

**No. CCT-17012/2/2022-CCT**  
**Government of India**  
**Ministry of Coal**

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Room No. 622A, Shastri Bhawan,  
New Delhi, Dated: 7<sup>th</sup> February, 2024

To,  
**The Chairman,**  
**Coal India Limited, Kolkata.**

**Sub: Approval for equity Investment by Coal India Limited (CIL) to form two Joint Ventures (JV) Companies with Bharat Heavy Electricals Limited (BHEL) and Gas Authority of India Limited (GAIL) for undertaking Coal Gasification projects beyond the limits of 30% as stipulated by DPE guidelines for Maharatna CPSEs-reg.**

I am directed to convey the approval of the President of India on the following equity investment proposal **by Coal India Limited (CIL)**:

(a) Equity Capital of ₹1,997.08 Crores ( $\pm 25\%$ ) by CIL considering a Debt-Equity Ratio of 70:30, 51% Equity Investment in JV Company with an estimated Project Capex of ₹13,052.81 Crore (accuracy of  $\pm 25\%$ ) for the proposed Coal-to-Synthetic Natural Gas (SNG) at ECL command area through JV of CIL and GAIL.

(b) Equity Capital of ₹1,802.56 Crore ( $\pm 25\%$ ) by CIL considering a Debt-Equity Ratio of 70:30, 51% Equity Investment in JV Company with an estimated Project Capex of ₹11,782.05 Crore (accuracy of  $\pm 25\%$ ) for the proposed Coal-to-Ammonium Nitrate (AN) at MCL command area through JV of CIL and BHEL.

(c) Equity Investment by CIL beyond 30% of its Networth in the JV of CIL-GAIL as at (a) above, and in JV of CIL-BHEL as at point (b) above.

2. These projects are to be implemented by 2028-29.

3. The above approvals are with respect to terms and condition mentioned in the Cabinet Note. A gist of the approved Cabinet Note is enclosed herewith for reference.

  
(Hitlar Singh)

Under Secretary to the Govt. of India.  
Email: hitlar.singh85@nic.in

Copy for information and necessary action to:-

1. Secretary, Department of Expenditure, Ministry of Finance, New Delhi.
2. CEO, NITI Aayog, New Delhi
3. Cabinet Secretariat [Shri SGP Verghese, Joint Secretary], New Delhi
4. CMD, NLCIL, Neyveli, Tamilnadu
5. CMD, GAIL, New Delhi
6. CMD, BHEL, New Delhi
7. Dy. Controller of Accounts, Ministry of Coal, New Delhi
8. IF Division, Ministry of Coal, New Delhi

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9. Director, NIC, MoC - with request to upload it on the website of Ministry of Coal.

## Gist of Approved Cabinet Note

CIL is working towards setting up two Coal-to-Chemical (**C2C**) Projects at its subsidiaries of ECL and MCL through JVs with GAIL and BHEL respectively. MOUs for these two proposed JVs have been signed on **12.10.2022**. PFR has been prepared to arrive at the total Project Cost of implementation using low ash coal in one location, viz., Synthetic Natural Gas (SNG) Project in ECL through JV with GAIL as the proposed pipeline of GAIL is passing nearby the project area. Pre-Feasibility Reports (PFR) has also been prepared for setting up Coal-based Ammonium Nitrate Project using high ash coal in MCL through JV with BHEL based on the indigenous Fluidised Bed Gasification Technology developed by BHEL. MCL has acquired entire 350 Acre (approx.) land for the proposed plant at Jharsuguda district and ECL has acquired 190 Acre land out of required 250 acre of tenancy land at Sonepur Bazari for proposed plant at Burdwan district.

2. The CIL Board, on 19.04.2023, has inter-alia accorded 'In-principle' approval to the following, subject to obtaining certain approvals from Government of India, as detailed below:

- a) 'PFR' for setting up of Coal-to-SNG Project at ECL command area through a JV of **CIL & GAIL** at an estimated project cost of ₹13,052.81 Crore ( $\pm 25\%$ ) considering a **debt : equity** ratio of up to **70:30**. The estimated equity investment by CIL in the JV company will be between 49% and 51% which shall be in the range of **₹1,918.76 Crore** ( $\pm 25\%$ ) to **₹1,997.08 Crores** ( $\pm 25\%$ ).
- b) 'PFR' for setting up of Coal-to-Ammonium Nitrate Project at MCL command area through a JV of **CIL & BHEL** at an estimated project cost of ₹11,782.05 Crore ( $\pm 25\%$ ) considering a **debt : equity** ratio of up to **70:30**. The estimated equity investment by CIL will be between 49% and 51% which shall be in the range of **₹1731.96 Crores** ( $\pm 25\%$ ) to **₹1,802.56 Crores** ( $\pm 25\%$ ).

3. The CIL Board, on 29.12.2023, has also accorded approval for draft JV agreement between CIL & BHEL with JVC structure as 51% (CIL) and 49% (BHEL) and between CIL & GAIL with JVC structure as 51% (CIL) and 49% (GAIL).

4. The rationale for preliminary choice of aforesaid products is as hereunder:
- a) **Synthetic Natural Gas (SNG):** Fertilizer industry is one of the major demand centres for Natural Gas (NG). Currently, the average annual NG consumption by Urea Sector in the country is around 12 million metric tonnes, of which almost 80% is being sourced through imports. SNG to be produced at Coal-to-Chemical Plants of CIL may substitute the NG imports in Urea Sector.
  - b) **Ammonium Nitrate (AN):** Ammonium Nitrate is a key raw material for preparation of various types of explosives extensively used in the mining industry. Currently, the average annual AN consumption in the country is around 1 million metric tonnes, of which almost 60% is consumed by CIL alone. As such, the AN to be produced at CIL will be primarily utilized for captive consumption.
5. With a view to implement the both above projects, CCEA has approved the following proposal on 24.01.2024 :
- a) Equity Capital in the range of ₹1,996.8 Crore ( $\pm 25\%$ ) to ₹1,997.08 Crores ( $\pm 25\%$ ) by CIL considering a Debt-Equity Ratio of 70:30, and between 49% to 51% Equity Investment in JV Company with an estimated Project Capex of ₹13,052.81 Crore (accuracy of  $\pm 25\%$ ) for the proposed Coal-to-Synthetic Natural Gas (SNG) at ECL command area through JV of CIL and GAIL.
  - b) Equity Capital in the range of ₹1,731.96 Crore ( $\pm 25\%$ ) to ₹1,802.56 Crore ( $\pm 25\%$ ) by CIL considering a Debt-Equity Ratio of 70:30, and between 49% to 51% Equity Investment in JV Company with an estimated Project Capex of ₹11,782.05 Crore (accuracy of  $\pm 25\%$ ) for the proposed Coal-to-Ammonium Nitrate (AN) at MCL command area through JV of CIL and BHEL.
  - c) Approval for Equity Investment by CIL beyond 30% of its Net-worth in the JV of CIL-GAIL as at point (a) above, and in JV of CIL-BHEL as at point (b) above.