

**F.No. 104/27/2015/NA**  
**Government of India**  
**Ministry of Coal**  
**O/o Nominated Authority**

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**120, 1<sup>st</sup> Floor, F wing, Shastri Bhawan**  
**New Delhi- 110001, Dated: 30.05.2019**

To

The Chairman cum Managing Director  
M/s. GMR Chhattisgarh Energy Limited,  
New Shakti Bhawan, No. 302,  
New Udaan Bhawan Complex, Opposite Terminal 3,  
IGI Airport, New Delhi- 110037.

**Subject :- Termination of Coal Mines Development and Production Agreement and Vesting Order in respect of Ganeshpur Coal Mine.**

Sir,

I am to refer to the Coal Mines Development and Production Agreement (CMDPA) dated 16.03.2015 signed between the Nominated Authority and M/s. GMR Chhattisgarh Energy Limited (the Successful Bidder) in respect of Ganeshpur Coal Mine and to say that as per Clause 6.1.6 of the CMDPA, the Performance Security should remain valid until such time the coal mine annual Peak rated Capacity.

*Askins*  
2. The Bank Guarantees Nos.I40GOPG151050001 and 0160IPEBG150077, amounting to Rs.100 crore and Rs.194.946 crore respectively, submitted by Successful Bidder as Performance Security in terms of clause 6 of CMDPA, in respect of Ganeshpur coal mine, expired on 30.09.2018 & 31.12.2018 respectively. More than 4 months have elapsed since the expiry of the above-mentioned Bank Guarantees, however, the same have not been renewed till date.

3. In this regard, a Show Cause Notice was also issued to Successful Bidder on 18.04.2019 wherein it was directed to renew the Bank Guarantees within 15 Business days. The Successful Bidder was also called upon to Show Cause within 7 days as why above delay should not be treated Termination Event under Clause 24. However, the Successful Bidder rather

than renewing the Bank Guarantees, had sought an extension for taking appropriate steps in this matter. The Nominated Authority decided not to grant any extension to the Successful Bidder and the same was communicated on 02.05.2019.

4. Pursuant to above communication, the Successful Bidder submitted the reply to the aforesaid Show Cause Notice on 06.05.2019. However, the Successful Bidder did not renew the Bank Guarantee. The reply submitted by Successful Bidder was considered by Nominated Authority and it has been observed that the Successful Bidder has not renewed the Bank Guarantee. Further, no relevant reason has been given by the Successful Bidder for renewing the Bank Guarantee. It has also been observed that in the past the Bank Guarantee No.I40GOPG151050001 and 0160IPEBG150077 amounting Rs.100 crore and Rs.194.946 respectively got expired on 31.01.2018. The same were not renewed in spite of several extensions. Pursuant to several extensions the Successful Bidder had renewed only partial Bank Guarantee No.140GOPG151050001, that too with much persuasion and only till 31.03.2018. Accordingly, an amount of Rs.2,94,94,600/- (Rupees Two Crore Ninety Four Lakhs Ninety four Thousand and Sixty Hundred only) was appropriated on 23.03.2018 from the Bank Guarantee No.I40GOPG151050001, as a token Penalty towards breach of provisions of the Agreement i.e non-renewal of Bank Guarantee in terms of Clause 6.1.6 of the Agreement. The Successful Bidder was also directed to top up the said Bank Guarantee by the amount appropriated. However, the Successful Bidder neither top up the Bank Guarantee No.I40GOPG151050001 nor renewed the Bank Guarantee No. 0160IPEB150077. It has also been observed that Successful Bidder is unable to indicate any definite timeline for the renewal of Bank Guarantee. Expiry of the Bank Guarantee is a major violation and forms the ground to terminate the allocation of the coal mine [in terms of Clause 24.3.1(n)] as it points that Successful Bidder is not at all serious in development of the mine and also leave no option to the Nominated Authority to appropriate the Performance Security under Clause 10 of the CMDPA.

5. As per Clause 24.3.1(e) of the CMDPA provides that "failure of the Successful Bidder to replenish the Performance Security within a period of 15 Business days, in the event that a part of the Performance Security has been appropriated, constitutes a Termination Event."

6. Further, per Clause 24.3.1(n) of the CMDPA provides that "any other breach of any of the provisions of this Agreement (including in case of the Warranties being untrue or misleading or incorrect in any manner whatsoever), which is not cured by the Successful Bidder within thirty Business days of becoming aware of the same, on its own accord or upon receipt of notice from the Nominated Authority" constitutes a Termination Event.

7. Further, as per Rule 13(6) of the Coal Mines (Special Provisions) Rules, 2014, the Vesting Order shall be cancelled by the Nominated Authority in case of breach of terms of the agreement (CMDPA). As per Clause 24.3.1(e) and (n) of the CMDPA, the above lapses on the part of the Successful Bidder constitute Termination Events. Accordingly, this letter may be treated as notice under 24.3.2 of the CMDPA. On completion of notice period of 15 business days on 20.06.2019, the CMDPA and Vesting Order shall stand terminated and the Performance Security and all other payments made by the Successful Bidder shall be appropriated and the Successful Bidder shall not be entitled to any benefits under the CMDPA. However, as the Bank Guarantee for an amount of Rs.294,94,60,000/- constituting Performance Security in respect of Ganeshpur coal mine has lapsed, M/s GMR Chhattisgarh Energy Limited is directed to submit an amount of Rs.294,94,60,000 (Rupees Two Ninety Four Crore Ninety Four Lakh and Sixty Thousand Only) on 20.06.2019, with Nominated Authority in the account of PAO, Ministry of Coal, Bank – United Bank of India Branch Name – Connaught Circus, New Delhi, Account No.0276050414586, IFSC Code – UTBI0CON702, MICR Code – 110027022, failing which Nominated Authority will initiate appropriate legal proceedings for recovery of the said amount.

*Ashish Upadhyaya*  
30th May 2019  
**(Ashish Upadhyaya)**

**Joint Secretary and Nominated Authority**

Copy to :-

1. The Chief Secretary, Government of Jharkhand.
2. Coal Controller, Coal Controller Organisation, Kolkata.
3. US (CBA-II)/US (IFD)/US (CLD), Ministry of Coal, Government of India.
4. Pay & Accounts Officer, Pay & Accounts Office, Ministry of Coal- for necessary action.
5. The Branch Manager, United Bank of India, Connaught Circus Branch, New Delhi- for necessary action.

आशीष उपाध्याय / ASHISH UPADHYAYA  
संयुक्त सचिव / Joint Secretary  
भारत सरकार / Govt. of India  
कोयला मंत्रालय / Ministry of Coal  
शास्त्री भवन / Shastri Bhawan  
नई दिल्ली / New Delhi