



By Speed Post

F.No 13016/09/2004-CA-I (Part)

Government of India

Ministry of Coal

New Delhi, dated 15th November, 2012

To

**The Chairman-cum-Managing Director,
M/s Shree Virangana Steels Pvt. Ltd.
SS-3, Golden Palace, Nagpur-440010,
Maharashtra.**

16th

Sub: Deduction of Bank Guarantee in respect of Marki Mangli II, III and IV Coal blocks allocated to M/s Virangana Steels Pvt. Ltd.

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/9/2004-CA-I dated 6th September, 2005 (**Annexure-I**) and to this Ministry's show cause notice of even number dated 29th September, 2010 (**Annexure-II**) and to your reply to the show cause notice and the Presentation made/documents submitted by you on 8th September, 2012 before the Inter Ministerial Group (IMG) on the above subject.

2. **Marki Mangli II, III and IV Coal blocks** were allocated on 6th September, 2005 under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to **M/s Virangana Steels Pvt. Ltd.** to meet their coal requirement 3 ltpa capacity sponge iron project and 25 MW captive power generation at Umred in Nagpur district of Maharashtra subject to the terms and conditions of the said allocation letter. In the allocation letter it has been mentioned that:-

Allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- (a) Unsatisfactory progress of implementation of their end use sponge iron plant/power plant.
- (b) Unsatisfactory progress in the development of coal mining project.
- (c) For breach of any of the conditions of allocation.

The De-allocation/ cancellation of mining lease shall be without any liability to the Govt. or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatees out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Govt. or its agencies.

3. In respect of Bank Guarantee, the allocation has clearly mentioned that the allocatee company shall submit a bank guarantee for Rs. 4.8 crores (equal to one year's royalty amount based on mine capacity of 0.565 mtpa assessed by CMPDIL, average D grade coal and the weighted average royalty @ Rs. 85 per tonne) within three months

from the date of issue of this letter. Subsequently, upon approval of mining plan, the Bank Guarantee amount will be modified based on the final peak/rated capacity of the mine.

(a) The progress of the mine will be mentioned annually with respect to the approved mine plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee 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 the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35, then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the bank guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease.

(b) The allocattee shall ensure that the bank guarantee remains valid at all times till the mine reaches its rated capacity or till the bank guarantee is exhausted.

4. The progress of allocated coal block as well as linked/associated end use project has been reviewed by the Ministry through a inter-Ministerial Review Committee from time to time wherein the allocattee company give presentation in respect of the development made by the company with reference to the milestones prescribed in the allocation letter during which it was noted as following:-

i) In the review meeting held on 15/16.10.2008, it was noticed that land acquired for Marki Mangli-III coal block. Previous approval is lying with Ministry of Coal. Company representative assured that on receipt of ML, mining activity will start in Marki Mangli-III. Land acquisition for other blocks pose major hurdle. Expected to commence production in 2009 for Marki Mangli-III coal block.

ii) In the next review meeting held on 22nd and 23rd June, 2009, the Committee noticed that the progress was very slow and very unlikely to start production as per the commitment. Chairman asked to start production from Marki Mangli-III block. The company assured to start coal production by April, 2010.

iii) Subsequently, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal block as Stage -I FC, EMP, ML and LA are pending. For 163 acres of land purchased for compensatory afforestation. Land acquisition for blocks has started through private negotiation. Land acquired for Marki Mangli-III. EUP is existing. The Committee was dissatisfied with the development of mine and asked to issue show cause notice for de-allocation. A show cause notice was issued. The Reply submitted by the allocattee was considered by the Review Committee and the Committee recommended for deduction of Bank Guarantee.

5. In the meantime, the Government has set up on 21.06.2012 an Inter-Ministerial Group (IMG) under the Chairpersonship of Additional Secretary (Coal), Ministry of Coal having members from Ministry of Power, Ministry of Steel, Ministry of Commerce & Industry, Department of IPP, Ministry of Law and Justice, Department of Legal Affairs, Department of Economic Affairs. The IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required.

