

COAL INDIA LIMITED
(Marketing Division)
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Ref.No. CIL/S&M/LOA/147252 (New Pol) | 46

Dated: 17th January, 2011

To

Chairman-cum-Managing Directors
NCL/SECL/BCCL/ECL/CCL/WCL/MCL.

Sub: Amendment in the Milestones of LOA for Cement Plants

Dear Sir(s),

The milestones of LOA for Cement plants have been amended as per approval by CIL Board in its 254th Meeting held on 30th January 2010, subject to confirmation from MOC.

Subsequently, the matter was taken up with MOC and after due interaction with DIPP (Ministry of Commerce and Industry) the issues in terms of DIPP suggestions were placed for consideration of the CIL Board. CIL Board in its 263rd Meeting held at New Delhi on 14th December 2010, accorded the approval to the following:

1. Cement Companies shall be given 90 days time to comply with the revised milestones after these milestones are notified and
2. To evolve a procedural mechanism for review/redressal of any difference with regard to documents submitted in compliance of milestones of the cement companies as well as for other SLC(LT) consumers i.e., Power and Sponge Iron sectors by Director (Marketing). Board also advised Director (Marketing) to dispose of the appeal within a reasonable time.

So far as signing of FSA for capacity lower than the capacity recommended by SLC(LT) for cement plants, the terms and conditions as mentioned in the MOC letter no. 23011/81/2007-CPD(Pt-II) dated 13th December, 2010 (copy enclosed as Annexure-A) shall be applicable.

A copy of the approved modified milestones of LOA for Cement plants in enclosed as Annexure-B for taking further necessary action.

Encl: As stated.

Yours faithfully,

Amitabha Ray 17/01/11
(Amitabha Ray)

Chief General Manager (S&M)

Distribution:

1. CGM(S&M)s, NCL/SECL/BCCL,
2. CGM, NEC, Guwahati,
3. GM(S&M)s, ECL/CCL/WCL/MCL.

cc to:

1. Director (Marketing), CIL, Kolkata
2. T.S to Chairman, CIL, Kolkata
3. CGM(F)/Company Secretary, CIL, Kolkata
4. CGM (S&M-SO), CIL, Kolkata
5. GM (S&M), CIL, New Delhi.
6. GM (S&M-Finance), CIL, Kolkata
7. GM(S&M/Commercial), CIL, Kolkata

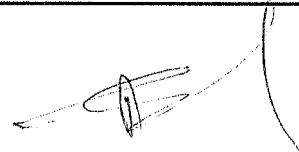
✓ Copy to: GM(Telecom), CIL Hqtrs., Kolkata- with a request to make necessary arrangements for uploading approved modified milestones of LOA for Cement plants under NCDP at the earliest alongwith 'Letter of Assurance for Cement Plants' posted at NCDP in Sl. No. 5 of the website of Coal India Limited. Hard copy as well as soft copy are enclosed herewith.

Existing Milestones as laid down by CRISIL.				Modified Milestones	
Milestone Sl. No.	Activity	Timeline from the date of LOA	Document to be submitted by the Assured on achievement of milestone	Documents may be asked by CIL for Brown fields Cement Plants	Documents may be asked by CIL for Green fields Cement Plants
1	Existence of business entity	within 6 months	Certificate of Incorporation/ Commencement of Business	No change	No change
2	In-principle letter of approval for the Cement Plant for which coal is required	within 6 months	Certified copy of the decision of the Board of Directors	Resolution of the Board is necessary. However, a certificate from the Company Secretary/Chartered Engineer/ Statutory Auditors of the company in support of the expanded capacity may be submitted in the absence of the Board Resolution.	Resolution of the Board is necessary. However, a certificate from the Company Secretary/Chartered Engineer/ Statutory Auditors of the company in support of the installation of the plant and its capacity may be submitted in the absence of the Board Resolution.
3	Registration/ Industrial Entrepreneurs Memorandum (IEM)/ Industrial License	within 6 months	Industrial Entrepreneurs Memorandum (IEM) Acknowledgement Letter/ Industrial License. (For Sponge Iron- IEM Acknowledgement letter)	IEM is to be submitted. In case the approved LOA capacity is less than the IEM capacity, the lower capacity may be accepted.	IEM is to be submitted. In case the approved LOA capacity is less than the IEM capacity, the lower capacity may be accepted.



