

By Speed Post

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

....

New Delhi, dated 26th November, 2012

To

1. M/s Bhushan Limited
4th Floor,
15-17 Tolstoy House
Connaught Place,
New Delhi – 110 001

2. M/s Mahavir Ferro Alloys Pvt. Limited
Parmar Compound,
Gujratipara (Near Apsar Laundry)
Kacheri Road,
Rourkela- 769 012

Sub: Deduction of Bank Guarantee in respect of Bijahan Coal block allocated to M/ Bhushan Limited and Shri Mahavir Ferro Alloys Pvt. Limited, under Option -III.

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/33/2005-CA-I dated 13th January, 2006 (Annexure-I) and to this Ministry's show cause notice No. 13011/33/2005-CA-I dated 8th October, 2010 (Annexure-II) and to your reply to the show cause notice before the Inter Ministerial Group (IMG) on the above subject.

2. Bijahan coal block was allocated on 13th January, 2006 in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to M/s Bhushan Limited as Leader and M/s Shri Majavir Ferro Alloys Pvt. Limited, as associate under Option –III to meet their coal requirement of 4 mtpa and 1.26 mtpa respectively in Orissa 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 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 company shall submit a bank guarantee for **Rs. 34.19 crores** (equal to one year's royalty amount based on mine capacity of 5.26 mtpa assessed by CMPDIL, grade of coal from F grade 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.

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

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

- (i) In the Review Meeting held on 25/26.03.2008, it was noted that it is an unexplored block. GR has been obtained in 2/5/2007. JV has been signed. Mining Plan is expected approval by March, 2008 end and Land acquisition and other milestones are pending.
- (ii) In the Review Meeting held on 15/16.10.2008, it was noted that after last review meeting Mining Plan has been approve and TOR has been received. Mining Lease , Forest Clearance ,EMP and Land acquisition are pending.
- (iii) In the Review Meeting held on 22/23.06.2009, it was noted that Forest Clearance, EMP, Mining lease and Land acquisition are pending. Forest clearance application has been forwarded to CCF Nodal. Application to the PCB has been made, public hearing is expected shortly. For Land Acquisition under Section 4(1) for two villages has already been issued. The

Company's power plant (EUP) already exists. Expansion of the power plant, for which block is allocated, is going on.

- (iv) In the Review Meeting held on 20/21.07.2010, it was noted that Prior approval of Mining Lease, Forest Clearance, EMP and Land acquisition are pending. Forest Clearance application has been forwarded to PCCF (Nodal) Bhubaneshwar. EMP report submitted to MOEF for EC. For LA notification under Section 6(1) is under process with Govt. of Orissa. The show cause notice was issued.
- (v) The Committee examined the replies on 28th January, 2011 and 4th February, 2011, submitted by the allocatees against the show cause notice issue to the allocatees vide letter dated 08.10.2010 and recommended deduction of Bank Guarantee.
- (vi) In the Review Meeting held on 11/12.01.2012, it was noted that Forest Clearance, EMP, Mining Lease and Land Acquisition are pending. Government of Odhisa has advised to hold the block development due to law and order problem and has advised to start Jamkhani block first.

5. In the meantime, the Government has set up an Inter-Ministerial Group (IMG) under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. The case of the allocatee company was referred to the IMG. Accordingly, the IMG asked the allocatee companies to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the allocatee company gave presentation on **8th September, 2012** before the IMG. The IMG considered the presentation, the status note of the Bijahan 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
Purchase of GR	27.2.2006	2.5.2007	1Yr 3 Months	Previous approval of ML:- Though, we submitted our application on 10.08.2007, it is pending with the Government of Odisha. Lately it is learnt that a reference has been made
Submission of Bank Guarantee	13.4.2006	14.2.2006	Advance	
Mining Lease Application	2.8.2007	10.8.2007	N	
Submission of Mining	2.11.2007	6.12.2007	1 Month	

