

By Speed Post

F.No 13016/42/2007-CA-I  
Government of India  
Ministry of Coal

.....  
New Delhi, dated 30/11/2012

To

M/s Tata Sponge Iron Limited  
Jamshedpur- 931 001  
Jharkahnd

M/s Scaw Industries Limited  
813 – 814, E- Block,  
International Trade Tower,  
New Delhi – 110 019

M/s SPS Sponge Iron Limited  
Himalaya House, 38-B  
Chowringhee Road, 8<sup>th</sup> Floor  
Kolkata – 700 071

**Sub: Deduction of Bank Guarantee in respect of Radhikapur (East) Coal block allocated to (i) M/s Tata Sponge Iron Limited as Leader, M/s Scaw Industires Limited and M/s SPS Sponge Iron Limited as an associate under Option –II.**

Sir,

I am directed to refer to Ministry of Coal's allocation letter No 13016/33/2005-CA-I dated 7<sup>th</sup> February, 2006 (Annexure-I) and to this Ministry's show cause notice number 13011/40/2012-CA-I (Pt) dated 4<sup>th</sup> May 2012 (Annexure-II) and to your reply to the show cause notice before the Inter Ministerial Group (IMG) on the above subject.

2. **Radhikapur (East)** coal block was allocated on 7<sup>th</sup> February, 2006 under Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 to M/s Tata Sponge Iron Limited as Leader, M/s Scaw Industires Limited and M/s SPS Sponge Iron Limited as an associate under Option –II to met the coal requires for their sponge iron production and captive power generation 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 projects.
- (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 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 Govt. or its agencies.

3. In respect of Bank Guarantee, the allocation has clearly mentioned that the company shall submit a bank guarantee for Rs. 32.50 crores (equal to one year's royalty amount based on mine capacity of 5 mtpa assessed by CMPDIL, grade of coal of A to G and the weighted average royalty @ Rs.65 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) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality:
- (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
- (c) Once production commences, 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.
- (d) The allocatee 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. Any lapses on this count shall lead to de-allocation/ cancellation of mining lease.

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 allocatee 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 noted that Mining plan has been approved but other millstones are pending. Committee expressed dissatisfaction over the progress.
- ii) In the Review Meeting held on 22 & 23.06.2009, it was noted that EMP, Forest Clearance, Mining Plan and Land Acquisition are pending. Mining Lease and R&R Colony area demarcation are completed, 4(1) notification for LA is complete. The representative mentioned that the block is spread over 5 villages. Out of 5 villages, opposition is being faced from 2 villages from where Box Cut has to be started. The issue needs to be resolved. The Chairman advised the allocatee to adhere to the normative time schedule.
- iii) In the Review Meeting held on 20 & 21.07.2012, it was noted that EMP, Forest Clearance, Mining Lease and Land Acquisition are pending. R&R colony area demarcation is complete. 4(1) notification for LA is complete. Compensation paid to Govt. of Orissa. Gram Sabha conducted in 3 village. In last meeting, assured to produce by last quarter of 10-11, but no progress made since last meeting. Still the progress far from satisfactory and very unlikely to start production as committed. The committee noted that no progress since last meeting. The committee was dissatisfied with the development of mine and asked to issued show cause notice for de-allocation. Show cause notice was issued vide this Ministry's letter of even no. dated 4<sup>th</sup> November, 2010.
- iv) The Committee examined the replies on 28<sup>th</sup> January, 2011 and 4<sup>th</sup> February, 2011, submitted by the allocatees against the show cause notice issue to the allocatees vide letter dated 04.11.2010 and recommended deduction of Bank Guarantee.
- v) In the Review Meeting held on 11& 12.01.2012, it was noted that Forest Clearance, EMP, Mining Lease and land acquisition are pending. MOEF recommended EC in December, 2011. Gram Sabha cleared FC. 75 crs disbursed for Land acquisition. 50% disbursed in 2 villages. Land Acquisition is presently on hold. Land allocated for R& R project. EUP is operational. Show cause notice was issued vide letter no.13011/40/2012-CA-I dated 4<sup>th</sup> May, 2012. The company replied to the show cause notice.

