

**File No.: 104/13/2015/NA**

Government of India  
Ministry of Coal  
Nominated Authority

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R.No.120- 1st Floor, F-Wing Shastri Bhawan,  
New Delhi, Dated: February 7<sup>th</sup>, 2024

To,

The Vice President -Corporate Affairs,  
Hindalco Industries Limited,  
8<sup>th</sup> Floor, Parsvnath Capital Tower,  
Bhai Vir Singh Marg,  
New Delhi -110001

**Subject:** Termination of Coal Mine Development & Production Agreement (CMDPA) dated 02.03.2015 and Vesting Order No. 104/13/2015/NA dated 23.03.2015 in reference to Gare Palma IV/5 Coal Mine allocated to M/s Hindalco Industries Limited.

Ref:1) Coal Mine Development and Production Agreement dated 02.03.2015

- 2) 1<sup>st</sup> Amendment to CMDPA dated 16.03.2015
- 3) 2<sup>nd</sup> Amendment to CMDPA dated 06.05.2015
- 4) 3<sup>rd</sup> Amendment to CMDPA dated 17.01.2017
- 5) Vesting Order No. 104/13/2015/NA dated 23.03.2015
- 6) M/s HIL letter dated 02.11.2022
- 7) State Govt. of Chhattisgarh's letter dated 02.02.2024

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Sir,

I am to refer to the Coal Mine Development and Production Agreement (CMDPA) dated 02.03.2015 signed between Nominated Authority and Hindalco Industries Limited (HIL) with respect of Gare Palma IV/5 Coal Block under the regime of CMSP Act, 2015

2. In pursuance of Section 8(4) of the Coal Mines (Special Provisions) Act, 2015, a vesting order dated 23.03.2015 was issued for vesting the right, title, and interest of the prior allottee in the land and mine infrastructure free from all encumbrances in favour of M/s HIL. Additionally, in accordance with clause 6.1.5 of the CMDPA, M/s HIL is under obligation to keep the Performance Security alive until such time when the Coal Mine achieves the annual peak rated capacity. Subsequently, Gare Palma IV/5 coal mine achieved the Peak Rated Capacity (PRC i.e., 1 MTPA) during the FY 2016-17, leading to the return of the Performance Security to M/s HIL.

3. It was brought to the notice of Office of Nominated Authority that M/s HIL submitted notice of termination of mining lease in respect of the Gare Palma IV/5 coal mine on 20.11.2020 to the Department of Mineral Resources, Government of Chhattisgarh. It was informed by HIL that they

are facing considerable technical challenges which have rendered the continuation of mining operations unviable, unfeasible and unsustainable.

4. Further, M/s HIL approached Central Institute of Mining & Fuel Research ("CIMFR") for guidance on alternate approaches to achieve the scheduled production. After detailed study, vide its report dated 23.04.2018, CIMFR proposed a partial extraction method called 'Wide Stall' method of mining. However, the implementation of wide stall method was rejected by DGMS vide its letter dated 05.09.2018 due to safety concerns. HIL stated that they have explored all possible alternatives to find a solution to carry-on the mining operations to sustainably produce 1 MTPA with emphasis on safety of people employed, safety of surface features including forest and conservation of coal under the Extant law and DGMS guidelines.

5. As the mine is an operating mine with the left-over reserves, the same need to be protected for the subsequent extraction of balance reserves. Therefore, a meeting dated 03.02.2023 was convened to address the surrender request of Gare Palma IV/5 Coal mine for further course of action in which it was decided that M/s HIL has to obtain the technical closure certificate from State Govt. based upon which the lease could be terminated by State Govt. The same was communicated to M/s HIL vide this office letter dated 22.02.2023.

6. In the matter vide letter dated 27.06.2023 Special Secretary (Mineral Resource Department), Govt. of Chhattisgarh stated that as this is the first kind of case of surrender of mining lease after partial extraction hence Standard Operating Procedure has to be decided in respect of the same. Further in the letter it was also stated that for further action with respect to termination of mining lease will be taken by State Govt. of Chhattisgarh after the issuance of No Objection Certificate from MoC.

