

Through Email/SPEED POST
File No. NA-203/2/2025-NA
Government of India
Ministry of Coal
Office of Nominated Authority

Room No. 120, "F" Wing, Shastri Bhawan,
New Delhi - 110001
Dated: March 13, 2025

PROVISIONAL COMPENSATION ORDER

Subject: Determination of compensation towards Cost of Geological Report, Cost of Consents, Land & Mine Infrastructure in respect of Bundu coal mine payable to M/s Rungta Mines Limited in terms of the Coal Mines (Special Provisions) Act, 2015 and Judgment dated March 09, 2017, passed by the Hon'ble High Court of Delhi – Reg.

In accordance with Rule 14 of the Coal Mines (Special Provisions) Rules, 2014, and Section 16 of the Coal Mines (Special Provisions) Act, 2015, the Nominated Authority has assessed the compensation payable to M/s Rungta Mines Limited. This determination is in compliance with the judgment passed by the Hon'ble High Court of Delhi dated 09.03.2017.

Cancellation of Allotment of 204 Coal Mines by the Hon'ble Supreme Court of India

The allotment of the Bundu coal mine to M/s RML was cancelled by the Hon'ble Supreme Court of India along with other 203 coal mines by order dated 24.09.2014 in WP (Crl.) No. 120/2012 **Manohar Lal Sharma & Ors. v. The Principal Secretary & Ors.** Subsequently, the Coal Mines (Special Provisions) Act, 2015 was enacted by the Union of India, providing for the reallocation of these 204 coal mines, compensation to the prior allottees, and other related matters.

Coal Mines (Special Provisions) Act, 2015 – Provisions for Compensation and Disbursement

Section 6 of the Coal Mines (Special Provisions) Act, 2015 stipulates that the Central Government, through the Nominated Authority, shall determine the valuation of compensation payable to the prior allottees. This process is governed by Section 16 of the Act, read with Rule 14 of the Rules, and is in compliance with the judgment of the Hon'ble Delhi High Court dated 09.03.2017.

Compensation for Land and Mine Infrastructure

In addition to compensation for land and mine infrastructure as per Section 16 of the Act, the cost of Geological Reports and the Cost of Consents obtained by the prior allottee are also to be reimbursed. Section 9 of the Act mandates that the compensation determined

by the Nominated Authority be paid by the successful allottee of the mine. Furthermore, the successful bidder is contractually obligated, through the tender document, to deposit the compensation amount, including any upward revision, with the Nominated Authority. The compensation will be disbursed following the order of priority: secured creditors, government dues, and local authority dues, followed by the prior allottee.

M/s Rungta Mines Limited as Prior Allottee

In accordance with Clause (n) of Sub-section (1) of Section 3 of the Act, M/s Rungta Mines Limited qualifies as a "Prior Allottee" and shall hereinafter be referred to as **M/s RML**.

Allocation of Bundu Coal Mine to M/s S M Steels and Power Limited (SMSPL) on 04.02.2025

Subsequent, to the enactment of the Coal Mines (Special Provisions) Act, 2015, the Bundu coal mine was allocated to M/s S M Steels and Power Limited via public auction, conducted by the Nominated Authority under the provisions of the CMSP Act and CMSP Rules. A Coal Mine Development and Production Agreement was executed between the Nominated Authority and M/s SMSPL on 05.12.2024. The vesting order for the mine was issued on 04.02.2025.

Determination of Compensation by Nominated Authority

In line with the provisions of Section 16 of the Act and the judgment of 09.03.2017, the Nominated Authority vide letter No. 110/01/2014-NA dated 01.02.2018 requested prior allottees, including M/s RML to submit information on land and mine infrastructure. M/s RML submitted its claim through letter no. RML/Bundu/1A/17-18/19 dated 08.02.2018, detailing compensation claims for geological reports, consent costs, land, and mine infrastructure related to the Bundu coal mine. Table 'A' provides an annexed summary of these claims.

Table A:

Head of Claim	Amount
Geological Report (GR)	3,45,00,063
Consent Costs (CC)	Nil
Land Value	61,90,813
Other expenses, MP, MCP, EMP etc	17,50,944
Mine Infrastructure (Movable)	Nil
Total Claimed	4,24,41,820

Review and Validation of Claims

Upon examination of the claim, this office found that M/s RML is entitled to the following compensation:

- **Cost of Geological Reports:** The allottee provided its supporting documentation, including a letter from CCL dated 09.06.2006, about payment of ₹3,45,00,063/- of the original geological reports for the Bundu coal mine. Therefore, compensation

of ₹3,45,00,063/- is provisionally determined for the cost of the Geological Report.