5. In the meantime, the Government has set up 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. The case of the allocatee company was referred to the IMG. Accordingly, the IMG asked the allocatee companies 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 7<sup>th</sup> September, 2012 before the IMG. The IMG considered the presentation, the status note of the Radhikapur (East) coal block 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	Remarks
Status of Exploration	7.5.2008	Not applicable	-	1. GR :- CBDT directed CMPDIL to deposit the tax with interest failing which penal action would be initiated
Purchase of GR	24.3.2006	12.7.2007	1Yr 3 Months	2. The Original GR was finally delivered by M/s CMPDIL in May'07
Submission of Bank Guarantee	7.5.2006	6.5.2006	-	Further, additional exploration of 22 Boreholes was conducted as per the instructions of MoC leading to revision of GR.
Mining Lease Application	7.5.2006	27.9.2006	4 Months	ML: the State Govt Agencies took 30 months for demarcation, survey and resolving boundary overlapping issue.
Submission of Mining Plan	7.8.2006	3.9.2007	1 Yrs	
Approval of Mining Plan	7.10.2006	3.4.2008	1 Yr 6 Months	The application is still pending with the Steel & Mines Deptt of Govt of



				Odisha.
Application of Previous approval	7.12.2006	N	5 Yrs 6 Months	Forest:- FDP with all requisite documents was forwarded by DFO to RCCF in Sept. 2011 after a gap of 35 months from its receipt from CCF (Nodal). One of the major reasons of the above delay was non availability of land bank for Compensatory Afforestation in Angul Distt.
Granting of Previous approval	7.1.2007	N	5 Yrs 5 Months	TSIL conducted Geo-referenced DGPS Survey of forest area in its mining leasehold and submitted it to ORSAC for its vetting on 03 <sup>rd</sup> Feb, 2012.
Application of Forest clearance	7.2.2007	31.5.2008	1Yr 3 Months	DGPS Survey report is vetted by ORSAC and sent to DFO on 28 <sup>th</sup> April, 2012. DFO sends DGPS Survey report after its authentication to RCCF, Angul on 30 <sup>th</sup> April, 2012.
Grant of Forest Clearance	7.8.2007	N	4 Yrs 10 Months	EMP:- MoEF, GoI issued recommendation letter vide dated 8 <sup>th</sup> June, 2012
Application EMP Clearance	7.2.2007	5.9.2007	7 Months.	Land:- The Company has discharged its entire obligation by depositing a total amount of Rs.160
Grant of EMP Clearance	7.8.2007	Dec.2011	4Yrs 4 Months	

				Cr for the land, etc as and when demanded by these Agencies of Govt. As on date, Rs.87.53 Cr has been disbursed to 4152 affected villagers as compensatory amount for land & structures, etc
Grant of Mining Lease	7.2.2008	N	4 Yrs 4 Months	
Application of Land Acquisition	7.9.2007	21.12.2006	Advance	
Completion of Land Acquisition	7.2.2009	N	3 Yrs	
Application for opening permission	7.6.2009	N	2Yrs 9 Months	
Grant of Opening permission	7.7.2009	N	2 yrs 8 Months	
Coal Production	7.8.2009	N	2 Yrs 7 Months	

6. After detailed deliberations, the IMG observed as under:

M/s Tata Sponge Iron Limited (Radhikapur East)

*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 6 years and 7 months have elapsed from the date of allotment i.e 7.2.2006. IMG also noted that the company has purchased the GR with a delay of one year three months due to correspondence in respect of TDS with CMPDI and litigation regard the same. The mining plan is approved and EC has been obtained. Stage-I Clearance under FC is pending. The company reported that Rs.160 crores is deposited for acquisition of 650 ha of land. Disbursement started in April, 2011 but was halted in between due to litigation. Rs.87.3 crores has been disbursed. Investment made in the coal block as per CA certificate submitted by the company is Rs. 254.20 crores. There are three companies for end-use plants linked to the block. As per CA certificate, Rs. 152.41 crores has been invested by M/s Narbheram Steel and Power Limited but plant has not been set up. M/s SPS sponge Iron Limited reported an investment of Rs. 388 crores on existing plant and Rs. 356 crores on plant under construction. M/s Tata Sponge Iron Limited reported Rs. 192.58 crores investment on expansion of the capacity of the end-use plant and one kiln has been commissioned. During presentation, the lead company argued that the entire delay was not attributable to them and they assured that they will be in a position to open the mine by March, 2014. The IMG noted that the normative date of production is 07.08.2009.*

*Taking into account all factors including substantial progress and investment made, the IMG did not consider it appropriate to recommend de-allocation of the coal block at this stage. However, taking into account all factors, IMG recommends that BG made be deducted for shortfall in production as per formula mentioned in the letter of allocation and made be calculated from the date of production i.e 7.8.2009.*

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

8. In pursuance of the recommendations made the IMG it has been decided to deduct the Bank Guarantee furnished by the allocatee companies. The Bank Guarantee (BG) to be the extent of Rs 32.50 (Rupees Thirty two crore and fifty 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.