6. The case of the allocatee company was referred to the IMG. Accordingly, the IMG gave an opportunity to the allocatee company to make the presentation before it on the progress of development of allocated coal blocks and associated end use project. The representatives of the allocatee company gave presentation on 8th September, 2012 before the IMG. The IMG considered the presentation, the status note of the **Marki Mangli II, III & IV** coal blocks and associated EUP prepared by Ministry of Coal and Coal Controller's Organization (**Annexure-III**). The progress of development of the block with reference to the milestones and their achievement is as under:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM	
Status of Exploration in case where exploration is required.	6.12.2007 (27 Months)	Not applicable	-	
Purchase of GR	21.10.2005	18.10.2005	N	
Submission of Bank Guarantee	6.12.2005	15.5.2006	5 Months	
Mining Lease Application	6.12.2005	5.12.2005	N	
Submission of Mining Plan	6.3.2006	07.4.2007	1 Yr 1 Months	
Approval of Mining Plan	6.5.2006	5.2.2008	1 Yr 9 Months	
Application of Previous approval	6.7.2006	6.8.06	1 Yr 9 Months	
Granting of Previous approval	6.8.2006	16.12.2009	3 Yrs 4 Months	
Application of Forest clearance	6.9.2006	5.3.2007	6 Months	
Grant of Forest Clearance	6.3.2007	N	5 Yrs 3m	
Application EMP Clearance	6.4.2007 (19 Months)	1.2.2007	Advance	
Grant of EMP Clearance	6.5.2007 (20 Months)	27.1.2011	3Yrs 11 Months	

Grant of Mining Lease	6.9.2007	25.3.2011 & 13.6.2011	3Yrs 6 Months 3 Yrs 9 Months
Application of Land Acquisition	6.4.2007	1.2.2007	Advance
Completion of Land Acquisition	6.9.2008	N	3Yrs 9 Months
Application for opening permission	6.1.2009	5.3.2011	2 yrs 2 months
Grant of Opening permission	6.2.2009	26.7.2011(MM III)	2Ys 5 Months
Coal Production	6.3.2009	15.12.2011 (MMIII)	2Yrs 9 Months
Status of additional Milestones			
a) Infrastructure development	<p>As per site inspection carried</p> <ul style="list-style-type: none"> • Marki Mangli-II:- Small trench of 10.3 mts were cut 15 days ago with very shallow depth by JVC. • Approach road of MM_II is in very bad shape • 81Ha revenue land out of 91 ha purchased • Small field office has been established. • Appointed Manager, Asstt. Manager and Surveyor for field works <p>MM_III:</p> <ul style="list-style-type: none"> • Production started in MM-III • Installation of Machineries were found at mine site. <p>MM_IV</p> <ul style="list-style-type: none"> • MM_IV will start mining after 15 years reported by manager. 		
b) Status of Exploration, in cases where exploration is required	Explored block		
c) Financial closure for Investment in mining project	<ul style="list-style-type: none"> • Total project cost for captive coal mining project:- 39.61Crores • Investment made as on March.2012:- 3.85Crores 		
d) Opening of Escrow A/c for mine closure	Opening of Escrow A/c with CCO for mine closure has not yet completed		
e) Slippage from peak rated capacity	<p>Production started in MM_III . on 27.7.2012 PRC is 0.21 MTPA and coal produced in 2011-12 was 0.065 MT.</p> <p>Production in MM_II & IV has not yet been started.</p>		
f) Engagement of MDO	M/s. Amba Mining Pvt Ltd has been appointed for Mining operation.		

After detailed deliberations, the IMG observed as under:

"M/s Shree Virangana Steels Limited(Marki Mangli II,III &IV)


The IMG considered the terms and conditions of allocation, the show cause notice issued, the reply and the presentation made by the company along with the latest status paper presented to the IMG. The IMG noted that the block was allocated on 6.9.2005 and has come into production on 15.12.2011 and the EUP is operational as per the status report. In the review meeting held in July 2010 it was recommended that BG should be deducted. IMG reviewed current status and taking into account delays on the part of the allocatee recommended that in view of substantial progress, the may not be deallocated. However, BG should be deducted as per formula contained in para (viii) of the allocation letter with reference to the normative date of coal production i.e. 6.3.2009 and calculation of slippage for start of production may be calculated accordingly.

The above recommendation of the IMG on deduction of BG is without prejudice to any other action which may be warranted on account of change of name and change of share holding of the allocatee company, which are issues beyond the scope of IMG."