Accordingly, vide office of Nominated Authority's letter dated 04.10.2023 it was informed to Govt. of Chhattisgarh that nothing is due to be paid from M/s HIL to MoC. Therefore, Govt. of Chhattisgarh may take appropriate action on the application of M/s HIL for termination of mining lease as per the applicable laws/rules.

7. Further, M/s HIL has filed a writ petition No. 12212 of 2023 before Hon'ble High court, New Delhi against Ministry of Coal and others praying the Hon'ble court to i) direct respondent no. 1 to 3 to act upon termination notice dated 20.11.2020 issued by HIL and takeover the Gare Palma IV/5 and confirm in writing that HIL is no longer the allottee of the Gare Palma IV/5 coal mine and ii) also direct respondent no.2 i.e. Coal India Limited to permit the petitioner to place bids for coal linkages under subsequent tranches of NRS Auction without adjusting the peak rated capacity of Gare Palma IV/5 coal mine against the coal requirement of the Specified End Use Plants of Petitioner.

The Hon'ble High Court, New Delhi vide its order dated 01.02.2024 directed the State Govt. of Chhattisgarh to terminate the Mining Lease and report compliance of order on the next hearing date i.e 05.02.2024. Accordingly,



on 05.02.2024, HIL submitted order of dated 02.02.2024 of the Minerals Resources department, State Govt. of Chhattisgarh vide which Mining lease has been terminated related to Gare Palma IV/5 allocated HIL. It was also stated that next Tranche VIICPP sub-sector NRS Linkage auctions will be commence from 07.02.2024. Hence, in view of the same, Hon'ble High court directed the steps be taken for termination of the CMDPA and the compliance of the direction to be reported on the next hearing date i.e 07.02.2024.

8. According to clause 24.3.1 (q) of the CMDPA with respect to Gare Palma IV/5 coal mine forms a termination event:

*"24.3.1 (q) termination of the Mining Lease granted to the Successful Bidder"*

9. Accordingly, this letter may be treated as a notice under clause 24.3.2 of the CMDPA. On the completion of notice of 15 business days, the CMDPA shall stand terminated in respect of Gare Palma IV/5.

10. Further, M/s HIL shall not be entitled to any benefit under CMDPA but would continue to be liable towards any antecedent liability, obligations accrued before the effective date of the termination and also for the obligations that must be fulfilled after the termination which are as follow:-

i.) The custodian of the mine shall continue to be the HIL unless otherwise stated by the Nominated Authority, and the HIL has to maintain the mine in safe working condition at their own expense for a period of two years from the date of acceptance of surrender/termination or till the date of vesting of the mine to a successful bidder whichever is earlier. Once the mine is successfully vested, then the new allottee will be responsible for the maintenance of the mine and implementation of Safety Management Plan.

ii) In case a mine is not successfully vested within a period of two years, the said mine shall be closed by the HIL duly preparing the mine closure plan ensuring the closure activities within the extracted area, while concurrently safeguarding the remaining extractable reserves as per the prevailing Mine Plan and Mine Closure Plan Guidelines.

iii) The HIL shall not be eligible to claim any of the balance amount deposited in the Escrow account if it is vested to a new allottee. Further, in case the mine is not successfully vested within the period of two years, the additional amount required for closing the mine shall also be borne by the HIL. This is without prejudice to any other payments as per the terms and conditions of CMDPA and without prejudice to any other statutory provisions or conditions of the permissions/approvals.





(M.Nagaraju)

Additional Secretary and Nominated Authority

## Copy to:

1. The Chief Secretary, Government of Chhattisgarh: With a request to ensure the compliance of conditions mentioned at Point.10 through the respective enforcing agency.
2. US (P&S-II), MoC-for information
3. Coal Controller, Coal Controller's Organization, New Delhi
4. The Senior Manger, Union Bank of India, D.No.1-245, Panchimanthi Complex, MG Road, 11931-Tadigadapa Branch, Penamalur Mandal, Krishna District,  
Email:ubin0811939@unionbankofindia.bank
5. US (IFD)/ (CLD), Ministry of Coal, Government of India.
6. TD (NIC), Ministry of Coal- for uploading on the website of Ministry of Coal.