

File No NA-203/10/2022-NA
Government of India
Ministry of Coal
Office of Nominated Authority

R.No. 120, F-Wing, Shastri Bhawan,
New Delhi, Dated: August 21, 2023

FINAL COMPENSATION ORDER

Subject: In accordance with the Coal Mines (Special Provisions) Act, 2015, this correspondence addresses the set-off/Adjustment of compensation against the Fixed Amount/allotment sum for the Utkal B1 Coal Mine.

Utkal B1 Coal Mine was previously allocated to M/s Jindal Steel & Power Limited. Subsequently, After the Hon'ble Supreme Court of India's cancellation, the mine was vested on October 10, 2022, to M/s Jindal Steel & Power Limited (as a part of Utkal-B1 and Utkal-B2 coal blocks). The Coal Mines Development and Production Agreement (CMDPA), executed on August 17, 2022, between the Nominated Authority and M/s Jindal Steel & Power Limited, under the Coal Mine (Special Provisions) (CMSP) Act 2015 and rules made thereunder. Significantly, Utkal B1 coal mine's prior allottee and successful allottee are identical, namely M/s Jindal Steel & Power Limited.

2. Coal Mines (Special Provisions) Ordinance 2014 was brought in by Union of India, which was later substituted by Coal Mines (Special Provisions) Act, 2015. The Act and the Rules made thereunder provide for allocation of the 204 coal mines, provision of compensation to the prior allottees (whose allocation was cancelled) and other ancillary and incidental matters.

3. As per Section 16 (3) of the CMSP Act 2015, when the successful allottee is the prior allottee, any compensation owed to the prior allottee can be set off or adjusted against the auction or allotment sum paid by the successful allottee. This provision aims to streamline transactions and prevent unnecessary financial exchanges within the same entity.

As per Section 16 (3) of the CMSP Act, 2015, (3) If the successful bidder or allottee is a prior allottee of any of the Schedule I coal mines, then, the compensation payable to such successful bidder or allottee shall be set off or adjusted against the auction sum or the allotment sum payable by such successful bidder or allottee, as the case may be, for any of the Schedule I coal mine

4. Further attention is drawn to Section 12(1) of the CMSP Act, 2015, which states that

"(1) The secured creditors of the prior allottees which had any security interest in any part of the land or mine infrastructure of a Schedule I coal mine shall be entitled to— a) continue with such facility agreements and security interest with the prior allottee if such prior allottee is a successful bidder or allottee; and

(2) The Central Government shall, taking into consideration the provisions contained in section 9, prescribe the manner in which the secured creditor shall be paid out of the compensation in respect of any prior allottee".

5. The secured creditor may/may not choose to continue with facility agreements and security interest. Thus before setting or adjusting the Fixed amount under Section 16(3) and 12(1), it was necessary to

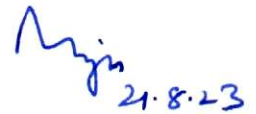
confirm that the secured creditor have chosen to continue with the facility agreements and security interest with the prior allottee (also the successful allottee) for the said mine.

6. Prior to implementing the set-off under Sections 16(3) and 12(1), confirmation from secured creditors regarding their willingness to continue facility agreements and security interests was essential.

7. Given the congruence of the prior allottee and successful allottee for Utkal B1 coal mine, i.e., M/s Jindal Steel & Power Limited, a notice dated 28.01.2016 (copy enclosed) was issued by the Nominated Authority to comply with the provisions of the CMSP Act, 2015's provisions regarding compensation adjustments. Accordingly, an affidavit dated July 17, 2023 was submitted by M/s Jindal Steel & Power Limited to the O/o Nominated Authority undertaking that there are no encumbrances / mortgages / charges / loans under any debt facility with any secured creditors to M/s. JSPL (prior to cancellation of coal blocks by Hon'ble Supreme Court in the year 2014. M/s Jindal Steel & Power Limited also provided the undertaking that if any revenues, taxes, cess, additional levy and rates are due from them to Central Government or a State Government or to a local authority, the same shall be payable by them.

8. In accordance with Section 9 of CMSP Act, 2015 and Rule 15 of the CMSP Rules, 2014, unpaid portions of secured debt must be settled prior to compensating for land and mine infrastructure of Schedule I coal mines. Despite inviting claims from secured creditors, Government of India, State Government(s), and Local Authorities for Utkal B1 coal mine vide Notices dated 21.11.2022 and 19.06.2023, no responses have been received.

9. Considering the above, compensation for Utkal B1 coal mine is stands set off/ adjusted against the auction or allotment sum in accordance with the provisions of CMSP Act, 2015.



(M Nagaraju)

Additional Secretary & Nominated Authority

Enclosure:

1. Invitation of claim from secured creditors dated 21.11.2022 & 19.06.2023
2. M/s JSPL's affidavit of undertaking dated 17.07.2023
3. O/o NA vide letter dated 28.11.2022
4. O/o NA notice dated 28.01.2016

To,

1. The Managing Director, M/s Jindal Steel & Power Limited, Jindal Centre, 12, Bhikaiji Cama Place, New Delhi - 110 066, Email: info@jindalsteel.com
2. Shri Vipin Sharma, Associate Vice President, Jindal Steel & Power Limited, Jindal Center, 12, Bhikaiji Cama Place, New Delhi-110066.

Copy to:-

1. The Coal Controller, Coal Controllers' Organisation, 1, Council House Street, Kolkata.
2. U.S, P&S II (For Kind information).
3. Sr.T.D, NIC, MoC with request to upload this on the website of MOC.