

By Speed Post

**F.No 47011/1(28)/2001-CPAM- CA-I(Vol.II)
Government of India
Ministry of Coal**

New Delhi, dated 5th March, 2014

To

M/s Tenughar Vidyut Nigam Limited
Hinoo, Doranda, Ranchi – 834002
Jharkhand.

Subject: Introduction and submission of Bank Guarantee in respect of Badam coal block in the State of Jharkhand allocated to M/s Tenughat Vidyut Nigam Limited -Regarding.

Sir,

I am directed to refer to this Ministry's allocation letter No.47011/1(28)/2001-CPAM/CA dated 3rd November, 2003 (**Annexure -I**) and to this Ministry's show cause notice No. 47011/1(28)/2001-CPAM (Vol.II) dated 17th June, 2013 (**Annexure- II**) and your reply to the show cause notice and the Presentation made/ documents submitted by you on 24th and 25th October, 2013 before the Inter Ministerial Group (IMG) on the above subject.


2. Badam coal block in the State of Jharkhand as allocated to M/s Tenughat Vidyut Nigam Limited on 3rd November, 2003. The Screening Committee had agreed to identify Badam coal blocks in the State of Jharkhand and had decided to allocated the same to meet the coal requirement in the proposed Phase -II (3 x 210) expansion power projects/ power plant to be sent up during the X Plan subject to subject to certain conditions. On the conditions of allocation is as below:

“3 (x) Violation of any of the conditions will render the allocation of the block/ grant of the lease as the case may be liable for cancellation.”

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

(i) In the Review Committee Meeting held on 20/21.07.2010 the Committee noted that important/critical milestones such Forest Clearance and Land Acquisition are still pending. A show cause notice was issued on 29.09.2010. M/s TVNL vide its letter No. 780/20-11 dated 21.10.2010 had replied to the

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show cause notice dated 29.09.2010. The reply was considered by the Review Committee and the reasons given for the delay were not found convincing. Therefore, with the approval of the competent authority, it had been decided to issue warning to M/s TVNL in respect of Badam Coal block. A warning letter was issued on 07.07.2011.

(ii) In the Review Committee meeting held on 11/12.01.2012 the Committed noticed that the progress of Badam coal block allocated to the company was not satisfactory. The Committee expressed concern over the unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.

4. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the chairpersonship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. IMG has 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. IMG in its 18th meeting held on 01.05.2013 *inter alia* considered the status of the development of the Badam coal block prepared by the Coal Controller's Organisation (CCO) as on 31st December, 2012 and noted that no significant progress has been made by your company towards development of the coal block. It has been noticed that a number of important/critical milestones are pending. Keeping in view the unsatisfactory progress, IMG recommended issuing show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government. A show cause notice was issued on 17th June, 2013.

5. The case of the allocatee company was referred to IMG. Accordingly, the IMG gave opportunity to the allocatees company to make the Presentation before it on the progress of development of allocated coal block and associated end use project. The representatives of the allocatees company gave presentation on 23rd/24th October, 2013 before the IMG. The IMG considered the presentation and associated EUP prepared by Ministry of Coal and Coal Controller's Organisation (June 2013) (**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 (as on June'13)	Remarks	Special observation
Purchase of GR	18.12.2003	17.12.2003	N		

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	(45 days)				
Submission of Bank Guarantee	NA	Not applicable		As BG introduced from June 2007(Govt)	
Mining Lease Application	3.2.2004 (3 months)	26.5.2005	1Yr 3 Months		
Submission of Mining Plan	3.5.2004 (6 months)	9.8.2004	3 Months		
Approval of Mining Plan	3.7.2004 (8 months)	24.8.2006	2 Yrs 1month		
Application of Previous approval	3.9.2004 (10 months)	19.7.2007	2Yrs 10 Months		
Granting of Previous approval	3.10.2004 (11 months)	4.12.2007	3 Yrs 2 months		
Application of Forest clearance	3.11.2004 (12 months)	17/29.11.2005	1 Yrs		
Grant of Forest Clearance	3.5.2005 (18 months)	Pending	8yr 1 months	Stg-II is pending.	
Application EMP Clearance	3.11.2004 (12 months)	23.4.07	2Yrs 5 Months		
Grant of EMP Clearance	3.5.2005 (18 months)	13.3.2008	2 Yrs 10 Months		
Grant of Mining Lease	3.11.2005 (24 months)	18.7.11	5 Yrs 8 month		
Application of Land Acquisition	3.6.2005 (19 months)	19.11.2005	5 Months		
Completion of Land Acquisition	3.11.2006 (36 month)	Pending	6 Yrs 7 Months		
Application for opening permission	3.3.2007 (40 months)	9.8.2011	4 Yrs 5 months		
Grant of Opening	3.4.2007 (41	Pending	6Yrs 2 Months	Due to Stage-II forest clearance.	