Existing Milestones as laid down by CRISIL.				Modified Milestones	
Milestone Sl. No.	Activity	Timeline from the date of LOA	Document to be submitted by the Assured on achievement of milestone	Documents may be asked by CIL for Brown fields Cement Plants	Documents may be asked by CIL for Green fields Cement Plants
4	Technical and Feasibility Studies	within 6 months	Techno-economic Feasibility Report(TFR)/ DetailedProject Report(DPR)	When the requirement of fund is sourced through bank loan, TFR/DPR is essential. However, when the requirement is met out of own resources and TFR/DPR is not prepared, then a certificate from the Company Secretary/Chartered Engineer/ Statutory Auditors of the company about the technoeconomic feasibility of the project would be sufficient.	When the requirement of fund is sourced through bank loan, TFR/DPR is essential. However, when the requirement is met out of own resources and TFR/DPR is not prepared, then a certificate from the Company Secretary/Chartered Engineer/ Statutory Auditors of the company about the Technoeconomic feasibility of the project would be sufficient.
5	Land acquisition (At least 50% of the area, as shown in the TFR/DPR, acquired)	within 6 months	Notification under Sec 6 of Land Acquisition Act, 1894	If the Sale deed/ Land lease agreement is already available, the same should be submitted. However, if the original documents are in language other than Hindi/English, then a translated version in Hindi/English duly certified by the Notary shall be submitted. If the original documents are deposited with the bank as a part of security documents, then the certified copy of the same to be obtained from the Banker is to be submitted.	No change. However, if the original documents are in language other than Hindi/English, then a translated version in Hindi/English duly certified by the Notary shall be submitted.
		within 12 months	Award by the Collector under Section 11 of Land Acquisition Act, 1894; Or Land Registration/ Transfer deed/ Land lease agreement		

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6	Acquiring Limestone block for Mining	within 6 months	Grant letter from State Govt. for allotment of area and mining	In case the requirement of limestone is sourced from the existing mine, lease agreement will suffice the purpose. In case, new mine is to be acquired for the said expansion, documents as required to be submitted under the original LOA shall apply.	No change
		within 12 months	Approved mining plan from State/ Central Govt. and Firm letter of award of Mining Lease		
7	Environment Clearence (Cement Plant)	within 6 months	Approved Terms of Reference (TOR)	Time limit for Approved Terms of Reference(TOR) may be increased from 6 months to 9 months .	Time limit for Approved Terms of Reference(TOR) may be increased from 6 months to 9 months .
		within 12 months	Final clearance		



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8	Forest Clearance (For Cement Plant), if applicable	within 12 months	Forest Clearance	In case of expansion, if additional land is required for expansion of the unit, the documents as required under the original LOA, is to be submitted. In case, no new land is acquired, necessary certificate to this effect from the Company secretary is to be submitted.	No change
	Forest Clearance (For Limestone Block), if applicable	within 12 months	Forest Clearance		
9	Clearances for the Limestone block	within 6 months	Approved Terms of Reference (TOR)	In case of brownfield expansion, limestone is mostly sourced from the existing mines .In such cases copy of existing Mining Lease Agreement may be submitted, and the same would be sufficient. In case, new limestone block for excavating the limestone is acquired, the documents as required in the original LOA is to be submitted. However, in case production of limestone is by surface miner, clearance of the Chief Controller of Explosive is not required. In such cases, a certificate from Company Secretary/Chartered Engineer shall be required.	No change. However, in case production of limestone is by surface miner, clearance of the Chief Controller of Explosive is not required. In such cases, a certificate from Company Secretary/Chartered Engineer shall be required.
		within 12 months	Final clearance and certificate from Chief Controller of Explosives		

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Milestone Sl. No.	Activity	Timeline from the date of LOA	Document to be submitted by the Assured on achievement of milestone	Documents may be asked by CIL for Brown fields Cement Plants	Documents may be asked by CIL for Green fields Cement Plants
10	Tax Related (Any one document)	within 12 months	. Registration for Professional Tax, Sales Tax / VAT registration etc.	No change	No change
11	Factory Related (Any one document)	within 12 months	Registration under the Factory Act, 1948, Registration under PF Act etc.	No change	No change
12	Firm Water Allocation	within 6 months	Clearance, if applicable	No change	No change
		within 12 months	Sanction Letter for firm water allocation		
		additional Milestone for CPP & sponge Iron- within 6 months	In principle water allocation		
13	Power Allocation	within 12 months	Load sanction letter	In case the plant is using the grid power , copy of the load Snction letter shall be submitted. However, where the supply of power is from CPP, a certificate to that effect from the Company Secretary/Chartered Engineer/ Statutory Auditors shall be sufficient (Rationale: Most of the Cement plants are having their own Captive power plants.)	In case the supply of power is from Captive Power Plant - order (Letter of Award) for placement of main equipment and machinery may be submitted. In case the plant is using the grid power , copy of the load Snction letter can be submitted. (Rationale: Same)