9. It may be stated that M/s Tata Sponge Iron Limited has filed Writ Petition ( C ) No. 7142/2012 v/s Union of India in the Hon'ble High Court of Delhi on which the court has passed the following order on 09.11.2012.

" After some arguments, Mr. Nigam, learned senior counsel, on instructions, seeks leave to withdraw the writ petition with liberty to approach this court in case an order adverse to the interest to the petitioner is passed. He further prays that if an adverse order is passed, the same may not be given effect to for a short period of time.

The petition is dismissed as withdrawn with liberty as prayed for. In case an adverse order is passed, the same will not be given effect for a period of one week."

10. In compliance of the above order, this order is made effective after a period of one week from the date of issue.

Yours faithfully,

  
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to:-

1. The Chief Secretary, Government of Orissa.
2. The Secretary, Ministry of Steel, UdyogBhavan, New Delhi.
3. The Coal Controller's Organisation, 1, Council House Street, Kolkata.
4. The Chairman, Coal India Limited, 10-Netaji Subhash Road, Kolkata.
- ✓ 5. NIC Cell, Ministry of Coal for placing the letter on the Website of Ministry of Coal.



Annexure - I  
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No. 13016/33/2005-CA-I  
Government of India  
Ministry of Coal

New Delhi, the 7<sup>th</sup> February, 2006.

To

Received  
SANGHVI NARAYAN SINGH  
7/2/2006

M/s. Tata Sponge Iron Ltd.,  
Jamshedpur - 931 001,  
Jharkhand.

M/s. Scaw Industries Ltd.,  
813-814, E-Block,  
International Trade Tower  
New Delhi - 110 019.

M/s. SPS Sponge Iron Ltd.,  
Himalaya House, 38-B,  
Chowringhee Road, 8<sup>th</sup> Floor,  
Kolkata - 700 071.

Recd. (ANIL ANWAR)  
SANGHVI NARAYAN SINGH

Subject : Allocation of Radhikapur (East) block in the State of Orissa for working by M/s. Tata Sponge Iron Ltd., as Leader, M/s. Scaw Industries Ltd. and M/s. SPS Sponge Iron Ltd. as an associate under Option-II.

Sir,

I am directed to refer to the request of M/s. Tata Sponge Iron Ltd., as Leader, M/s. Scaw Industries Ltd. and M/s. SPS Sponge Iron Ltd. as associates for allocation of coal blocks in the State of Orissa and to state that the requests of these companies have been considered by the Central Government and it has been decided to allot Radhikapur (East) block in MCL command area jointly to M/s. Tata Sponge Iron Ltd., as Leader, M/s. Scaw Industries Ltd. and M/s. SPS Sponge Iron Ltd. as associates for working under Option-II to meet the coal requirements for their sponge iron production and captive power generation. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 and subject to the following conditions :-

- i) Radhikapur (East) block shall be mined by the Leader who would make the entire investment and carry out the mining operations. The mining lease shall be granted to the Leader.
- ii) The block is meant for captive use in their own specified existing and expansion end use projects i.e. sponge iron and captive power generation.
- iii) Mining in the block shall be done by the Leader and the production from the mine shall be shared between the leader and the associates. The associates shall have first right over the production to the extent of their actual requirement or assessed requirement at overall satisfaction level, whichever is less. The price at which the coal will be given to the associate would be determined by the Central Government/its agency and would be called the 'transfer price'.



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The mining lease shall be obtained in the name of M/s. Tata Sponge Iron Ltd., the leader company.