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permission	months)			
Coal Production	3.5.2007 (42 months)	Pending	6 yr 1 months	Slow Progress


6. After detailed deliberations, the IMG made its recommendation to **imposition of Bank-Guarantee (BG) on the allocatee in order to expedite the production from Badam coal block.** The recommendations made by the IMG are as follows:-

“The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply of the block allocatee to the show cause notice issued, status report of CCO, presentation made by the allocatee company on 24.10.2013 along with the status paper presented to the IMG.

IMG noted that as per CCO’s status report, GR had been purchased, mining plan approved, previous approval of mining lease granted by MoC, Environment clearance, Forest clearance (Stage-I) obtained and mining lease has been executed. However, forest clearance (Stage-II) and a part of land acquisition are pending. There have been delays in achieving milestones.

The IMG considered the reply of the allocatee to the show cause notice wherein the allocatee has mainly stated that the major delays were beyond the control of TVNL. The JV Company namely Tenughat EMTA Coal Mines Ltd. for mining of coal was formed and Gazette Notification in the name of JV company was obtained from MoC on 16.07.2004. The environment clearance was delayed due to local agitation and could only be obtained on 13.03.2008. As regard land acquisition, the allocatee stated that there were issues of diversion of forest land and acquisition of Govt. and Raiyti land. JV Company has since made full payment for transfer of all types of land. Mining Lease could be obtained on 14.09.2012 as it involved forest land. Stage-II forest clearance is yet to be granted by MoEF. The application for mine opening permission was submitted to CCO on 09.08.2011 but it is held up due to forest clearance. The company also informed that there is a court case going on in respect of the ownership of company between Bihar and Jharkhand States, which also had a bearing on the pace of development of the coal block. The commissioning of EUP is expected by 2015-2016.

As per Chartered Accountant (CA) certificate submitted by the company, investment in coal block till 30.06.2013 is Rs.57.54 cr. No certificate for EUP was submitted.

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Recommendation: Taking into account the facts brought before it including the fact that EC and FC (Stage-I) has been granted, Mining Lease executed for non-forest land, the ongoing litigation regarding ownership of the company between the Government of Bihar and the Government of Jharkhand as well as the fact that against scheduled date of production of 03.05.2007, mine is not yet opened, IMG recommends imposition of Bank Guarantee (BG) on the allocatee in order to expedite the development and production from the coal block. ”

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

8. Accordingly, it is decided to direct that the Bank Guarantee be furnished by the allocatee company. The Bank Guarantee (BG) as calculated by Coal Controller's Office to the extent of **Rs. 52.50 Crore (Rupees fifty two Crores and fifty lakhs only)** equal to one year royalty is to be deposited in the Office of the Coal Controller, Kolkata. (The calculation of BG to be imposed is given in **Annexure -IV**).

Encls: As above.

Yours faithfully,


(S.K. Shahi)
Director
Tel. 23382807

Copy to:-

1. The Chief Secretary, Government of Jharkhand, Secretariat, Ranchi.
2. The Secretary, Ministry of Power, Shram Shakti Bhawan, New Delhi.
3. The Coal Controller's Organisation, 1, Council House Street, Kolkata, for necessary action at their end
4. The Chairman, Coal India Limited, 10- Netaji Subhash Road, Kolkata.
- ✓ 5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

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Annexure - I

No.47011/1(28)/2001-CPAM/CA
Government of India
Ministry of Coal

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New Delhi, dated the 3rd November, 2003.

To

M/s Tenughat Vidyut Nigam Limited,
Hinoo, Doranda,
Ranchi-834 002,
Jharkhand.

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by
23/11/03
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Subject:- Allocation of Badam captive coal block for their proposed Phase-II(3X210) expansion power projects/power plants during the X Plan to M/s. Tenughat Vidyut Nigam Limited.

