rated Capacity:- 1 MTPA (as per mine plan)
6. BG Amount:- 6.5 Crores
7. Recommendation: IMG recommends deduction of BG for shortfall in production from the normative date of production i.e. 13.7.2009 as per formula provided in terms and conditions of allocation.

As per condition of Para-(xv) of the allocation letter No.13016/31/2005-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 Dumri the amount of BG to be deducted on production basis is as under:-

#### Calculation

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

A= Production as per the approved mining plan for the 1<sup>st</sup> year (13.7.2009 to 12.7.2010) = 0.10 MT

B= Actual Production for the 1<sup>st</sup> year (13.7.2009 to 12.7.2010) = 0

C= Peak Rated Capacity= 1 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/CX100 = (0.10-0)/1 \times 100 = 10\%$

X=Amount of BG to be deducted for the 1<sup>st</sup> year= 6.5 Crore  $\times 10/100 =$  Rs. 0.65 Crore

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

A= Production as per the approved mining plan for the 2<sup>nd</sup> year (13.7.2010 to 12.7.2011) = 0.30 MT

B= Actual Production for the 2<sup>nd</sup> year (13.7.2010 to 12.7.2011) = 0

C= Peak Rated Capacity= 1 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/CX100 = (0.30-0)/1 \times 100 = 30\%$

Y=Amount of BG to be deducted for the 2<sup>nd</sup> year = 6.5 Crore  $\times 30/100 =$  Rs. 1.95 Crore

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

A= Production as per the approved mining plan for the 3<sup>rd</sup> year (13.7.2011 to 12.7.2012) = 0.60 MT

B= Actual Production for the 3<sup>rd</sup> year (13.7.2011 to 12.7.2012) = 0

C= Peak Rated Capacity= 1 MT

So, D= Percentage of amount of BG to be deducted =  $(A-B)/CX100 = (0.60-0)/1 \times 100 = 60\%$

Z=Amount of BG to be deducted for the 3<sup>rd</sup> year= 6.5 Crore  $\times 60/100 =$  Rs. 3.9 Crore

Total amount of BG to be deducted on production basis =  $X+Y+Z=0.65+1.95+3.9=$  Rs.6.5 Crore (i.e., full amount of BG)

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Coal Controller