Plan				<p>by the Government of Odisha to Central Government in July 2012 seeking some clarification.</p> <p>Forest:- The matter is pending in the O/o- Chief Conservator of Forest (Nodal), Bhubaneswar. However, the delay is due to the additional data that was asked for in the form of Geo-reference digital data for the forest plots falling within the boundary and also the demarcation of boundary by Odisha Space Application Centre (ORSAC),</p> <p>Grant of Mining Lease is pending in view of the reference asking some clarification made by Government of Odisha from Government of India.</p> <p>Land:- Alienation of Government Land measuring Ac.353.43 have already been completed.</p> <p>As regards private land, Ac.338.17 in respect of two villages i.e. Girisuan and Jharpalank, the acquisition process has been completed upto under section 7 of L.A Act. and a sum of Rs.20,65,50,449/- has been deposited with IDCO towards Land Cost.</p>
Approval of Mining Plan	2.1.2008	13.8.2008	7 Months	
Application of Previous approval	2.3.2008	N	4 Yrs 1 Months (as on 3/2012)	
Granting of Previous approval	2.4.2008	N	4 Yrs (as on 3/2012)	
Application of Forest clearance	2.5.2008	13.1.2009	8 Months	
Grant of Forest Clearance	2.11.2008	N	3 Yrs 4 Months (as on 3/2012)	
Application EMP Clearance	2.5.2008	7.3.2008	Advance	
Grant of EMP Clearance	2.11.2008	N	3 Yrs 4 Months (as on 3/2012)	
Grant of Mining Lease	2.5.2009	N	2 Yrs 10 Months	
Application of Land Acquisition	2.12.2008	Y	-	
Completion of Land Acquisition	2.5.2010	N	1 Yrs 10 Months	
Application for opening permission	2.9.2010	N	1Yr 6 Months	
Grant of Opening permission	2.10.2010	N	1Yr 5 Months	
Coal Production	2.11.2010	N	1 Yr 4 Months	

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

M/s Bhusan Power & Steel Ltd. & Mahavir Ferro Alloys Ltd. (Bijahan)

The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the latest status paper presented to the IMG. The IMG noted that 7 years have elapsed from the date of allotment i.e. 13.1.2006. IMG also noted that the company has purchased the GR and the mining plan is approved, EC and FC are both pending and only some private land has been obtained for RR colony. Application for land acquisition is still pending. Investment made in the coal block as per CA certificate submitted by the company is Rs. 40 crores which is mainly the money deposited for land acquisition. Both the companies have operationalized their end-use plants. As per CA certificate, the investment reported on the two end-use plants is Rs. 22060 crores and Rs. 280 crores. 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 the end of 2014 whereas normative date of start of coal production is 2.11.2010.

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. The IMG noted that the main reasons cited for the delay was that in 2011 the Govt. of Odisha decided to stop holding public hearing for land acquisition and also asked them not to develop Bijahan block till they had completed development of another block i.e. Jamkhani block. The IMG noted that the normative date of production being 2.11.2010. The aforementioned decisions did not stand in the way of development by 2010. The responsibility of obtaining clearances as per milestones fixed is that of the allocate company and there is provision in the allocation letter for deduction from BG in case of slippages in achievement of milestones. Taking all factors into account the IMG recommends deduction of BG as per the formula provided in the allocation letter from the normative date of production i.e. 2.11.2010.


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

8. It has been decided to deduct the Bank Guarantee furnished by the allocatee companies. The Bank Guarantee (BG) to be the extent of **Rs 6.4995 (Rupees Six crores forty nine lakhs and ninety five thousand only)** be deducted and deposited with the Government. (The calculation of deduction of BG is as per Annexure-IV). This order is without prejudice to any other action what the Ministry of Coal may take/consider appropriate.

9. M/s Bhushan Power & Steel Limited has filed a W.P. (C) No. 7228/2012 against Union of India in Hon'ble High Court of Delhi. The Hon'ble High Court Court vide their order dated 19.11.2012 directed that " in event of any adverse order is passed against the

petitioner, it would not be given effect to for a period of one week." In compliance of the above order, this order is made effective after a period of 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, Bhubaneshwar.
2. The Secretary, Ministry of Steel, Udyog Bhavan, New Delhi.
3. Chairman, Coal India Limited, 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.

S.I. No. 1 (R)
13016/33/2005-CA-I
Government of India
Ministry of Coal
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Annexure-I
By Registered Post

New Delhi, dated 13th January, 2006.