Sir,

I am directed to refer to your letters dated the 0.1.2001, 2.1.2002, 19.2.2002, 6.4.2002, 26.4.2002, 2.5.2002, 13.8.2002, 31.8.2002, 4.9.2002, 27.10.2002, 31.1.2003, 19.2.2003, 28.2.2003, 13.3.2003, 2.5.2003, 23.5.2003 and 31.5.2003 on the above subject and to say that your proposal for allocation of captive coal blocks for meeting the coal requirement of your proposed Phase-II (3X210) expansion power projects / power plant to be set up during the X Plan was considered in the 20th meeting of the Screening Committee held on 6.6.2003. The Screening Committee has agreed to identify Badam coal block in the State of Jharkhand and has decided to allocate the same to meet the coal requirement in your proposed Phase-II (3X210) expansion power projects/ power plant to be set up during the X Plan

The allotment of Badam coal block is subject to the following conditions :-

- (i) The coal mined from this block shall exclusively be used by the company to meet the requirement of their proposed phase-II (3X210) expansion power projects /power plant during the X Plan.
- (ii) The setting up of the proposed expansion programme should be completed by the company by October, 2006 and coal production from the captive mine will start in February, 2007 as per the bar charts submitted by the company.
- (iii) The coal mining will be done in accordance with the provisions of Mines & Minerals (Development & Regulation) Act, 1957 and Mineral Concession Rules, 1960 and subject to the provisions of other relevant statutes.
- (iv) Allocation of coal block may be cancelled in case of unsatisfactory progress of implementation of their proposed end use plants, development of captive coal mine or any of them.

(S-6) [Signature]

3. The allotment of the captive blocks will also be subject to the following conditions:-

- (i) The end use for which coal mined from the captive block should be utilized and all the conditions imposed by the Central Government mentioned in this letter conveying offer by the Screening Committee of captive block to M/s. Tenughat Vidyut Nigam Ltd., may be clearly specified in the mining lease.
- (ii) All the conditions imposed by the Central Government while conveying the previous approval to the State Government under Section 5(1) of the Mines and Minerals (Development & Regulation) Act, 1957 for grant of mining lease in favour of captive mining party should clearly form part of the lease deed to be executed between the concerned State Government and the party.
- (iii) In case the captive block has been offered for washing-cum-end use, the deed must clearly specify that the beneficiated coal from the washery will exclusively be used for the end use (power generation) as approved by the Central Government and not for commerce or otherwise. Tailings, middlings or rejects, as the case may be, shall be used for captive consumption only by the applicant as approved by the Central Government.
- (iv) The allocatee would furnish to this Ministry detailed plan for disposal of unusables containing carbon materials obtained during the process of mining or any process thereafter including washing etc. so as to avoid any need for disposal of the same through sale etc. at a later stage, within 30 days of receipt of this letter or submission of mining plan whichever is earlier.
- (v) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purpose (power generation) except with the previous approval of the Central Government in writing.
- (vi) There should be complete synchronization between the captive coal mining operations and the development of end-use (power generation) plant so that no situation arises where the company is left with coal extracted from the captive block when the end-use plant is yet to be operational.
- (vii) Approval of mining plan shall be considered only after financial closure for the end use project is achieved.
- (viii) Existing coal linkage from CIL/SCCL, if any, would not be disturbed in any way with the coal mined from the allocated block.
- (ix) Further, detailed exploration of the block, if required, shall be carried out by CMPDIL or under its direct supervision, on payment basis by the applicant.

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(x) Violation of any of the conditions will render the allocation of the block/ grant of the lease as the case may be liable for cancellation.

4. The progress in the end use project and the development of the allocated block should be reported to this Ministry every 3 months from date of issuance of this letter.

5. The company may approach CIL for more detailed information, geological report etc. and contact the State Government authorities concerned for completing the necessary formalities for attaining mining lease rights and related matters. The company will be required to apply for mining lease within a period of six months. The arrangement of transport of coal, if any, etc. 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,

(Signature)
(B. Gulati)
Director

Copy to:-

Handwritten note:
10/1/20

1. Chairman, Coal India Ltd., 10-Netaji Subhas Road, Kolkata - 700 001.
2. Chairman-cum-Managing Director, CMPDIL, Gondwana Place, Kanke Road, Ranchi - 834 008.
3. Chairman-cum-Managing Director, Central Coalfields Ltd., Darbhanga House, Ranchi - 834 001.
4. Ministry of Railways, Railway Board (Sh. M.S. Mathur, Joint Director (TP)) Rail Bhawan, New Delhi.
5. Ministry of Power (Attn. Shri Ajay Shankar, Joint Secretry), Shram Shakti Bhawan, New Delhi.
6. Chief Secretary, Govt. of Jharkhand, Secretariat, Ranchi.

(Signature)
(S.K.Kakkar)

e/c Under Secretary to the Government of India

Annexure-II

**SHOW CAUSE NOTICE
BY SPEED POST**

No. 47011/1(28)/2001-CPAM/CA(Vol.II)
Government of India
Ministry of Coal

.....