2. The allocation will, further, be subject to the following conditions :-

- i) Middlings generated in the process of washing the coal shall be used for power generation in their own power plants i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatees. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- ii) Coal production from the captive block shall commence, within 36 months (42 months in case the area is in forest land) in case of opencast mine and in 48 months (54 months in case the area fall under forest land) from the date of this letter in case of UG mine. The end-use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of this letter. A milestone chart is enclosed.
- iii) The Leader shall submit a bank guarantee of Rs. 32.50 crores (equal to one year's royalty amount) based on mine capacity of 5 mtpa assessed by CMPDIL, grades of coal from A to G grades and the weighted average royalty @ Rs. 65 per tonne within three months from 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 capacity of the mine.
- iv) The Leader shall submit a mining plan for approval by the competent authority under the Central Government within six months from the date of this letter.
- v) 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. The Leader shall have to ensure that the Bank Guarantee remains valid at all times till the mine reaches its rated capacity or till the Bank Guarantee is exhausted.
- vi) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central Government.
- vii) 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.
- viii) 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.

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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.

- x) An Agreement in accordance with Option-II shall be signed between the Leader and Associate and submitted to the Ministry of Coal within 45 days from the date of issue of this letter. This agreement would form part of the mining lease deed to be executed between Tata Sponge Iron Ltd. and the State Government. Any breach of the said agreement shall amount to breach of mining lease condition and invite commensurate penalties including cancellation of mining lease.
3. 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 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 allocatees or any right or liability arising on the allocatees out of the measures taken by them shall solely be to their account and in no way be transferred to or borne by the Government or its agencies.

4. Necessary details and geological report in respect of the block may be obtained from CIL/CMPDIL and the State Government authorities concerned may be contacted for necessary formalities for attaining mining lease rights and related matters. The Leader will be required to apply for mining lease containing the above relevant conditions to the concerned State Government within a period of six months. The arrangement of transport of coal, if any, etc. will have to be worked out by the companies in consultation with the Ministry of Railways / Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,

  
(Premraj Kumar)  
Section Officer

Encls. As above.



Annexure-II

**SHOW CAUSE NOTICE**

No.13011/40/2012-CA-I  
Government of India  
Ministry of Coal

New Delhi, dated 4<sup>th</sup> May, 2012

To

- (i) M/s Tata Sponge Iron Limited,  
Jamshedpur - 931 001
- (ii) M/s Scaw Industries Pvt. Limited,  
813-814, E-Block,  
International Trade Tower, New Delhi - 110 019
- (iii) M/s SPS Sponge Limited  
Himalaya House, 38-B,  
Chowringhee Road, 8th Floor, Kolkata - 700 071

**Subject: Show cause notice in respect of Radhikapur (East) coal block.**

Sir,

I am directed to refer to this Ministry's letter No.13016/33/2005-CA-I dated 07.02.2006 conveying allocation of Radhikapur(East) coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

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2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all the important/critical milestones such as grant of previous approval, Forest Clearance, Mining Lease and Land Acquisition are pending for Radhikapur(East) coal block. The company has repeatedly failed to keep its promises made to the Ministry and is 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	24.3.2006	12.7.2007	1Yr 4 Months
Submission of Bank Guarantee	7.5.2006	6.5.2006	-
Mining Lease Application	7.5.2006	27.9.2006	4 Months
Submission of Mining Plan	7.8.2006	3.9.2007	1 Yrs
Approval of Mining Plan	7.10.2006	3.4.2008	1 Yr 6 Months
Application of Previous approval	7.12.2006	Pending	5Yrs 3 Months (as on 3/2012)
Granting of Previous approval	7.1.2007	Pending	5Yrs 2 Months (as on 3/2012)
Application of Forest clearance	7.2.2007	31.5.2008	1Yr 3 Months
Grant of Forest Clearance	7.8.2007	Pending	4Yrs 7 Months (as on 3/2012)
Application EMP Clearance	7.2.2007	5.9.2007	7 Months
Grant of EMP Clearance	7.8.2007	Dec.2011	4Yrs 4 Months
Grant of Mining Lease	7.2.2008	Pending	4Yrs 1 Months (as on 3/2012)
Application of Land Acquisition	7.9.2007	21.12.2006	Advance
Completion of Land Acquisition	7.2.2009	Pending	3Yrs 1 Months (as on 3/2012)
Application for opening	7.6.2009	Pending	2Yrs 9 Months

permission			(as on 3/2012)
Grant of Opening permission	7.7.2009	Pending	2Yrs 8 Months (as on 3/2012)
Coal Production	7.8.2009 (42 Months)	Pending	2Yrs 7 Months (as on 3/2012)

3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 20 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 of **Radhikapur(East)** coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of **Radhikapur(East)** coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to The Coal Controller, Coal Controller Organisation, Kolkata.