Received
BY BHUSHAN LIMITED
Rajesh Sharma
A.G.M. - Comm.

1. M/s. Bhushan Limited,
4th Floor,
15-17, Tolstoy House,
Tolstoy Marg,
Connaught Place,
New Delhi - 110 001.

2. M/s. Shri Mahavir Ferro Alloys Pvt. Ltd.,
Parmar Compound,
Gujratipara (Near Apsara Laundry),
Kacheri Road,
Rourkela - 769 012.

Subject :- Allocation of the Bijahan block in MCL area to M/s. Bhushan Ltd.
and M/s. Shri Mahavir Ferro Alloys Pvt. Ltd., under Option-III.

Sir,

I am directed to refer to the request of M/s. Bhushan Ltd. and M/s. Shri Mahavir Ferro Alloys Pvt. Ltd., for allocation of coal blocks in the MCL 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 Bijahan coal block jointly to M/s. Bhushan Ltd. as leader and M/s. Shri Mahavir Ferro Alloys Pvt. Ltd. as associate under Option-III to meet their coal requirement of 4 mtpa and 1.26 mtpa respectively. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(ii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following conditions :-

- i) The allocation of the Bijahan coal block to M/s. Bhushan Ltd. and M/s. Shri Mahavir Ferro Alloys Pvt. 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 company i.e. sponge iron plants and captive power plants.
- iii) The mining lease shall be obtained in the name of M/s. Bhushan Limited, the leader company.
- iv) M/s. Bhushan Ltd., the leader company shall make all investments and undertake all mining operations to develop and extract coal from the allocated block.

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- ②
- v) Production from the mine shall be shared between the leader and the associate through Mahanadi Coalfields Ltd. (MCL). The associate 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.
 - vi) The leader company shall supply the associate's share of coal to the associate company 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 company as may be agreed to under an agreement for undertaking the handling and supply of the coal to the associate company.
 - viii) The above two conditions shall be as per an agreement to be signed between the leader company, associate company 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, associate 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 company for power generation in their own power plants i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatees. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
 - 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 within six weeks from the date of this letter.
 - xii) The leader company shall submit a bank guarantee for Rs. 34.19 crores (equal to one year's royalty amount based on mine capacity of 5.26 mtpa assessed by CMPDIL, grades of coal from F grade 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.

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- ③
- 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. Shree Mahavir Ferro Alloys Ltd., the associate company.
- 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 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.
- xvii) 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 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 Kumar)
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 Kumar)
Section Officer

Annexure-II

SPEED POST

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

Shastri Bhawan, New Delhi
Dated the 8th October, 2010

To

- (i) M/s Bhushan Limited
4th Floor,
15-17 Tolstoy House,
Tolstoy Marg,
Connaught Place,
New Delhi - 110 001
- (ii) M/s Mahavir Ferro Alloys Pvt. Limited
Parmar Compound,
Gujratipara (Near Apsara Laundry),
Kacheri Road,
Rourkela- 769 012

Subject- Show cause notice for inordinate delay in development of Bijahan coal block.

Sir,

I am directed to refer to this Ministry's letter No. 13016/33/2005-CA-I dated 13.01.2006 conveying the allocation of **Bijahan coal block jointly to M/s Bhushan Limited as leader and M/s Mahavir Ferro Alloys Pvt. Limited as associate** to meet their coal requirement for 4 mtpa and 1.26 mtpa respectively for captive use in their specified end use projects. This allocation is in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act 1973 subject to certain conditions. One of the conditions of the allocation of the block was that the coal production shall commence within 36 months in case of open case mine and 48 months in case of UG mine from the date of allocation letter.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of M/s Bhushan Limited and M/s Mahavir Ferro Alloys Pvt. Limited. The progress of the block was reviewed in this Ministry under the Chairmanship of Hon'ble Minister (Coal) on 21.09.2006 and in view of unsatisfactory progress, a show cause notice was issued on 19.12.2006. In the review meeting held on 22nd and 23rd June, 2009 the company representatives assured to start coal production by March, 2011.