New Delhi, dated 17th June, 2013

To

The Chairman and Managing Director,
M/s Tenughat Vidyut Nigam Limited
Hinoo, Doranda
Ranchi- 834 001
Jharkhand

Subject: Show cause notice in respect of Badam coal block.

Sir,

I am directed to refer to this Ministry's letter No. 47011/1(28)/2001-CPAM/ CA dated 3rd November, 2003 conveying allocation of **Badam** coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions including stop of coal production from the captive mine from February, 2007.

2. In order to expedite the development of the coal block, review meetings were held from time to time. In the review meeting held on 11/12.01.2012, it was noticed that the progress of the **Badam** coal block allocated to company was not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.

3. In the meantime, the Government constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the chairpersonship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. 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. IMG in its 18th meeting held on 01.05.2013 inter alia considered the

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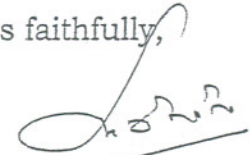
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status of the development of the Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31st December, 2012 and noted that no significant progress has been made by your company towards development of the **Badam** coal block. The IMG noted that grant of Forest Clearance, completion of Land Acquisition and application for mine opening permission are still pending in your case. Keeping in view the unsatisfactory progress, IMG recommended issuing show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

4. Under the above circumstances, you are hereby called upon to show cause, on various stages for development of coal block, to this Ministry within a period of **20 days** from the date of issue of this show cause notice as to why the delay in the development of coal block should not be held as violation of the terms and conditions of the allotment of **Badam** coal block failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for de-allocation of **Badam** coal block.

5. You are also requested to furnish a detailed status note on the progress of end use plant (EUP) for which the above mentioned coal block was allocated to you.

Yours faithfully,



(S.K. Shahi)
Director.

Tel: 23382807

a/c

Copy to:

- (i) The Coal Controller, Coal Controller Organisation, Kolkata.
- (ii) NIC, M/o Coal for uploading the letter on Ministry's website .

17-6-13

Coal Controller Office, Kolkata

Updated Status of Coal Block as on June 2013
(As per Status report submitted by the company)

1. Name of Company:- M/s. Tenughat Vidyut Nigam Ltd.
 2. Name of Coal Block:- Badam (Explored)/Govt
 3. Name of Owner/Address etc.:- R. Ranjan, EEE(Coal), Tenughat Vidyut Nigam Ltd.
 Hinoo, Doranda, Ranchi-834 002, Jharkhand
 4. Date of Allocation:- 3.11.2003
 5. Location: North Karanpura, Jharkhand
 6. Project cost :- Not available
 7. Total investment made Cr (As per CA report) Rs. 44.33 Cr.
 8. Reserve (Mill tonnes):- 144.63
 9. Mineable Reserve:- 90.5 MT
 10. Yearly rated capacity (MTPA):- 3
 11. Grade of Coal:- E
 12. Cost of GR:- Rs. 1.71 Cr.
 13. BG Amount :- Not applicable (BG was introduced in June,2007).
 14. Type of EUP:- Power
 15. Location of Project:- Lalpania, Jharkhand
 16. Capacity of Project:- 3x210 MW Expansion Coal based TP Project
 17. Explored/Un explored:- Explored
 18. Type of Mine :- OC
 19. Zero Date:- 3.11.2003 (As per block allocation letter)
 20. Previous Recommendation, if any:- Caution notice issued by MOC as per decision of review meeting dated 11/12.1.2012. Again in 18th IMG held on 01.05.2013 advised to issue show cause notice.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on June'13)	Remarks	Special observation
Purchase of GR	18.12.2003 (45 days)	17.12.2003	N		
Submission of Bank Guarantee	NA	Not applicable		As BG introduced from June 2007(Govt)	
Mining Lease Application	3.2.2004 (3 months)	26.5.2005	1Yr 3 Months		
Submission of Mining Plan	3.5.2004 (6 months)	9.8.2004	3 Months		
Approval of Mining Plan	3.7.2004 (8 months)	24.8.2006	2 Yrs 1month		
Application of Previous approval	3.9.2004 (10 months)	19.7.2007	2Yrs 10 Months		
Granting of Previous approval	3.10.2004 (11 months)	4.12.2007	3 Yrs 2 months		
Application of Forest clearance	3.11.2004 (12 months)	17/29.11.2005	1 Yrs		
Grant of Forest Clearance	3.5.2005 (18 months)	<i>Pending</i>	8yr 1 months	Stg-II is pending.	