8. The recommendation of the IMG has since been considered and accepted by the Government.

9. Accordingly, it is decided to deduct the Bank Guarantee furnished by the allocatee company. The Bank Guarantee (BG) as calculated by Coal Controller's Office to the extent of **Rs.4.34 crore** (Rupees Four crores and thirty four lakhs only) be deducted and deposited with the Government. (The calculation of deduction of BG is as per **Annexure-IV**). This order is without prejudice to any other action which the Ministry of Coal may take/consider appropriate.

Yours faithfully,


(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.
2. The Secretary, Ministry of Steel, Udyog Bhavan, New Delhi.
3. The CMD, Coal India Limited, 10, Netaji Subash Road, Kolkata-70001.
4. The Coal Controller's Organisation, 1, Council House Street, Kolkata with the direction to take necessary steps to deduct the Bank Guarantee amount.
- ✓ 5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.

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No. 13016/9/2004-CA-I
 GOVERNMENT OF INDIA
 MINISTRY OF COAL

New Delhi, dated the 6th September, 2005

To

Shree Virangana Steels Ltd.,
 SS-3, Golden Palace,
 Nagpur-440010

Subject: Allocation of Marki-Mangli-II, Marki-Mangli-III and Marki-Mangli-IV blocks in the State of Maharashtra for captive mining of coal by M/s. Shree Virangana Steels Limited for their Sponge Iron capacity of 7 ltpa.

Sir,

I am directed to refer to your letter Nos. Letter No. Ref. SVS/93/121 dated 18.1.2004, Ref. No. SVSL/Coal/G.3/390 dated 10.6.2004, Ref. No. SVSL/04/385 dated 27.2.2004, Ref. No. SVSL/MOC/918 dated 30.10.2004, Ref. No. SVSL/MOC/04/978 dated 23.11.2004, Ref. No. SVSL/MOC/04/108 dated 4.12.2004, Ref. No. SVSL/05/790 dated 31.1.2005 and Ref. No. SVSL/MOC/2005/612 dated 30.5.2005 requesting for allocation of Marki-Mangli-II, Marki-Mangli-III and Marki-Mangli-IV blocks in the State of Maharashtra to meet the coal requirement of your 3 lakh tonne per annum capacity sponge iron project and 25 MW captive power generation at Umred in the Nagpur district of Maharashtra, and to state that the Central Government, after considering your request, has decided to allocate Marki-Mangli-II, Marki-Mangli-III and Marki-Mangli-IV blocks to you. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 and is subject to the following conditions:-

- i) The allocation of the Marki-Mangli-II, Marki-Mangli-III and Marki-Mangli-IV blocks to M/s. Shree Virangana Steels Ltd., has been made to meet the sponge iron grade coal requirement of 0.48 million tonne per annum for their 3 ltpa capacity sponge iron production at Umred in Nagpur of Maharashtra State. The coal produced from the block shall not replace any coal linkage given to M/s. Shree Virangana Steels Ltd., by the Coal India Limited/its subsidiary companies and/or by the Singareni Collieries Company limited, without prior permission of this Ministry.
- ii) The block is meant for captive use in their own specified end use projects i.e. sponge iron project and power generation.
- iii) The middlings generated in the process of working shall be used for power generation in their own power plant i.e. the usable middlings/rejects generated during beneficiation shall be used captively by the allocatee. The modalities of disposal of surplus coal-middlings/rejects if any, would be as per the prevailing policy/instructions of the Government at the relevant point.

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in time and could also include handing over such surplus coal/middlings/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government:

- iv) The coal production from the captive blocks shall commence within 36 months (42 months in case the area is in forest land) of the date of this letter in OC mine and in 48 months (54 months in case the area falls under forest land) from the date of this letter in UG mine. The end use project schedule and the coal mine development schedule should be modified accordingly and submitted to this Ministry within 3 months from the date of this letter.
- v) The Company shall buy the Geological report from CMPDIL within six weeks of the date of this letter.
- vi) The company shall submit a bank guarantee for Rs 4.8 crore (equal to one year's royalty amount based on mine capacity of 0.565 mtpa as per assessed requirement, average D grade coal and the weighted average royalty being @ Rs. 85/- per tonne) within 3 months of the date of this letter. Subsequently, upon approval of the mining plan the Bank Guarantee amount will be modified based on the final peak/rated capacities of the mines.
- vii) The company shall submit a mining plan for approval by the competent authority under the Central Government within six months from the date of this letter.
- viii) The progress of the mine will be monitored annually with respect to the approved mining plan, which will mention the zero date. In case of any lag in the production of coal, a percentage of the bank guarantee 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 the rated/peak capacity of the mine. e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50 and actual production is 35 then $(50-35)/100 \times 100 = 15\%$ will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the Bank Guarantee amount the block shall be liable for de-allocation/cancellation of mining lease. M/s. Shree Virangana Steels Ltd. shall ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.
- ix) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes except with the previous approval of the Central Government.
- x) Mining of Coal from the allocated captive coal block shall be carried out in accordance with the applicable Statutes/Rules/Orders/Directions governing the mining of coal in the country.