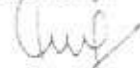
3. However, in the review meeting held on 20-21.07.2010, it was noticed that there was no visible progress made by the company to develop the coal block. It is seen that the company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	27.2.2006	2.5.2007	1Yr 3 Months
Submission of Bank Guarantee	13.4.2006	14.2.2006	
Mining Lease Application	2.8.2007	10.8.2007	Pending
Submission of Mining Plan	2.11.2007	6.12.2007	-
Approval of Mining Plan	2.1.2008	13.8.2008	7 Months
Application of Previous approval	2.3.2008		Pending
Granting of Previous approval	2.4.2008		Pending
Application of Forest clearance	2.5.2008	13.1.2009	8 Months
Grant of Forest Clearance	2.11.2008		Pending
Application EMP Clearance	2.5.2008	7.3.2008	
Grant of EMP Clearance	2.11.2008		Pending
Grant of Mining Lease	2.5.2009		Pending
Application of Land Acquisition	2.12.2008		
Completion of Land Acquisition	2.5.2010		Pending
Application for opening permission	2.9.2010		Pending
Grant of Opening permission	2.10.2010		Pending
Coal Production	2.11.2010		Pending

4. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 30 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 Bijahan 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 deallocation of the said coal block.

✓ Mr. M. C. Singh

Yours faithfully,



(S.K. Singh)
Section Officer

Annexure - III

STATUS OF BIJAHAN COAL BLOCK

Sl No	Items	Remarks
1	Name Of the Block	Bijahan block
2	Name Of the allocate	M/s Bhushan Ltd. And M/s Shri Mahavir Ferro Alloys Pvt. Limited.
3	Date Of allocation	13 th January, 2006
4	End -use Plant and capacity	Sponge iron plants and captive power plants Capacity: Bhushan Limited :- 4 mtpa Shri Mahavir Ferro Alloys Pvt. Limited :- 1.26 mtpa Investment made in coal block (upto 30.06.2012) :- Rs. 40.70 crores Investment made in EUP (upto 30.06.2012):- Rs. 22060.88 Crores by Bhushan Limited Rs. 282.36 Crores by M/s Shri Mahavir Ferro Alloys Pvt. Limited Land Acquisition :- Government Land measuring Ac. 353.43 has already been completed. For Private Land Ac. 338.17 payment has been deposited. For Private land Ac. 437 is pending.
5	Important terms and conditions of allocation	The allocation letter dated 2.9.2005 is enclosed.
6	Milestones of allocation /Slippages against Milestones as stated in the SCN	Status of CCO, Kolkata is enclosed.
7	History Previous review / action	Review Meeting was held on 20/21.07.2010 and it was noted that Mining Lease, Forest Clearance, EMP & Land Acquisition were still pending. The Forest Clearance application has reportedly been forwarded to PCCF (Nodal), Bhubaneswar, EMP report submitted to MOEF for FC and LA notification under Section 6(1) is under process with Govt. of Orissa.
8	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for Condonation is pending with the Ministry	NO
9	Litigation any orders of the court , if any	NO
10	Summary of reply of the	The mining lease application was submitted on 10.08.2007



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	company including reasons for delay	<p>as against the scheduled date of 02.08.2007. Application submitted on 10.08.2007, it is pending with the Government of Odisha, The Government of Odisha has sought some clarification from Central Government in July, 2012.</p> <p>The matter is pending in the O/o Chief Conservator of Forest (Nodal), Bhubaneswar, the delay is due to the addition data that was asked for in the form of Geo-reference digital data for the forest plots falling within the boundary and also the demarcation of boundary by Odisha Space Application Centre (ORSAC).</p> <p>The Environment Clearance from Ministry of Environment & Forest is pending for the want of Public Hearing to be of the decision taken in various meetings mainly in Rehabilitation & Peripheral Development Advisory Committee (RPDAC) meeting.</p> <p>Pending in view of the reference asking some clarification made by Government of Odisha from Government of India. Government land measuring Ac 353.43 has already been completed. For Private land Ac. 338.17 payment has been deposited.</p> <p>Private land Ac. 437 is pending.</p> <p>Production will start within 6 months of obtaining the mining lease.</p> <p>The company representative stated that law and order problem is the main hurdle to start the coal production. He informed that Orissa Government advised them to start Jamkhani coal block first then Bijhahan.</p>
10	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 plant linked with the mine has been set up by both the allocates. However, delay in development of coal block occurred due to State agencies.