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## Status Note on Radhikapur (East) coal block

Sl No	Items	Remarks																								
1	Name Of the coal Block	Radhikapur (East)																								
2	Name Of the allocate	M/s Tata Sponge Iron Ltd., <u>as leader</u> , M/s. Scaw Industries Ltd. and M/s SPS Sponge Iron Ltd as an associate.																								
3	Date Of allocation	07-02-2006																								
4	End Use and EUP Capacity	<p>Sponge Iron and Captive Power Generation. (Capacities are taken as per records available in the MoC file and investment details as per presentation/CA certificates).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Name of Company</th> <th>Existing Plant Capacity</th> <th>Investment Made</th> <th>Expansion Plant Capacity</th> <th>Investment made</th> <th>Investment in Coal block dev.</th> </tr> </thead> <tbody> <tr> <td>Tata Sponge</td> <td>0.24 MTPA</td> <td>-</td> <td>0.60 MTPA</td> <td>192.58 crores till date (Overall)</td> <td>258.81 crores till date by the Leader Company.</td> </tr> <tr> <td>Scaw Industries</td> <td>0.1 MTPA</td> <td>-</td> <td>0.60 MTPA</td> <td>Actual investment figures not given. However, debt of Rs.330 crores raised from Banks is mentioned.</td> <td></td> </tr> <tr> <td>SPS Sponge Iron</td> <td>0.072 MTPA</td> <td>388.49 crores as on 31.3.2012</td> <td>0.42 MTPA</td> <td>356.31 crores as on 31.3.2012</td> <td></td> </tr> </tbody> </table>	Name of Company	Existing Plant Capacity	Investment Made	Expansion Plant Capacity	Investment made	Investment in Coal block dev.	Tata Sponge	0.24 MTPA	-	0.60 MTPA	192.58 crores till date (Overall)	258.81 crores till date by the Leader Company.	Scaw Industries	0.1 MTPA	-	0.60 MTPA	Actual investment figures not given. However, debt of Rs.330 crores raised from Banks is mentioned.		SPS Sponge Iron	0.072 MTPA	388.49 crores as on 31.3.2012	0.42 MTPA	356.31 crores as on 31.3.2012	
Name of Company	Existing Plant Capacity	Investment Made	Expansion Plant Capacity	Investment made	Investment in Coal block dev.																					
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SPS Sponge Iron	0.072 MTPA	388.49 crores as on 31.3.2012	0.42 MTPA	356.31 crores as on 31.3.2012																						
5	Important terms and conditions of allocation	A copy of the allocation letter is at Annexure-I																								
6	Milestones of allocation/Slippages against Milestones as stated in the SCN	Details are given at Annexure-II.																								
7	History Previous	In the Review Meeting held in June, 2009, the allocattee companies assured.																								



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	review / action	<p>to start coal production by the last quarter of 2010-11. Further in the Review Meeting held in July, 2010, it was noted that all the important milestones like Land acquisition, EMP, Mining Lease, FC clearances were pending. Committee also noted that despite the assurance of company to start coal production by 2010-11 as promised in June, 2009 review meeting, no concrete progress was made since last review. Accordingly the allocattees were issued show cause notice in November, 2010.</p> <p>In the Review Committee meeting held in January, 2012, the Committee noted that majority of the milestones for development of coal block was pending. The Committee recommended issue of show cause notice. The Allocattee companies were issued show cause notice on 4<sup>th</sup> May, 2012 for the delay in development of coal block.</p>
8	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	No
9	Litigation any orders of the court, if any	-
10	Summary of reply of the company including reasons for delay	
11	Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.	