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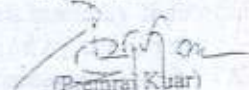
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- x(i) Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease in addition to any further conditions imposed by or agreed to by the Central Govt.
 - x(ii) The State Government at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant conditions for vetting by the Central Govt. The final mining lease shall be as vetted/modified by the Central Govt. Any deviation from the vetted/modified draft shall render the mining lease deed *ab-initio* null and void and without effect.
- 2 Allocation / mining lease of the coal block may be cancelled, inter-alia, on the following grounds :-
- (a) Unsatisfactory progress of implementation of their end use sponge iron plant / power plant.
 - (b) Unsatisfactory progress in the development of coal mining project.
 - (c) For breach of any of the conditions of allocation mentioned at (i) to (xi) above.


The de-allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies.

3. The company may approach CMPDIL for the geological report and contact the State Government authorities concerned for the necessary permissions/clearances etc. for attaining mining rights and related matters. The arrangement of transport of coal will have to be worked out by the company.

Yours faithfully,


(Pragna Kumar)
Section Officer

- To
1. The Chairman, Coal India Ltd., 10 Netaji Subash Marg, Kolkata-700001
 2. CMD, Central Mine Planning and Design Institute Ltd., Kanke Road, Ranchi, Jharkhand
 3. CMD, Western Coalfields Limited, Coal Estate, Civil Lines, Nagpur-440 001.
 4. Ministry of Steel (Shri D. Kashiva, Jt. Industrial Adviser), Udyog Bhawan, New Delhi
 5. The Chief Secretary, Government of Jharkhand, Secretariat, Ranchi
 6. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkata-700001
 7. CPAM Section


(Pragna Kumar)
Section Officer

Annexure-II

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SPEED POST

No. 13016/9/2004-CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 29th September, 2010

To

M/s Shree Virangana Steels Limited,
SS- 3, Golden Place,
Nagpur- 440 010

Subject- Show cause notice for inordinate delay in development of Marki Mangli-II, Marki Mangli-III and Marki Mangli -IV coal blocks.

Sir,

I am directed to refer to this Ministry's letter No. 13016/9/2004-CA-I dated 06.09.2005 conveying allocation of Marki Mangli-II, Marki Mangli-III and Marki Mangli -IV coal blocks in the State of Maharashtra to meet the coal requirement for 3 ltpa capacity sponge iron project and 25 MW captive power generation at Umred in Nagpur district of Maharashtra under Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973.

2. In order to expedite the development of the coal blocks, various review meetings were held from time to time with the representatives of M/s Shree Virangana Steels Limited. In the review meeting 22nd and 23rd June, 2009 the company assured production from this block by April, 2010. However, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the company to develop the coal blocks, even after repeated assurances tendered by the Company during the period. It is also noted that some of the important/critical milestones such as Stage -I Forest Clearance, EMP/ Forest Clearance and Land acquisition are pending for Marki Mangli-II, Marki Mangli-III and Marki Mangli -IV coal blocks. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

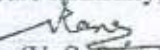
Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	21.10.2005	18.10.2005	
Submission of Bank Guarantee	6.12.2005	15.5.2006	5 Months
Mining Lease Application	6.12.2005	6.1.2006	1 months

Submission of Mining Plan	6.3.2006	10.4.2007	1 Yr 1 Months
Approval of Mining Plan	6.5.2006	5.2.2008	1 Yr 9 Months
Application of Previous approval	6.7.2006	9.5.2008	1 Yr 10 Months
Granting of Previous approval	6.8.2006	6.12.2009	3 Yrs 3 Months
Application of Forest clearance	6.9.2006		Not available
Grant of Forest Clearance	6.3.2007		Pending
Application EMP Clearance	6.9.2006	5.9.2006	
Grant of EMP Clearance	6.3.2007		Pending
Grant of Mining Lease	6.9.2007		Pending
Application of Land Acquisition	6.4.2007		Partly acquired
Completion of Land Acquisition	6.9.2008		Pending
Application for opening permission	6.1.2009		Pending
Grant of Opening permission	6.2.2009		Pending
Coal Production	6.3.2009		Pending

Acquisition of non forest land completed.