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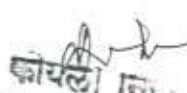
June
Updated Status of Coal Block as on .2012
(As per report furnished by Block owners)

13. Name of Company:- M/s Bhusan Power & Steel Ltd. & Mahavir Ferro Alloys Ltd.
 14. Name of Coal Block:- Bijahan / OC Mine.
 15. Date of Allocation:- 13.1.2006 ✓
 16. Total Project Cost:- 250 Crore
 17. Investment made (june.12) 40.7 Crores
 18. Reserve (Mill Tonnes): 189
 19. Yearly Rated Capacity:- 5.26 MTPA
 20. Cost of GR:- 4.85 Crores
 21. Location: IB Valley, Odisha.
 22. BG Amount:- 34.19 Crores Valid upto 6.11.12
 23. Type of EUP:- Sponge Iron Plant and Captive Power Plant ✓
 24. Location of Project:- Sambalpur, Odisha.
 25. Capacity of the Project:- 1.02 MT Sponge Iron Project and 260 MW CPP for Bhusan Power & Steel 3.5 LTPA SIP & 60 MW CPP for Mahavir Ferro Alloys
 26. Explored/Un Explored:- Explored
 27. Zero Date: As per allotment letter Para No (x) zero date considered 13.1.2006 i.e. from the date of allocation of coal block

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks
Purchase of GR	27.2.2006	2.5.2007	1Yr 3 Months	Previous approval of ML:- Though, we submitted our application on 10.08.2007, it is pending with the Government of Odisha. Lately it is learnt that a reference has been made by the Government of Odisha to Central Government in July 2012 seeking some clarification. Forest:- The matter is pending in the O/o- Chief Conservator of Forest (Nodal), Bhubaneswar. However, the delay is due to the additional data that was asked for in the form of Geo-reference digital data for the forest plots
Submission of Bank Guarantee	13.4.2006	14.2.2006	Advance	
Mining Lease Application	2.8.2007	10.8.2007	N	
Submission of Mining Plan	2.11.2007	6.12.2007	1 Month	
Approval of Mining Plan	2.1.2008	13.8.2008	7 Months	
Application of Previous approval	2.3.2008	N	4 Yrs 1 Months (as on 3/2012)	
Granting of Previous approval	2.4.2008	N	4 Yrs (as on 3/2012)	
Application of Forest clearance	2.5.2008	13.1.2009	8 Months	
Grant of Forest Clearance	2.11.2008	N	3 Yrs 4 Months (as on 3/2012)	
Application EMP Clearance	2.5.2008	7.3.2008	Advance	
Grant of EMP Clearance	2.11.2008	N	3 Yrs 4 Months (as on 3/2012)	
Grant of Mining Lease	2.5.2009	N	2 Yrs 10 Months	
Application of Land Acquisition	2.12.2008	Y	-	
Completion of Land Acquisition	2.5.2010	N	1 Yrs 10 Months	
Application for opening	2.9.2010	N	1 Yrs 10 Months	

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permission				falling within the boundary and also the demarcation of boundary by Odisha Space Application Centre (ORSAC). Grant of Mining Lease is pending in view of the reference asking some clarification made by Government of Odisha from Government of India. Land:- Alienation of Government Land measuring Ac.353.43 have already been completed. As regards private land, Ac.338.17 in respect of two villages i.e. Girisuan and Jharpalank, the acquisition process has been completed upto under section 7 of L.A Act. and a sum of Rs.20,65,50,449/- has been deposited with IDCO towards Land Cost.
Grant of Opening permission	2.10.2010	N	1Yr 5 Months	
Coal Production	2.11.2010	N	1 Yr 4 Months	