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**Status of Coal Block as on June.12**

(As per report furnished by Block owners)

1. Name of Company:- M/s Tata Sponge Iron Ltd. SPS Sponge Iron Ltd. Scaw Industries Ltd.
2. Name of Coal Block:- Radhikapur East / OC Mine.
3. Date of Allocation:- 7.2.2006 ✓
4. Total investment made (as on 3/2012) :- 254.20 Crores (as per audited report)
5. Reserve (Mill Tonnes): 172
6. Yearly Rated Capacity:- 5 MTPA
7. Cost of GR:- 4.72 Crores
8. Location: Talcher, Odisha
9. BG Amount:- 32.5 Crores Valid upto 7.2.2013
10. Type of EUP:- Sponge Iron & Power Plant ✓
11. Location of Project:- Keonjhar Odisha for TSL, Dhenkanal Odisha for Scaw Industries Ltd and Odisha for SPS Sponge Ltd.
12. Capacity of the Project:- 6 LTPA SIP for TSL, 6 LTPA SIP and 120 MW CPP for Scaw Industries, 0.29 MTPA SIP for SPS Sponge Ltd,
13. Explored/Un Explored:- Explored
14. Zero Date:- As per allotment letter Para No 2(ii) zero date considered 7.2.2006 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	Remarks
Status of Exploration	7.5.2008	Not applicable	-	1. GR :- CBDT directed CMPDIL to deposit the tax with interest failing which penal action would be initiated 2. The Original GR was finally delivered by M/s CMPDIL in May'07  Further, additional exploration of 22 Boreholes was conducted as per the instructions of MoC leading to revision of GR. ML:- the State Govt Agencies took 30 months for
Purchase of GR	24.3.2006	12.7.2007	1Yr 3 Months	
Submission of Bank Guarantee	7.5.2006	6.5.2006	-	
Mining Lease Application	7.5.2006	27.9.2006	4 Months	
Submission of Mining Plan	7.8.2006	3.9.2007	1 Yrs	
Approval of Mining Plan	7.10.2006	3.4.2008	1 Yr 6 Months	
Application of Previous	7.12.2006	N	5 Yrs 6 Months	

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COAL BLOCK CONTROLLER



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approval				demarcation, survey and resolving boundary overlapping issue.
Granting of Previous approval	7.1.2007	N	5 Yrs 5 Months	<p>The application is still pending with the Steel &amp; Mines Deptt of Govt of Odisha.</p> <p>Forest:- FDP with all requisite documents was forwarded by DFO to RCCF in Sept. 2011 after a gap of 35 months from its receipt from CCF (Nodal). One of the major reasons of the above delay was non availability of land bank for Compensatory Afforestation in Angul Distt.</p> <p>TSIL conducted Geo-referenced DGPS Survey of forest area in its mining leasehold and submitted it to ORSAC for its vetting on 03<sup>rd</sup> Feb, 2012.</p> <p>DGPS Survey report is vetted by ORSAC and sent to DFO on 28<sup>th</sup> April, 2012. DFO sends DGPS Survey report after its authentication to RCCF, Angul on 30<sup>th</sup> April, 2012.</p> <p>EMP:- MoEF, Gol issued recommendation letter vide dated 8<sup>th</sup> June, 2012</p> <p>Land:- The Company has discharged its entire obligation by depositing a total amount of Rs.160 Cr for the land.</p>
Application of Forest clearance	7.2.2007	31.5.2008	1Yr 3 Months	
Grant of Forest Clearance	7.8.2007	N	4 Yrs 10 Months	
Application EMP Clearance	7.2.2007	5.9.2007	7 Months.	
Grant of EMP Clearance	7.8.2007	Dec.2011	4Yrs 4 Months	
Grant of Mining Lease	7.2.2008	N	4 Yrs 4 Months	
Application of Land Acquisition	7.9.2007	21.12.2006	Advance	
Completion of Land Acquisition	7.2.2009	N	3 Yrs	
Application for opening permission	7.6.2009	N	2Yrs 9 Months	
Grant of Opening permission	7.7.2009	N	2 yrs 8 Months	
Coal Production	7.8.2009	N	2 Yrs 7 Months	

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**COAL CONTROLLER**  
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				etc as and when demanded by these Agencies of Govt As on date, Rs.87.53 Cr has been disbursed to 4152 affected villagers as compensatory amount for land & structures, etc
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EUP:-

TSL:-

Tata Sponge was Operating with Two Kilns Having Installed Capacity of 0.24 MTPA with Linkage Coal

Investment made to EUP: 192.58 Crores (as per CA)

Narveram Power & Steel Ltd. (scaw Industries)

300 TPD Sponge Iron Plant is operating. 0.042 MTPA of Steel Billets and Captive Power Plant of 8 MW (WHRB) are also operating.

