

No.47011/1(2)/2003-CPAM/CA-I [Vol.II]

Government of India

Ministry of Coal

Shastri Bhawan, New Delhi

Dated : the 22nd April, 2016

To,

Shri Anjani Kumar, Coal Controller,
Coal Controller Organisation,
1, Council House Street,
Kolkata -700 001.

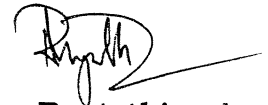
Subject : Invocation of Bank Guarantee in respect of Ardhagram coal block earlier allocated to M/s Sova Ispat Limited and M/s Jai Balaji Sponge Limited.

Sir,

I am directed to refer to the subject mentioned above and to say that it was decided by this Ministry to review the issue of invocation/release of BG of Ardhagram coal block by the Inter-Ministerial Group (IMG) for the delay in development of coal blocks until it were held by the prior allottees. The IMG in its 34th meeting held on 08.01.2016 had observed that in case of Ardhagram Coal block 50% BG was linked with milestones and 50% was production linked. The IMG observed that the delay in development of Ardhagram coal block was not attributable to the prior allottees. Rather some delay was on the part of Government /its agencies. Similarly, there was no lag in production. Accordingly, the IMG had recommended to invoke **NIL** amount from the BG submitted by prior allottees in respect of Ardhagram coal block. The said recommendation of the IMG has been accepted by the Government.

2. In view of the above, BG submitted by the prior allottee(s) may be returned. Action taken report may be furnished to this Ministry at the earliest.

Yours faithfully,



[Rishan Ryntathieng]

Under Secretary to the Government of India

Copy to :-

- 1 The Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
- 2 The Managing Director, M/s Sova Ispat Limited, EN 32, Sector V, Salt Lake, Kolkata- 700 091.
- 3 The Managing Director, M/s Jai Balaji Industries Limited, 5, Berntinck Street, 1st Floor, Kolkata 700 001.
- 4 The Nominated Authority, Ministry of Coal.
- 5 TD, NIC, Ministry of Coal for uploading this letter on the web-site of Ministry of Coal.

(35)
Coal Controller Office, MOC/Kolkata
Status of the captive Coal Block as on 24th Sept.2014

1. Name of Coal Block:-
 2. Name of the Company:-
 3. Date of Allocation:-
 4. Total Project Cost:-
 5. Investment Made
 6. Reserve (Mill Tonnes):
 7. Grade of Coal:-
 8. Yearly Rated Capacity:-
 9. Cost of GR:-
 10. Location:
 11. BG Amount:-
 12. Type of EUP:-
 13. Explored/Un Explored:-
 14. Type of Mine (OC/UG/Mixed):-
 15. Zero Date:-
 16. Previous Recommendation, if any-

Ardhagram
 Sova Ispat Ltd
 06.12.2007

Geological Reserve- 109.60, Extractable- 17.52
 A-G
 0.4 MTPA
 9.72Crores
 Mejia, Bankura
 Rs. 5.37 Cr. Validity 09.03.2016
 SIP
 Explored

06.12.2007 (as per condition of allocation letter zero date considered i.e. from the date of allocation)
Recommended to issue show case notice in the review meeting held in June, 2010.
 Details of milestone to be achieved and time lapsed against each milestone are as under as per the status report furnished by the company as on September. 2014:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	Remarks	Special Observation
Purchase of GR	21.1.2008	21.1.2008	-		
Submission of Bank Guarantee	6.3.2008	12.12.2007	-		
Mining Lease Application	06.03.2008	29.02.2008	-		
Submission of Mining Plan	06.06.2008	05.05.2008	-		
Approval of Mining Plan	06.08.2008	17.11.2008	2 months		
Application of Previous approval	06.11.2008	Not applicable		Transfer of Govt. land from ECL.	

Granting of Previous approval	06.11.2008	Not applicable			
Application of Forest clearance	06.12.2008	30.05.2008	-		
Grant of Forest Clearance	06.06.2009	Pending	5yrs 3 months		Delay due to State Forest Deptt.
Application EMP Clearance	06.12.2008	18.02.2008	-		
Grant of EMP Clearance	06.06.2009	23.03.2010	9 months		Delay at Govt level
Grant of Mining Lease	6.12.2009	09.08.2011	1 year 8 months		Delay at State Govt. level
Application of Land Acquisition	06.09.2008	09.02.2008	-	Most of the private land has already been acquired through direct purchase	
Completion of Land Acquisition	6.06.2010		Continuous process		
Application for opening permission	6.4.2011	27.04.2012	1 Yr		Delay in Grant of ML
Grant of Opening permission	6.5.2011	05.06.2012	1 Yr 1 month		
Coal Production	6.6.2011	24.11.2012(OC)	1 Yr 5 months		

This is a producing block. Coal production started on and from 24.11.2012 for Open Cast Mines.

Calculation of Deduction of BG

1. Name of Company:- M/s. Sova Ispat Ltd & Jai Balaji Sponge Ltd.
2. Name of Coal Block:- Ardhagram
3. Date of Allocation:- 06.12.2007
4. Yearly Rated Capacity:- 0.4 MTPA
5. BG Amount:- Rs. 5.37 cr.
6. Normative date of production: 06.06.2011 (Production started in Nov, 2012)

As per condition the allocation letter 50% of BG linked to milestone and 50% linked to production.

YEAR	TARGET(in MT) as per MP	ACHIEVMENT(in MT)	PRC(in MT)	(%) BG deduction	Original BG amount(in crore)(50% of Total BG)	Deductable amount(in crore)
	1=T	2=A	3=P	4=(T-A)/P*100	5=B	6=5x4/100
2012-13	0	0.089	0.4	-22.25	2.685	-0.5974125
2013-14	0	0.276	0.4	-69	2.685	-1.85265
2014-15	0	0.41	0.4	-102.5	2.685	-2.752125
Total						-5.2021875

Amount of BG deduction for production may be Nil

(a) BG deduction on the basis of achievement of Mile stone

Sl No.	Mile Stones	Weight (in %)	Actual Status	Marks obtained	Remarks
1	Purchase of GR	5	Completed	5	
2	Submission of Bank Guarantee	8	Completed	8	
3	Mining Lease Application	7	Completed	7	
4	Submission of Mining Plan	10	Completed	10	

5	Approval of Mining Plan	10	Completed	10	
6	Application of Previous approval	6	Completed	6	
7	Granting of Previous approval	5	Completed	5	
8	Application of Forest clearance	8	Completed	8	
9	Grant of Forest Clearance	5	Not Completed	5	
10	Application EMP Clearance	8	Completed	8	
11	Grant of EMP Clearance	5	Completed	5	
12	Grant of Mining Lease	5	Completed	5	
13	Application of Land Acquisition	8	Completed	8	
14	Completion of Land Acquisition	4	Completed	4	
15	Application for opening permission	2	Completed	2	
16	Grant of Opening permission	2	Completed	2	
17	Production	2	Completed	2	
	TOTAL	100		100	

Total Bank Guarantee amount: 5.37 Cr.

A= 50% of BG = 2.685 Cr.

Score obtained for achieving of mile stone = 100 %

B=Score obtained for not achieving of mile stone = (100-100)=0%

BG to be deducted for not achieving Milestones = A x B = 2.685 x 0 %= NIL

Total amount of BG to be deducted on (production lagging + Milestones slippage) = NIL.