

Through Email/Speed Post

**F.No-103/17/2015/NA
Government of India
Ministry of Coal
O/o Nominated Authority**

**120, F- Wing, First Floor, Shastri Bhawan
New Delhi, Dated: 4th Oct, 2018**

To
The Chairman cum Managing Director
Steel Authority of India Limited,
Ispat Bhawan, Lodhi Road,
New Delhi-110003

Also to,
The Assistant Vice President,
HDFC Bank Limited,
E-13/29, 2nd Floor, Harsha Bhavan, Middle Circle,
Connaught Place, New Delhi, 110001

**Sub: - Termination of Allotment Agreement and Allotment Order
in respect of Sitanala coal mine allotted to M/s. SAIL under the
Coal Mine (Special Provisions) Act' 2015.**

Ashwin
Sir,

I am to refer to letter dated 12.03.2018 from M/s. SAIL towards surrender of the Sitanala coal mine allotted to it under the Coal Mines (Special Provisions) Act' 2015. In this regard, attention is invited to Clause 24.3.1 (o) of the the Allotment Agreement dated 30.03.2015 entered into by M/s. SAIL with Nominated Authority in respect of the aforesaid coal mine which has been reproduced as under:-

"24.3.1. This Agreement may be terminated upon occurrence of any of the following events (each a "Termination Event"):-

.....(o) surrender of the Coal Mine by the Allottee"

2. Further, as per Clause 24.3.3 of the Allotment Agreement;

"In case the Nominated Authority elects to terminate this Agreement, then the Performance Security and all other payments made by the Allottee shall be forfeited and the Allottee shall not be entitled to any

benefits under this Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of surrender/termination and also for the obligations that must be fulfilled after termination."

3. Accordingly, considering the request of surrender of the said coal mine, a Show Cause Notice dated 16.04.2018 was issued to SAIL with request to furnish a reply why action as per Clause 24.3.1 (o), 24.3.2 and 24.3.3 should not be initiated against it.

4. In pursuance, M/s. SAIL filed a Writ Petition No. 3925 of 2018 (SAIL V/s UOI) before the Hon'ble High Court of Delhi and Hon'ble High Court vide Order dated 20.04.2018 has directed as under:-

(i) Upon submission of replies to the Show Cause Notices, the concerned authority will adjudicate upon the matter and pass a speaking order thereof.

(ii) In case the petitioner is aggrieved by the determination of the concerned authority, it will have liberty to take recourse to remedy known to law.

(iii) The subject bank guarantee will be kept alive for a further period of six months. The respondent will adjudicate the impugned show cause notices with due expediency.

(iv) In case the determination qua impugned show cause notices is against the interest of the petitioner, the same shall not be given effect to for a period of three weeks from date of decision.

5. In compliance, M/s. SAIL vide letter dated 27.04.2018 has again reiterated to surrender the coal mine stating that the block is techno-commercially non viable. The reply submitted by M/s. SAIL has been deliberated by the Nominated Authority. M/s SAIL vide its reply has stated that they had applied for mining lease for 321 ha of coal block area, but only 214 ha has been recommended by the state Govt. due to two reasons viz (i) reduction of 66 ha being an area under river bed of Damodar and (ii) reduction of 41 ha being an overlap area with CBM lease granted to ONGC-CIL. MoC has granted previous approval for Mining lease for 321 ha area on 12.01.2018. ML is yet to be granted by the State Government of Jharkhand. M/s SAIL who is the prior allottee of the said coal mine, had in Oct' 2013 given a presentation about status of the coal mine before the Inter Ministerial Group (IMG) had stated that the said coal block is geographically disturbed with gassy seams. Thus, it corroborates that the M/s SAIL was fully aware of the condition of the coal block and the issues it might face

As per

upon re-allotment.

6. Furthermore, M/s SAIL submitted that due to reduction in the block area from 321 ha to 214 ha and its effect on quantum of reserves and extractability, M/s SAIL appointed M/s. MECON to prepare a Techno-commercial viability report for Sitanala coal block. In its report, M/s MECON had refuted the possibility of underground mining. As such, this is not viable techno commercially. In this context it is relevant to mention that M/s SAIL is the prior allottee of the said coal mine since April' 2007 and as such must be aware of all the conditions of the mine at the time of Allotment. Moreover, M/s SAIL being the prior allottee had prepared the Mine Plan of Sitanala coal mine prior to re-allotment, being aware of the geological conditions of the mine, and the same was vested to them consequent upon re-allocation. Also, being the prior allottee, M/s SAIL should have undertaken the techno economic viability study prior to entering into the the process of re-allotment and signing of Allotment Agreement with the Nominated Authority.

7. In view of the above facts, it is to say that very little progress has been made in the development of the coal mine and the Allottee has decided to surrender the same citing above said issues which do not justify the delay in development of the mine. As such there is no reason why the Allotment Agreement should not be terminated under Clause 24.3.1 (o) and action as per Clause 24.3.2 and 24.3.3 should not be taken against M/s. SAIL.

8. In view of the above, it has been decided to terminate the Allotment Agreement and Allotment Order in respect of Sitanala coal mine. However, in compliance to the Order of Hon'ble High Court of Delhi the **Allotment Agreement and Allotment Order shall stand terminated w.e.f. 25.10.2018 and the Performance Security and all other payments made by the Allottee shall stand appropriated** and the Allottee shall not be entitled to any benefit under Allotment Agreement but would continue to be liable towards any antecedent liability, all obligations accrued before the effective date of the surrender /termination and also for the obligations that must be fulfilled after termination.

9. Accordingly, the Assistant Vice President, HDFC Bank Limited, E-13/29, 2nd Floor, Harsha Bhavan, Middle Circle, Connaught Place, New Delhi, 110001 is requested to treat this as notice of demand under **Bank Guarantee No. 003GT02181130014 dated 23.04.2018 of amount ₹ 10,43,40,000/-** issued by it in favour of the President of India, acting through the Central Government represented by the Nominated Authority, and deposit the amount of **₹ 10,43,40,000/- (in words: Rupees Ten Crores Forty Three Lakh and Forty Thousand only)** which is the entire guaranteed amount under the said bank guarantee to the account of PAO, Ministry of Coal, United Bank of India, Account no 0276050414586,

Atkins

Branch- Connaught Circus (New Delhi), IFSC code- UTBI0CON702 on
25.10.2018 for the reason of termination of Allotment Agreement.

Yours faithfully,

Ashish
13 October 2018
(Ashish Upadhyaya)
Joint Secretary to the Government of India
& Nominated Authority

Copy to:

1. The Chief Secretary, Government of Jharkand.
2. Deputy Secretary (CBA-II), Ministry of Coal.
3. Coal Controller, Coal Controller Organisation, Kolkata.
4. US (IFD)/US (CLD), Ministry of Coal, Government of India.
5. Pay & Accounts Officer, Pay & Accounts Office, Ministry of Coal- for necessary action.
6. Bank Manager, United Bank of India, Connaught Circus Branch, New Delhi.
7. TD (NIC), MoC- for uploading on the website of Ministry of Coal.