Investment:-

The project cost will be funded with Debt of Rs. 330 crores and an equity infusion of Rs. 152.41 crore (as per CA)

Major Constraint faced by the block allocates

Company stated that Forest proposal is still pending with RCCF, Angul. LA activity has been stopped due to Orissa High Court's order dated 27.10.11. Company invested Rs. 258 towards development of coal project. Disbursement of compensation for Pvt land covering 280 Ha in 3 villages has almost completed. Lease processing is in final stage for 100 Acres Govt land to establish R & R colony. NOC for railway siding has been obtained. Land acquisition is the main issue as higher compensation demanded by land ousters. Company assured to start mining operation by last quarter of 2013-14 and is requested to revise zero date of production.

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COAL CONTROLLE



- 10/27
1. Name of Company:- M/s Tata Sponge Iron Ltd. SPS Sponge Iron Ltd. Scaw Industries Ltd.
  2. Name of Coal Block:- Radhikapur East / OC Mine.
  3. Date of Allocation:- 7.2.2006
  4. Normative Date of production:- 07.08.2009 (as per allotment letter)
  5. Yearly Rated Capacity:- 5 MTPA (as per mine plan)
  6. BG Amount:- 32.5 Crores
  7. Recommendation: IMG recommends that BG may be deducted for shortfall in production as per formula mentioned in the letter of allocation and may be calculated from the normative date of production i.e. 7.8.2009.

As per condition of Para-2(V) of the allocation letter No.13016/33/2005-CA-I dated 07.02.2006, 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 Radhikapur East the amount of BG to be deducted on production basis is as under:-

Calculation

Deduction for 1<sup>st</sup> year

A= Production as per the approved mining plan for the 1<sup>st</sup> year (7.8.2009 to 6.8.2010) = 0.5 MT

B= Actual Production for the 1<sup>st</sup> year (7.8.2009 to 6.8.2010) = 0

C= Peak Rated Capacity= 5 MT

So, D= Percentage of amount of BG to be deducted for the 1<sup>st</sup> year (7.8.2009 to 6.8.2010) =  $(A-B)/C \times 100 = (0.5-0)/5 \times 100 = 10\%$

X= Amount of BG to be deducted for 1<sup>st</sup> year =  $32.5 \text{ Crore} \times 10/100 = 3.25 \text{ Crore}$

Deduction for 2<sup>nd</sup> year

A= Production as per the approved mining plan for the 2<sup>nd</sup> year (7.8.2010 to 6.8.2011) = 1.5 MT

B= Actual Production for the 2<sup>nd</sup> year (7.8.2010 to 6.8.2011) = 0

C= Peak Rated Capacity= 5 MT

So, D= Percentage of amount of BG to be deducted for the 2<sup>nd</sup> year (7.8.2010 to 6.8.2011) =  $(A-B)/C \times 100 = (1.5-0)/5 \times 100 = 30\%$

Y= Amount of BG to be deducted for 2<sup>nd</sup> year =  $32.5 \text{ Crore} \times 30/100 = 9.75 \text{ Crore}$

Deduction for 3<sup>rd</sup> year

A= Production as per the approved mining plan for the 3<sup>rd</sup> year (7.8.2011 to 6.8.2012) = 3.5 MT

B= Actual Production for the 3<sup>rd</sup> year (7.8.2011 to 6.8.2012) = 0

C= Peak Rated Capacity= 5 MT

So, D= Percentage of amount of BG to be deducted for the 3<sup>rd</sup> year (7.8.2011 to 6.8.2012) =  $(A-B)/C \times 100 = (3.5-0)/5 \times 100 = 70\%$

Z= Amount of BG to be deducted for 3<sup>rd</sup> year =  $32.5 \text{ Crore} \times 70/100 = 22.75 \text{ Crore}$

Total amount of BG to be deducted =  $X+Y+Z = 3.25+9.75+22.75 = \text{Rs. } 35.75 \text{ Crore}$

N.B. Total amount of BG is Rs. 32.5 Crore on production basis.

Amount calculated for deduction is Rs. 35.75 Crore which is more than the amount of BG on that account. Hence, entire BG amount pertaining to production i.e. Rs. 32.5 Crore is liable for deduction.

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*Coal Controller*