- **Expenses related to Mine Plan (MP), Mine Closure Plan (MCP), and Environmental Management Plan (EMP):** The successful and prior allottee are free to negotiate and mutually settle the amounts related to any expenses or reports.
- **Cost of Consents (CC):** No compensation is claimed or awarded for consents.
- **Mine Infrastructure:** No compensation is claimed or awarded for consents.
- **Land Value:** The documents submitted by the RML were sent to the land valuer along with vesting order so that he may submit a land valuation report in accordance with the recommendations of the Inter Ministerial Valuation Committee, which is specified in OM dated November 16, 2018. The procedure for land valuation is outlined as follows:
 - a. As per Section 16(1) of the CMSP Act, 2015, the quantum of compensation for land is determined based on registered sale deeds lodged with the Nominated Authority, together with 12% simple interest from the date of acquisition until the execution of the Vesting Order or Allotment Order.
 - b. Several prior allottees challenged this determination before the Hon'ble Delhi High Court (WPC 973/2015). The judgment dated March 09, 2017, provided that if the prior allottee produces tangible evidence demonstrating a fair market value higher than the benchmark, they shall be entitled to compensation based on the higher valuation.
 - c. Following the said judgment, compensation is to be determined as the higher of: (a) valuation as per Section 16(1) of the CMSP Act, 2015, or (b) prevailing circle rates as of the vesting date.
 - d. The land valuer engaged by the Nominated Authority has conducted the valuation for Bundu coal mine land, using 04.02.2025 (vesting date) as the reference. The determined compensation is as follows:

Table 'B' Fig in '₹'

Particulars	As per CMSP Act, 2015	As per Fair Market Value
Freehold land (Acres)	12.416	12.416
Transaction (Cost of Land)	57,11,475	57,11,475
Interest at 12% till 04.02.2025	99,08,500	-
Land Value	1,56,19,975	2,79,76,399

Therefore, compensation of ₹2,79,76,399 is provisionally determined for the Land Valuation.

Fixed Costs deposited by SMSPL and Provisional Determined Compensation for Bundu Coal Mine

Table C:

Particulars	Geological Report (A)	Mine Infrastructure (B)	Land (C)	Cost of Consents (D)	Grand Total (E = A to D)
M/s SMSPL Deposited Fixed Cost (1)	3,45,00,063	-	1,46,21,376	-	4,91,21,439
Compensation to be Disbursed to M/s RML (2)	3,45,00,063	-	2,79,76,399	-	6,24,76,462
Amount to be Deposited by SMSPL (3 = 1-2)	-	-	1,33,55,023	-	1,33,55,023

Based on the above table, M/s RML is provisionally entitled to a land compensation amount of ₹2,79,76,399. M/s SMSPL deposited an amount of ₹1,46,21,376 and the remaining amount of ₹1,33,55,023 to be deposited by SMSPL in the designated account of Ministry of Coal.

Secured Creditors and Payment Procedure

In compliance with Section 9 of the CMSP Act, 2015, and Rule 15 of the CMSP Rules, 2014, compensation will be disbursed in the following order of priority:

- Secured creditors,
- Government dues,
- Local authority dues,
- Prior allottee.

No claims were received from secured creditors in response to the notice on 15.12.2015, for 204 coal block including Bundu coal mine.

Conclusion and directions:

- Based on the above, the total compensation provisionally determined for RML amounts to ₹6,24,76,462/-. This includes ₹3,45,00,063/- towards the Geological Report and ₹2,79,76,399/- for land in respect of the Bundu coal block. The compensation for mine infrastructure and cost of consents has been provisionally determined as NIL.
- RML is hereby directed to hand over the original Geological Report and other relevant documents to the successful allottee, M/s S M Steels and Power Limited (SMSPL), within 15 days of receipt of this order.
- SMSPL is directed to deposit an amount of ₹1,33,55,023/- in the designated account of the Ministry of Coal within 15 days of receipt of this order.

Name of the Bank	PUNJAB NATIONAL BANK (PNB)
Name of the Beneficiary	PAO, M/o Coal
Branch Name	Connaught Circus (0276)
Account No.	0276050414586
IFSC Code	PUNB0027620
MICR Code	110024773

- Additionally, M/s SMSPL's request on 07.02.2025 for a Description of Land in Annexure-1, Part-B of the Vesting Order to be considered after the finalization of the Compensation Order.

Opportunity for Objection and Hearing

The above provisional determination of compensation for cost of GR, consents, Land & Mine Infrastructure is being made. However, in case of any objections raised by Allottees, M/s SMSPL and M/s RML an opportunity of hearing is given as per OM dated November 16, 2018. The same would be examined and further determination would be made. If required M/s SMSPL and M/s RML is hereby called upon to present their comments/objections if any on the above determination on **22.03.2025 at 12:00 noon**.

Enclosure as above

- I. Vesting Order, dated 04.02.2025
- II. Claim of M/s RML dated 08.02.2018
- III. Land Valuation report


(Rupinder Brar)

Additional Secretary & Nominated Authority

To,

1. Prior allottee, **M/s Rungta Mines Limited**, 8A, Express Tower, 42A-Shakespeare Sarani Kolkata-700017, corporate identity number U26911WB1962PLC025691. Email rungta_cal@rungtamines.com
2. (Successful Allottee), The Managing Director, M/s S M Steels and Powder Limited, Godrej Waterside, Tower-1, Unit-504, 5th Floor, Sec-V, Saltlake City, Block DP-5, Kolkata-700091. corporate identity number U27209WB2022PLC252950.

Copy to:

1. Under Secretary (P&S-II Section), Ministry of Coal.