3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 30 days from the date of issue of the show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allotment Marki Mangli-II, Marki Mangli-III and Marki Mangli -IV coal blocks failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for de-allocation of the said coal blocks.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

NIC M/o. Coal

Status Note of Marki Mangli II, III & IV coal blocks

Sl No	Items	Remarks
1	Name Of the Block	Marki Mangli II, III and IV coal blocks
2	Name Of the allocate company	M/s Shree Virangana Steels Limited
3	Date Of allocation	06.09.2005
4	End Use and Plant capacity	Sponge Iron Plant at Umred, Nagpur- 3 LTPA capacity CPP: 25 MW capacity. Investments made as per CA certificate submitted:- EUP: 1. Sponge Iron Plant: 28.17 crores. 2. 30 MW CPP: 211.85 crores. Coal blocks: Proposed: 39.61 crores. Actual incurred (As on 31.08.2012): 23.68 crores.
5	Important terms and conditions of allocation	A copy of allocation letter is enclosed.
6	Milestones of allocation	Mining Plan approved on 5.2.2008. EMP clearance obtained. Mining Lease executed. Mining opening permission for Marki Mangli III coal block granted on 26.07.2011. Production from this block started in December, 2011. Existing: 0.70 LTPA Sponge Iron Plant commissioned in Feb., 2003 and 30 MW CPP commissioned in July, 2010 at Yavatmal, Maharashtra.
7	Slippages against Milestones as stated in the Show Cause Notice (SCN)	Target date for Mining Plan approval was 6.5.2006. Approval granted on 5.2.2008. Forest clearance (Stg.- I) and Land acquisition for Marki Mangli-II pending. End use plant (EUP) proposed Phase-II of 2.45 LTPA SIP will be set in phased manner.
8	History Previous review / action	M/s Topworth Urja & Metals Limited has informed for correction in change of name of the company from M/s Shree Virangana Steels Limited for the said coal blocks. Further, it is noticed that all the assets and liabilities of both the Transferor Companies has been taken over by M/s Crest Steel & Power Pvt. Ltd. as informed by M/s Crest Steel & Power Pvt. Ltd. including the mining rights and licences as both the



		<p>transferor companies viz. M/s Topworth Steels and Power Ltd. and M/s Topworth Urja & Metals Ltd. will stand dissolved as per the scheme of amalgamation filed in the High Court of Bombay. However, in the MoA/AoA of M/s Crest Steel & Power Ltd., there is no mention that all the assets and liabilities of both the Transferor companies namely M/s Topworth Urja & Metals Limited and M/s Shree Virangana Steels Limited will be taken over by M/s Crest Steel & Power Ltd. and the former two companies will stand dissolved.</p> <p>Accordingly, a meeting was held on 22.2.2012 in the Ministry of Coal with M/s Topworth Steels and Power Ltd. and M/s Topworth Urja & Metals Ltd. on the issue of change of name of M/s Shree Virangana Steels Limited to M/s Topworth Urja & Metals Limited and subsequent merger in M/s Crest Steel & Power Pvt. Ltd. Thereafter the company was asked to furnish more details on the change of name. The reply of the company was examined and the company was issued a show cause notice on 31st May, 2012 for change of name of company and shareholding pattern. The reply of the company is under examination in consultation with Ministry of Law & Justice, Department of Legal Affairs.</p>
9	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for condonation is pending with the Ministry	None.
10	Litigation any orders of the court , if any	The scheme of amalgamation filed in the High Court of Bombay. The Scheme of Amalgamation of the companies as the major shareholder of M/s Topworth Urja & Metals Ltd. and M/s Topworth Steels and Power Pvt. Ltd. does not figure anywhere in the shareholding patter of M/s Crest Steel & Power Pvt. Ltd. The Court passed a preliminary order on 07.01.2011. and the final order of amalgamation was passed on 01.07.2011.
11	Summary of reply of the company including reasons for delay	
12	Comments of MOC with the respect	Production from Marki Mangli III started recently.



to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.

