

MOST IMMEDIATE / BY SPEED POST

No.47011/1(18)/2000-CPAM/CA (Part-I)
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated : the 4th August, 2016

To,

M/s. Corporate Ispat Alloys Ltd.,
EN1, Insignia Tower, 3rd Floor,
Salt Lake, Sector-V, Kolkata.

Subject : Withdrawal of Show Cause Notice issued on 16.01.2015 for delay in development of Chitarpur coal block based on the recommendations of the 28th IMG meeting – reg.

Sir,

I am directed to refer to this Ministry's letter No.47011/1(18)/2000-CA-I dated 05.12.2012 regarding deduction of Bank Guarantee (BG) in respect of Chitarpur coal block and letter of even number dated 19.02.2014 regarding review of coal block by the IMG in its 24th meeting and letter No.13016/17/2014-CA-I (Vol.III) dated 04.08.2015 on the above-mentioned subject and to say that as per allocation letter of Chitarpur coal block, upon approval of the mining plan the BG amount was to be modified based on the final peak/rated capacities of mine. Revised Mining Plan of Chitarpur coal block was approved and conveyed to your company on 15.05.2012 and peak rated capacity was enhanced from 2 MTPA to 3.45 MTPA. As per the enhanced peak rated capacity in the revised mining plan, your company was required to submit BG of Rs.23.94 crores instead of 13.88 crores submitted initially.

2. Based on the recommendations of 10th IMG and its acceptance by the Government, vide letter dated 05.12.2012 your company was communicated deduction of BG amounting to Rs.10.41 crores for shortfall in production. However, the said amount of Rs.10.41 crores was calculated based on the initial BG submitted by your company and not on the enhanced BG to be submitted after approval of the Revised Mining Plan. Accordingly, the BG deduction calculations have been got revisited by this Ministry from CCO which comes to Rs.23.94 crores (copy of BG deduction calculations enclosed).

3. In view of the above, in continuation of this Ministry's letter of even number dated 04.08.2015, it has been decided to deduct BG amounting to Rs.23.94 crores in respect of Chitarpur coal block as per recommendations of the IMG in its 10th meeting and its acceptance by the Government.

4. However, in view of W.P. No.762/2014 filed by your company before Hon'ble Jharkhand High Court, it is informed that the invocation/realization of BG shall be done only after bringing it to Hon'ble High Court's notice and obtaining its directions.

Yours faithfully,

Encl : As above.



[RISHAN RYNTATHIANG]

Under Secretary to the Government of India

Tel : 23073936

Copy for information and necessary action :-

1. The Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
2. The Coal Controller, No.1, Council House Street, Kolkata.
3. Technical Director, NIC, MoC with the request to get this letter uploaded on the website of Ministry of Coal.
4. Legal Cell, Ministry of Coal, Shastri Bhawan, New Delhi.

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1. Name of Company:- M/s. Corporate Ispat & Alloys Ltd.
 2. Name of Coal Block:- Chitarpur (Explored)
 3. Date of Allocation:- 2.9.2005
 4. Yearly rated capacity (MTPA):- 2 (as per allotment letter & mining plan)
 5. Revised yearly rated capacity (MTPA):- 3.45 (as per revised mining plan)
 6. Actual BG Amount submitted Rs. 13.88 Crores (as per allotment letter)
 7. Modified BG Amount is required to submit on the basis of revised PRC of 3.45 MTPA is Rs. 23.94 crore (weighted average royalty @Rs. 69.39 per tonne X PRC 3.45 MTPA or Rs. 239.4 million or Rs. 23.94 crore)
 8. Recommendation: IMG recommends that the BG equivalent to shortfall in production from normative date of production i.e. 2.3.2009 may be deducted as per the terms and conditions of the allocation letter.

As per condition of Para-(viii) of the allocation letter No.47011 (18)/2000-CPAM/CA dated 2.9.2005, 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 Chitarpur Coal Block, the amount of BG to be deducted on production basis is as under:-

Deduction for 1st year

A= Production as per the approved mining plan for the 1st year (2.3.2009 to 1.3.2010) = 0.49 MT
 B= Actual Production for the 1st year (2.3.2009 to 1.3.2010) = 0
 C= Peak Rated Capacity= 3.45 MT
 So, D= Percentage of amount of BG to be deducted = (A-B)/CX100 = (0.49-0)/3.45x100 = 14.20%
 Y1=Amount of BG to be deducted for the 1st year = 23.94 CroreX14.20/100 = Rs.3.3995 cr

Deduction for 2nd year

A= Production as per the approved mining plan for the 2nd year (2.3.2010 to 1.3.2011) = 3.37 MT
 B= Actual Production for the 2nd year (2.3.2010 to 1.3.2011) = 0
 C= Peak Rated Capacity= 3.45 MT
 So, D= Percentage of amount of BG to be deducted = (A-B)/CX100 = (3.37-0)/3.45x100 = 97.68%
 Y2=Amount of BG to be deducted for the 2nd year = 23.94 CroreX97.68/100 = Rs. 23.3846 cr

Total amount of BG to be deducted =Y1+Y2= Rs.(3.3995+23.3846) cr =Rs. 26.78407 cr

It is seen from the above calculation, that deductible amount already exceeds Rs. 23.94 crore (modified amount as per revised mine plan) in first two years. So, Rs. 23.94 crore is liable for deduction, though actual BG submitted by the company is Rs. 13.88 crore.

BB
14/7/14

D.P.B.
14-07-2014

J.
14/7

Chitra
14/7/2014

Chitra
21/07/2014