Status of additional Milestones as per decision of IMG meeting held on 03.7.2012

a) Infrastructure development	As per site inspection carried out by OSD Office, Kolkata & CCO Office Dhanbad, it was reported that <ul style="list-style-type: none"> • Approach road of 8 KM length and 6 mts width constructed from Chhatabar to coal block. • RCC/PCC drain on both side of road constructed. • Huge Nos. of flat constructed in R & R colony for displaced villagers. • Electrification done at R & R site. • Water takn at R & R site constructed. • One school building and health centre constructed at R & R site.
b) Status of Exploration, in cases where exploration is required	Explored block

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c) Financial closure for Investment in mining project	<ul style="list-style-type: none"> Total project cost for captive coal mining project:- 250 Crores Investment made as on March.2012:- 35.00 Crores
d) Opening of Escrow A/c for mine closure	Opening of Escrow A/c with CCO for mine closure has not yet completed
e) Slippage from peak rated capacity	Production is not yet started
f) Engagement of MDO	No information is available.

EUP:-

Bhusan Steel & Power Ltd.

Total capacity:- 1.02 MTPA Existing:- 2X500 TPD and 260 MW CPP in operation. Expansion:- 4X500 TPD SIP is installed (6.8 LTPA Capacity SIP) Proposed:- Balance 2X500 TPD and 130 MW CPP are under installation.

Investment of EUP:- 22,060.88 Crs (as per CA)

Mahavir Feror Alloys

Proposed:- Total proposed capacity is 0.35 MTPA Steel Plant and 60 MW CPP at Sundargarh Orissa to be developed in a phased manner. Existing:- 0.1 MTPA SIP & 12 MW CPP is existing. And rest in a phased manner as per the development of Bijahan coal blocks. Financial closure 160 Crs completed.

Investment of EUP:- 282.36 Crs (as per CA)

Major Constraint faced by the block allocates

It was stated that Collector, Sundergarh forwarded certificate to DFO under FR Act,2006 on March.12 which in turn submitted to RCF in April, 12. MOEF issued guidelines to forward FDP with differential GPS in shape file and digital map duly approved by State Govt in 8.7.2011. Agency has been finalized to conduct DGPS survey and approval granted by ORSAC to conduct DGPS survey on May.12. Public hearing for EMP is pending because of decision taken in RPDAC meeting held in Nov.11.Out of 438.53 acres Govt land , 353.43 acres land has been sanctioned. The company representative stated that law and order problem is the main hurdle to start the coal production. He informed that Orissa Govt advised them to start Jamkhani coal block first then Bijahan.

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BG deduction calculation as per IMG recommendation in the meeting held on 15.09.2012

1. Name of Company:- M/s Bhusan Power & Steel Ltd. & Mahavir Ferro Alloys Ltd.
2. Name of Coal Block:- Bijahan (Explored)
3. Date of Allocation:- 13.1.2006
4. Normative Date of production:- 02.11.2010 (as per allotment letter)
5. Yearly rated capacity (MTPA):- 5.26 (as per approved mine plan)
6. BG Amount submitted:- 34.19 Crores
7. Recommendation: IMG recommends deduction of BG as per formula provided in the allocation letter from normative date of production i.e, 2.11.2010

As per condition of Para-(xiv) of the allocation letter, 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 Bijahan, the amount of BG to be deducted on production basis is as under:-

Calculation

Deduction for 1st year

A= Production as per the approved mining plan for the 1st year (2.11.2010 to 1.11.2011) = 1 MT

B= Actual Production for the 1st year (2.11.2010 to 1.11.2011) = 0

C= Peak Rated Capacity= 5.26 MT

So, D= Percentage of amount of BG to be deducted for the 1st year (2.11.2010 to 1.11.2011) = $(A-B)/C \times 100 = (1-0)/5.26 \times 100 = 19.01\%$

X= Amount of BG to be deducted for 1st year = $34.19 \text{ Crores} \times 19.01/100 = 6.4995 \text{ Crores}$

Deduction for 2nd year

2nd year (02.11.2011 to 01.11.2012) ends on 01.11.2012 which is not reached as on Oct'2012. Hence, deduction of BG amount may not be done for this year.

So, Y= Amount of BG to be deducted for 2nd year = 0

Total amount of BG to be deducted on production basis = $X+Y=6.4995+0= \text{Rs.} 6.4995 \text{ Crores}$

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