Clearance	(12 months)				4
Grant of EMP Clearance	3.5.2005 (18 months)	13.3.2008	2 Yrs 10 Months		
Grant of Mining Lease	3.11.2005 (24 months)	18.7.11	5 Yrs 8 month		
Application of Land Acquisition	3.6.2005 (19 months)	19.11.2005	5 Months		
Completion of Land Acquisition	3.11.2006 (36 month)	<i>Pending</i>	6 Yrs 7 Months		
Application for opening permission	3.3.2007 (40 months)	<i>9.8.2011</i>	4 Yrs 5 months		
Grant of Opening permission	3.4.2007 (41 months)	<i>Pending</i>	6Yrs 2 Months	Due to Stage-II forest clearance.	
Coal Production	3.5.2007 (42 months)	<i>Pending</i>	6 yr 1 months		Slow Progress

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	28.11.12
Infrastructure development	As per site inspection carried out by OSD Office, Ranchi, it was reported that Yes
Activities related to coal transportation	• NO
Presence of mining equipment.	• No.
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	Company has done some CSR activities such as for renovation of the temple and distribute blanket in villages.
Engagement of MDO	• No information is available

Other details and constraint faced by the block allocates

Forest clearance:- Stage-I clearance received in Sept, 2010. NPV has been deposited. Compensatory afforestation land has been arranged and same has been approved by State Govt. **Cost of 133.56 Ha compensatory land has been deposited to Additional Collector, Pakur on 28.5.13.** Balance 12.58 Ha of CA land has been arranged in district of Hazaribagh which will be handed over to the forest department.

Mining Lease: ML executed and registered at Hazaribagh on 18.7.11 for non forest area of 97.23 Ha. ML for forest land 123.6 Ha approved by State cabinet in 26.6.12. **ML in forest land will be executed after obtaining of Stage-II clearance.**

Tot land: 491 Hec. Pvt land: 126.82 Hec. Forest land;- 151.99 Hec.

- **R & R Issue:** Proposal for same has been asked by PCCF which is being finalized after deliberation with concerned villagers.
- **Coal evacuation:** Consent from both DFO Hazaribagh & Ramgarh has to be obtained only after submission of required relevant proposals with road maps etc and gram sabha to be conducted and proposal for proceedings of gram sabha have been prepared and submitted for Hazaribagh.
- **EUP:-** 2x201 MW Lalpania expansion thermal power project. Commissioning of new project likely to be started in 2015-16. Coal shall be consumed by TVNL in 2*210 MW units as CCL is unable to supply coal for full generation till commissioning of new units.
- **Investment made (As per CA report) :-** 0.99 Cr.

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1. Name of Company:-M/s Tenughat Vidyut Nigam Ltd.
2. Name of Coal Block:- Badam
3. Date of Allocation:- 03.11.2003
4. Normative Date of production:-03.05.2007
5. Yearly Rated Capacity:- 3 MTPA
6. Grade of Coal:- C-E
7. BG Amount:- To be determined on the basis of one year royalty as per practice
8. Recommendation: IMG recommends imposition of Bank Guarantee on the allocatee in order to expedite the production from coal block.

Calculation of average GCV of coal

Grade	A	B	C	D	E	F	G	TOTAL	Remarks
Grade wise Yield (MT)			6.84	52.78	28.91	1.97		90.50	
(%) share of Reserve			7.56	58.32	31.94	2.18		100	
GCV Range for respective grade (K cal/kg)	Exceeding 6454	6049-6454	5597-6049	5089-5597	4324-5089	3865-4324	3113-3865		As per MOC's Chart (copy enclosed)
Average GCV for respective grade (K cal/kg)			5823	5343	4706	4095			
Weighted average GCV (K cal/kg)			440.22	3116.03	1503.1	89.27		5148.62	*

*Weighted Average GCV = (%) Share of Reserve x Average GCV for respective grade/100

Total of weighted average GCV= 5148.62 Kcal/Kg.

Price/Tonne for GCV of 5148.62= Rs.1250/- (As per CIL Notification No.CIL:S&M:GM (F):Pricing:235 dt.27.05.2013)

Royalty/Tonne=Rs.1250 x 14% = Rs.175/- (Royalty rate = price x 14% as per gazette notification No. G.S.R.349(E) dt.10.05.2012)

The Royalty for Peak rated capacity of 3 MT/year=Rs. 175x3 Million =Rs.525 Million = Rs.52.50 Crore
 Bank Guarantee may be asked to submit for one year royalty=Rs.52.50 Crore (Rupees fifty two crores and fifty lakhs only)

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