For other two blocks and completion of second phase of EUP is under progress. However, the original allocattee M/s Shree Viranagana Steels Limited is not in picture as the mining rights and licences are now stand vested in M/s Crest Steel & Power Pvt. Ltd. The change of name is not yet approved by the Central Government.



Status of Coal Block and as on June,12

(As per Report furnished by Block holder)

- 1. Name of Company:- M/s Shree Virangana Steel Ltd.
- 2. Name of Coal Block:- Marki Mangli II, III & IV/ OC Mine.
- 3. Date of Allocation:- 6.9.2005
- 4. Total Investment (as on 3/2012) :- 3.85 Crores
- 5. Reserve (Mill Tonnes): 22.13
- 6. Yearly Rated Capacity:- 0.51 MTPA
- 7. Cost of GR:- 0.38 Crores
- 8. Location: Wardha, Maharastra
- 9. BG Amount:- 4.8 Crores
- 10. Type of EUP:- Sponge Iron Plant and Captive Power Plant ✓
- 11. Location of Project:- Ukkerwahi, Umred, Nagpur.
- 12. Capacity of the Project:- 700 TPD Sponge Iron Project and 30 MW CPP
- 13. Explored/Un Explored:- Explored
- 14. Zero Date:- As per allotment letter Para No(iv) zero date considered 6.9.2005 i.e. from the date of allocation of coal block.
- 15. Previous recommendation: Deduct BG.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Status of Exploration in case where exploration is required.	6.12.2007 (27 Months)	Not applicable	-
Purchase of GR	21.10.2005	18.10.2005	N
Submission of Bank Guarantee	6.12.2005	15.5.2006	5 Months
Mining Lease Application	6.12.2005	5.12.2005	N
Submission of Mining Plan	6.3.2006	07.4.2007	1 Yr 1 Months
Approval of Mining Plan	6.5.2006	5.2.2008	1 Yr 9 Months
Application of Previous approval	6.7.2006	6.8.06	1 Yr 9 Months
Granting of Previous approval	6.8.2006	16.12.2009	3 Yrs 4 Months

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Application of Forest Clearance	6.9.2006	5.3.2007	6 Months
Grant of Forest Clearance	6.3.2007	N	5 Yrs 3m
Application EMP Clearance	6.4.2007 (19 Months)	1.2.2007	Advance
Grant of EMP Clearance	6.5.2007 (20 Months)	27.1.2011	3Yrs 11 Months
Grant of Mining Lease	6.9.2007	25.3.2011 & 13.6.2011	3Yrs 6 Months 3 Yrs 9 Months
Application of Land Acquisition	6.4.2007	1.2.2007	Advance
Completion of Land Acquisition	6.9.2008	N	3Yrs 9 Months
Application for opening permission	6.1.2009	5.3.2011	2 yrs 2 months
Grant of Opening permission	6.2.2009	26.7.2011(MMIII)	2Ys 5 Months
Coal Production	6.3.2009	15.12.2011 (MMIII)	2Yrs 9 Months

Status of additional Milestones

a) Infrastructure development	<p>As per site inspection carried</p> <ul style="list-style-type: none"> • Marki Mangli-II:- Small trench of 10.3 mts were cut 15 days ago with very shallow depth by JVC. • Approach road of MM_II is in very bad shape • 81Ha revenue land out of 91 ha purchased • Small field office has been established. • Appointed Manager, Asstt. Manager and Surveyor for field works <p>MM_III:</p> <ul style="list-style-type: none"> • Production started in MM-III • Installation of Machinery were found at mine site.
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Checked by - Bley - 15 -



कां.ली. नियंत्रक
COAL CONTROLLER

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	MM_IV <ul style="list-style-type: none"> MM_IV will start mining after 15 years reported by manager.
b) Status of Exploration, in cases where exploration is required	Explored block
c) Financial closure for Investment in mining project	<ul style="list-style-type: none"> Total project cost for captive coal mining project:- 39.61Crores Investment made as on March.2012:- 3.85Crores
d) Opening of Escrow A/c for mine closure	Opening of Escrow A/c with CCO for mine closure has not yet completed
e) Slippage from peak rated capacity	Production started in MM_III . on 27.7.2012 PRC is 0.21 MTPA and coal produced in 2011-12 was 0.065 MT. Production in MM_II & IV has not yet been started.
f) Engagement of MDO	M/s. Amba Mining Pvt Ltd has been appointed for Mining operation.

