

BY SPEED POST

No.13016/33/2007-CA-I
Government of India
Ministry of Coal

New Delhi, dated : 3rd May, 2016

OFFICE MEMORANDUM

Subject : Invocation of Bank Guarantee in respect of **Sial Ghoghri** coal block earlier allocated to M/s. Prism Cement Ltd.

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M/s Prism Cement Limited were allocated Sial Ghoghri coal block for cement plant in the State of Madhya Pradesh vide allocation letter No.38011/11/2006-CA.I dated 29th May, 2007 and a Performance Bank Guarantee was submitted in terms of the allocation letter for timely development and production of coal from the block. However, it was noticed that prior allottee, M/s Prism Cement Ltd. did not develop the block as per the timelines in terms of the allocation letter. Accordingly, a show cause notice was issued vide this Ministry's letter No.13016/17/2014-CA-I dated 16th January, 2015 to M/s Prism Cement Ltd. as to why the BG submitted with the Government should not be deducted for delay in development of coal block until the block was held by the company and for not adhering to the milestones chart prescribed for the block development. M/s Prism Cement Ltd. submitted their representation vide letter No.NIL dated 21.01.2015. Their reply was considered in the 34th IMG meeting held on 08.01.2016. It was observed that in case of Sial Ghoghri coal block, 100% BG was linked to production and CCO has given the mine opening permission. The uniform principle adopted for determination of BG amount to be deducted for any lag in production is as follows:

"In the BG amount determined to be deducted for lag in production, the financial year in which mine opening permission was granted by CCO, will be considered as the first year and targeted production for that year may be calculated on pro-rata basis of production schedule mentioned in the approved mining plan. The BG determined to be deducted for lag in production in subsequent year may be calculated as per schedule of production given in mining plan for each year of production vis-à-vis actual coal production. If the coal produced by the prior allottee(s) in some specific year is more than the PRC of that particular year, the

same may be adjusted to compensate the prior allottee(s) for any lag in production in previous or subsequent year(s) of production."

2. The BG calculation details/sheet as per the above principle in respect of Sial Ghoghri coal block is enclosed at **Annexure**. The BG deduction amount accordingly comes to **Rs.1.395 Crores**.

3. Accordingly, CCO is directed to invoke **Rs.1.395 Crores** from the Bank Guarantee furnished by prior allottees of **Sial Ghoghri** coal block and deposit the same in the relevant Government Account. The remaining BG, if any, be returned to prior allottee(s). Action taken report may be furnished to this Ministry at the earliest.

Encl: as above.



[Rishan Ryntathiang]

Under Secretary to the Government of India

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

Copy to :-

1. The Managing Director, M/s Prism Cement Ltd., No.305, Laxmi Niwas Apartments, Ameerpet, Hyderabad-500016.

2. Nominated Authority, Ministry of Coal, World Trade Tower, Barakhamba Road, New Delhi [with the direction to adjust the amount of BG from the compensation to be paid to the prior allottees as per provisions of CM(SP) Act, 2015 and Rules made thereunder, in case of non-validity/lapse of BG].

3. The Director (Technical), NIC, Ministry of Coal for uploading this order in the Website of Ministry of Coal.

ANNEXURE

BG Deduction Calculation
Updated Status of Coal Block as on Sept 2014

BG deduction calculation in respect of Sial Ghogri coal block

1. Normative date of production: 22.02.2012
2. Date of granting opening permission: 21.03.2012
3. Date of commencement of production : regular production not started
4. Amount of BG: Rs.2.79 crore

5. BG condition: 100% linked to production

As opening permission was granted on 21.03.2012, 2012-13 is considered as 1st year of production

YEAR	TARGET(in MT) as per MP	ACHIEVMENT(in MT)	PRC(in MT)	(%) BG deduction	Original BG amount(in crore)	Deductable amount(in crore)
	1=T	2=A	3=P	4=(T-A)/P*100	5=B	6=5x4/100
2012-13	0	0	0.3	0	2.79	0
2013-14	0	0	0.3	0	2.79	0
2014-15	0.15	0	0.3	50	2.79	1.395
Total						1.395

Amount of BG deduction may be Rs. 1.395 crore



(RISHAN RYNTATHIANG)
Under Secretary to the Government of India