

OFFICE OF THE JOINT DIRECTOR OF MINES, JODA, DIST:KEONJHAR.

No: 4833 /Mines, Dt: 13.08.2021

DEMAND NOTICE.

To,

The Mines Manager,
Jajanga Iron Block of M/s JSW Steel Ltd.,
At/Po: Joda, Dist: Keonjhar.

Sub: Demand on shortfall in despatch Vis a Vis the minimum dispatch required under Sub Rule-1 of 12(A) of (Other than Atomic and Hydrocarbon Energy Mineral) concession Rules,2016 in respect of **Jajanga Iron Block of M/s JSW Steel Ltd.**

An electronic auction was conducted by the State Government for grant of a Mining Lease in **Jajanga Iron Ore Block** under Champua Sub-Division of Keonjhar District for mining of **iron ore**.

AND WHEREAS, **M/s JSW Steel Ltd** has quoted **110** per cent as the bid parameter in the electronic auction and was declared as the Preferred Bidder for grant of above Mining Blcok

AND WHEREAS, the preferred bidder has made payment of first instalment of the upfront payment and subsequent to this, it has been issued with a letter of intent vide Govt. of Odisha in Steel & Mines Department letter No: **3007/SM, Dt: 18.03.2020** for grant of Mining Lease.

AND WHEREAS, on payment of second instalment of the upfront payment, submission of the performance security and complying with all other requirements as prescribed under rule-10, sub rule (3) of the Mineral Auction Rules 2015 **M/s JSW Steel Ltd** was declared as successful bidder vide Govt. of Odisha in Steel & Mines Department order No: **5246/SM, Dt: 24.06.2020**.

AND WHEREAS, under Sub-Rule 4 and 5 of Rule 10 of the above rules the successful bidder has signed the Mines Development and Production Agreement on Dt **25.06.2020** and has paid third instalment of upfront payment. Upon which the Balda Iron Block over an area of **669.078 Ha** (As per DGPS Srvey) has been granted vide Govt. of Odisha in Steel & Mines Department order No: **5437/SM, Dt: 26.06.2020** and the Mining lease deed has been signed & Registered **27.06.2020** . Such MDPA agreement shall be read together with the Mining Lease.

AND WHEREAS, it has been agreed vide clause-8 and in Schedule-D in MDPA to maintain minimum despatch of mineral as per the MDPA .

AND WHEREAS, the assessment of penalty due to the shortfall in MDPA during operation prior to 1st July, 2021 is to be made on the basis of Rule 12A (1) and

12A (2) of the M.C Rules where in the despatch at the end of year can be considered for the purpose of computation of penalty comprising with the annual target of despatch as agreed in the MDPA.

AND WHEREAS, the annual target of minimum dispatch of iron ore has been agreed for **92,35,200.000** M.T during the 1st year i.e from **27.06.2020** to **26.06.2021** But lessee has despatched an quantity of **78,34,700.680** M.T during the 1st year of lease with a shortfall of **14,00,499.320** M.T.

AND WHEREAS, you are liable to pay the following differential amount towards shortfall in despatch Vis-a-Vis the minimum despatch required under Sub Rule-1 of 12(A) of Mineral (Other than Atomic and Hydrocarbon Energy Mineral) concession Rules,2016. A detail calculation statement is annexed herewith at Annexure-A.

1	Differential amount payable towards Applicable amount quoted under Rule-12 of Mineral Auction Rules, 2015 (FPO multiplied with value of shortfall)	523,0024367
2	Differential Royalty payable as per Rule 13 of Mineral Auction Rules =15% of value of shortfall	71,31,85,141
3	Differential DMF payable as per Rule 13 of Mineral Auction Rules =10% of Differential Royalty.	7,13,18,514
4	Differential NMET payable as per Rule 13 of Mineral Auction Rules = 2% of Differential Royalty.	1,42,63,703
5	Value of Performance Security to be appropriated	114,10,96,225

NOW THEREFORE, you are hereby directed to pay above amounts digitally through i3MS gateway under proper head of account along with applicable TCS, within 15 days, failing which action as deem proper will be taken against you to recover the amount through certificate case.

Encl As above.

Memo No. 4834/Mines, Dt. 13.08.2021


Copy forwarded Director of Mines, Odisha, Bhubaneswar for favour of kind information and necessary action.

[Signature]
13/8/21
JOINT DIRECTOR OF MINES,
JODA, DIST:KEONJHAR.

[Signature]
13/8/21
JOINT DIRECTOR OF MINES,
JODA, DIST:KEONJHAR.

Assessment of Short fall Amount as per Rule 12 A of MCR

(a)	Lessee Name	M/S JSW STEEL LTD	
(b)	Name/ Location of lease	JAJANGA IRON BLOCK.	
(c)	Mineral Name	Iron Ore	
(d)	Final Price Offer (FPO) quoted by the Lessee	110.00%	
(e)	Lease Registered on date	27-Jun-20	
(f)	Effective date of 1 year completion for achieving despatch target as per MDPA	26-Jun-21	
1	Minimum qty to be despatched in 1st year as per Rule 12A	92,35,200.000	MT
2	Actual Qty of ore despatched in 1st year	78,34,700.680	MT
3	Short fall in minimum despatch Qty. requirement as per MDPA for 1st year [=(1) - (2)]	14,00,499.320	MT
4	Nature Of Ore Despatched	Lump	Fines
5	Proportionate % of Ore despatched	13.08%	86.92%
6	Weighted Ave. Grade of Ore Despatched	58.68%	58.74%
7	Applicable Grade Range of Wtd. Ave. grade of despatched Ore	58% to 60%	58% to 60%
8	Average of applicable 12 Month's ASP of ore for grade mentioned at Sl No. 7	4,048.33	Rs/Tn
9	Proportionate Short fall in minimum despatch Qty.	1,83,185.311	MT
10	Value of Shortfall in Minimum Despatch required = $\Sigma(8)*(9)$	₹ 4,75,45,67,606	
11	Differential amount payable towards Applicable amount quoted under Rule-12 of Mineral Auction Rules, 2015 (FPO multiplied with value of shortfall)	₹ 5,23,00,24,367	
12	Differential Royalty payable as per Rule 13 of Mineral Auction Rules =15% of value of shortfall	₹ 71,31,85,141	
13	Differential DMF payable as per Rule 13 of Mineral Auction Rules =10% of Differential Royalty.	₹ 7,13,18,514	
14	Differential NMET payable as per Rule 13 of Mineral Auction Rules = 2% of Differential Royalty.	₹ 1,42,63,703	
15	Value of Performance Security to be appropriated (Sch.- D of MDPA) = 24% of Differential Royalty.	₹ 1,14,10,96,225	


 Joint Director of Mines,
 Joda, Dist: Keonjhar.