Major Constraint faced by the block allocates

Production period is delayed for late granting of previous approval by MOC.

EMP clearance obtained after 3years 11 months. Company representative informed that in spite of having forest land in the block area, they producing coal in the non-forest area and was requested not to deduct BG. Targeted coal production from integrated Marki Mangli OCM will be 0.51 (2012-13) against 0.32 MT as per approved MP.

Checked by - *[Signature]*



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कोयला नियंत्रक
COAL CONTROL

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1. Name of Company:- M/s Sri Virangana Steel
2. Name of Coal Block:- Marki Mangali II, III & IV / OC Mine.
3. Date of Allocation:- 06.09.2005
4. Normative Date of production:- 06.03.2009 (as per allotment letter)
5. Yearly Rated Capacity:- 0.51 MTPA (as per approved mine plan)
6. BG Amount submitted :- Rs. 4.8 Crores
*N.B.-(The company submitted BG for Rs. 4.8 Crore based on PRC of 0.565 MTPA as per allocation letter. As per approved Mine Plan, the revised PRC is 0.51 MTPA and the BG amount should be modified as Rs. 4.34 Crore as mentioned in para-vi of the allocation letter dated 06.09.2005.)
7. IMG Recommendation: IMG recommends deduction of BG should be deducted as per formula contained in para (VIII) of the allocation letter with reference to the normative date of production i.e., 06.03.2009 and calculation of slippage for start of production may be calculated accordingly.

As per condition of Para-(viii) of the allocation letter No.13016/9/2004-CA-I dated 06.09.2005, 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 Marki Mangali II, III&IV the amount of BG to be deducted on production basis is as under:-

Actual B.G. amount submitted as per allocation letter - Rs. 4.8 crores
As per Mine Plan B.G. should be modified as Rs. 4.34 crores
Calculation is made based on Rs. 4.34 crores which is calculated as per PRC of mine plan.

Deduction for 1st year

A= Production as per the approved mining plan for the 1st year (06.03.2009 to 05.03.2010) = 0.03 MT

Actual Production for the 1st year (06.03.2009 to 05.03.2010) = 0

C= Peak Rated Capacity= 0.51 MT

So, D= Percentage of amount of BG to be deducted for the 1st year i.e. (06.03.2009 to 05.03.2010) = (A-B)/CX100
= (0.03-0)/0.51x100 = 5.88%

Amount of BG to be deducted for 1st year = 4.34 Crore X 5.88/100 = Rs. 0.2552 Crore

Deduction for 2nd year

A= Production as per the approved mining plan for the 2nd year (06.03.2010 to 05.03.2011) = 0.32 MT

B= Actual Production for the 2nd year (06.03.2010 to 05.03.2011) = 0

C= Peak Rated Capacity= 0.51 MT

So, D= Percentage of amount of BG to be deducted for the 2nd year (06.03.2010 to 05.03.2011) = (A-B)/CX100
= (0.32-0)/0.51x100 = 62.75%

Amount of BG to be deducted for 2nd year = 4.34 Crore X 62.75/100 = Rs. 2.7234 Crore

Deduction for 3rd year

A= Production as per the approved mining plan for the 3rd year (06.03.2011 to 05.03.2012) = 0.48 MT

B= Actual Production for the 3rd year (06.03.2011 to 05.03.2012) = 0.065 MT (Stabilised return)

C= Peak Rated Capacity= 0.51 MT

So, D= Percentage of amount of BG to be deducted for the 3rd year (06.03.2011 to 05.03.2012) = (A-B)/CX100
= (0.48-0.065)/0.51x100 = 81.37%

Amount of BG to be deducted for 3rd year = 4.34 Crore X 81.37/100 = Rs. 3.5315 Crore

Total amount of BG to be deducted for slippage for start of production = 0.2552+2.7234+3.5315 = 6.5101 Crore

N.B. Total amount of BG is Rs. 4.34 Crore on production basis.

Amount calculated for deduction is Rs. 6.5101 Crore which is more than the amount of BG on that account. Hence, entire BG amount pertaining to production i.e. Rs. 4.34 Crore is liable for deduction.

H. Singh

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H.O.

Coal Controller

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