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14	Approval of Construction Activity & Building Plan	within 12 months	Approved construction plan by the relevant authority	A certificate from the Company Secretary/Chartered Engineer may be submitted. (Rationale: Most of the plants are very old and the Approved construction plan by the relevant authority may not be available)	No change
15	Funding of investment, as identified in the TFR/DPR	within 12 months	Board's resolution on the amount of equity investment in the Project and/ or Sanction Letter from the Bank/Financial Institution	A certificate from Statutory Auditor may be submitted detailing the manner in which the project is proposed to be funded/has been funded, when the Board Resolution is not submitted. In case a loan has been sanctioned to finance a project, a copy of the sanction letter from the lending institution may be submitted. (Rationale: Many times it happens that the requirement of funds for a new plant or expanded capacities are met from internal accruals and sources, and hence the company does not necessarily go for loans.)	A certificate from Statutory Auditor may be submitted detailing the manner in which the project is proposed to be funded/has been funded, when the Board Resolution is not submitted. In case a loan has been sanctioned to finance a project, a copy of the sanction letter from the lending institution may be submitted. (Rationale: Many times it happens that the requirement of funds for a new plant or expanded capacities are met from internal accruals and sources, and hence the company does not necessarily go for loans.)
16	Order of Plant & Machinery	within 12 months	Copy of Signed Agreement with the EPC Contractor/ Equipment supplier	No change	No change

No. 23011/81/2007-CPD(Pt-II)
Government of India
Ministry of Coal

Shastri Bhawan,
New Delhi the 13th December, 2010

To

Shri Amitabh Roy,
Chief General Manager(S&M),
Coal India Limited, 15 Park Street,
Kolkata-16.

Subject: Modification in the milestones for "Letter of Assurance"(LoA) for Cement Plants- reg

Sir,

I am directed to refer to your letter No. CIL/CMO/47252/New PII/559 dated 25.8.2010 on the above mentioned subject In para (4) of your letter it was proposed that the suggestion of DIPP for signing of FSA for capacity lower than the capacity recommended by the SLC(LT) for Cement Plants can be accepted, if a dispensation is given by the Ministry of Coal in this regard.

2. The matter has been examined in this Ministry and the Competent Authority has approved the proposal of DIPP for accepting lower capacity of cement plants as compared to the capacity recommended by the SLC(LT), subject to the following conditions:-

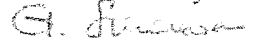
i) Reduction in total capacity/ unit size or reduction of number of units for which LoA has been authorized will be permitted, provided a request is made in writing to coal companies/Ministry of Coal, to be duly recommended by DIPP within the stipulated validity period of LoA. This permission will be one time permission and no further request for the said capacity/unit size revision/reduction/enhancement would be permitted.

(ii) The coal quantity would be worked out by CIL/SCCL on the basis of revised reduced capacity and unit size and would be governed by the existing norms applicable for the revised reduced capacity and unit size and subject to fulfilment of milestones FSA for the approved revised reduced quantity would be concluded by the concerned coal company.

ii) The reduction in total capacity or unit size will be permissible subject to pro-rata enforcement of Bank Guarantee and in default of approved reduced capacity, enforcement of full Bank Guarantee for the remaining amount as applicable under Ministry of Coal guidelines No. 23011/47/2009-CPD dated 1.7.2009 (available on available on MoC website. (www.coal.nic.in).

- iv) The approved revised capacity or unit size would be considered for milestones purposes.
- v) No refund of processing fee will be entertained on account of the proposed reduction. If the applicant decides to enhance the capacity in future, the applicant will apply afresh for the same as per extant instructions of Ministry of Coal.
3. CIL is requested to take necessary action accordingly and intimate action taken in the matter to this Ministry.
4. CIL is also requested to apprise this Ministry of the action taken by CIL on para(1) to (3) of their letter dated 25.8.2010 referred above.

Yours faithfully



(G. Srinivasan)

Under Secretary to the Govt. of India

To

1. CMD, SCCL, PB No. 18, Red Hills, Khairatabad, Hyderabad, AP
2. Director(Marketing), CIL, 15, Park Street, Kolkata
3. Sh. Shyamal Mishra, Director Deptt. of Industrial Policy and Promotion, Udyog Bhawan, New Delhi
4. CGM(CP), CIL, 10, NS. Road, Kolkata
5. GM(S&M), CIL, Scope Minar, Laxmi Nagar, Delhi
- 6.. Cement Manufacturers Association(CMA), Noida

✓ Copy also to: NIC, Ministry of Coal, for placing the same on the Website of this Ministry.