

GOVERNMENT OF KARNATAKA

No: DMG-2020:MLS:AUC:2018-19
ML No. 2346

5180

Office of the Director
Department of Mines and Geology,
Khanija Bhavan, Race Course Road
Bangalore-1, Date: 19.02.2020
Email id: dir-mines@karnataka.gov.in

19 FEB 2020

To,
✓ M/s JSW Steel Limited,
JSW Centre,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

Sub: Letter of intent to acknowledge the Preferred Bidder as Successful Bidder with reference to e-auction dated **24.07.2019** for grant of iron ore mining lease for **"BBH Mines presently held by M/s Mineral Enterprises Limited, ML No. 2346"** Block in Bedarabommanahalli, Hirekandavadi and other villages, Chitradurga and Holalkere Taluka, Chitradurga District over an extent of 93.60 Hectare Area of Forest land.

1. Background:

- 1.1 The Director, Department of Mines and Geology, Karnataka, issued the notification and notice inviting tender dated 8th March 2019 for grant of mining lease for **"BBH Mines presently held by M/s Mineral Enterprises Limited, ML No. 2346"** Block in Bedarabommanahalli, Hirekandavadi and other villages, Chitradurga and Holalkere Taluka, Chitradurga District of Karnataka (the **"Tender Document"**). The e-auction process was conducted in accordance with the Mineral (Auction) Rules, 2015 (including its amendments) and the Tender Document for the said mineral block. **M/s JSW Steel Limited** was declared as the **"Preferred Bidder"** in accordance with Rule 9(9)(iii) of the Mineral (Auction) Rules, 2015 including its amendments.
- 1.2 The upfront payment being an amount equal to 0.50% of Value of Estimated Resources (VER) for **"BBH Mines presently held by M/s Mineral Enterprises Limited, ML No. 2346"** Block is **Rs. 35,57,72,798/- (Rupees Thirty Five Crore Fifty Seven Lakhs Seventy Two Thousand Seven Hundred Ninety**

Eight Only). As required under Rule 10(1) of the Mineral (Auction) Rules, 2015, **M/s JSW Steel Limited** has deposited the first installment of the upfront payment, being ten percent of the upfront payment, of **Rs. 3,55,77,280/- (Rupees Three Crore Fifty Five Lakhs Seventy Seven Thousand Two Hundred and Eighty only)** through Demand Draft (DD) bearing No. 007263 dated: 06.08.2019 and No. 007214 dated: 06.08.2019 which was received on 07.08.2019. **Subsequently, this Directorate issued Letter of Intent for grant of mining lease on 13.08.2019.**

- 1.3 It has been confirmed that the Bidder has submitted a declaration stating that the Bidder is continuing to be in compliance with all the terms and conditions of eligibility as per the Tender Document.
- 1.4 The Second Installment of the upfront payment for **"BBH Mines presently held by M/s Mineral Enterprises Limited, ML No. 2346"** Block being ten percent of the upfront payment of **Rs. 35,57,72,798/- (Rupees Thirty Five Crore Fifty Seven Lakhs Seventy Two Thousand Seven Hundred Ninety Eight Only)** as required under Rule 10(3) of the **Mineral (Auction) Rules, 2015**, which is **Rs. 3,55,77,280/- (Rupees Three Crore Fifty Five Lakhs Seventy Seven Thousand Two Hundred and Eighty only)** has been deposited by **M/s JSW Limited through Demand Draft (DD) bearing Nos. 007864 and 007865 dated: 18.12.2019** which was received on 20.12.2019.
- 1.5 The Bidder has furnished the Performance Security pursuant to the Mineral (Auction) Rules, 2015 valid for the period specified in the MDPA, for an amount equal to 0.5% of Value of Estimated Resources and is **Rs. 35,57,72,798/- (Rupees Thirty Five Crore Fifty Seven Lakhs Seventy Two Thousand Seven Hundred Ninety Eight Only)**. Pursuant to sub-rule (1) of rule 12 of the Auction Rules, the Performance Security shall be adjusted every five years so that it continues to correspond to 0.50% of the reassessed value of estimated resources determined in accordance with the Auction Rules. In such case, bank guarantee constituting the Performance Security shall be substituted

with another bank guarantee of the same value issued in accordance with Clause 10.2 of the Tender Document, which is for the revised amount or if the Performance Security has been provided through a security deposit, additional amount towards security deposit shall be provided;

- 1.6 The Bidder vide letter dated: 31.01.2020 has submitted through a declaration that he is satisfying the conditions specified in clause (b) of sub-section (2) of section 5 of the MMDR Act with respect to a mining plan and obtained the mining plan approval from IBM vide No. 279/1104/2019/BNG/721 Dated: 31.10.2019/01.11.2019.
- 1.7 Bidder vide letter dated:31.01.2020 has submitted declaration that he had cleared all dues to the Government of Karnataka arising from mining activity that the preferred bidder has undertaken in Karnataka in the past, if such dues have been determined to be payable by him in terms of the extant provisions of the MMDR Act, 1957 and the rules framed there under, along with an undertaking that he shall also clear, all dues that the Government of Karnataka determines in future, payable by him in terms of the extant provisions of the MMDR Act, 1957 and the rules framed there under, to the Government of Karnataka arising from mining activity undertaken by him in Karnataka in the past, if such dues have not been determined;
- 1.8 Bidder had already paid the actual expenses incurred by the Government of Karnataka on mine exploration, preparation of Provisional R&R Plans, survey, construction of pillars and DGPS survey i.e. amount **Rs 18,52,600/- (Rupees Eighteen Lakhs Fifty Two Thousand Six Hundred Only)** through DD bearing No. **809316** dated **29.08.2019**, which was received at the Directorate of Mines and Geology on 03.09.2019.

2. Grant of Letter of acknowledgement as Successful Bidder

- 2.1 Accordingly, pursuant to Rule 10(3) of the Mineral (Auction) Rules, 2015, the Government of Karnataka is issuing this letter of Acknowledgement to M/s



JSW Steel Limited as Successful Bidder for "**BBH Mines presently held by M/s Mineral Enterprises Limited, ML No. 2346**" Block in Bedarabommanahalli, Hirekandavadi and other villages, Chitradurga and Holalkere Taluka, Chitradurga District over an extent of 93.60 Hectare Area of Forest land.

3. Conditions

3.1 This Letter of intent to acknowledge the Preferred Bidder as Successful Bidder and subsequent grant of mining lease shall be subject to the Applicable Law including the MMDR Act and the rules made thereunder, as amended from time to time. Further, this letter of intent to acknowledge the Preferred Bidder as Successful Bidder is issued subject to the order which will be passed by Hon'ble High Court of Karnataka in WP No. 24316/ 2019.

3.2 **M/s JSW Steel Limited** shall be granted the mining lease only upon satisfactory completion of all the requirements and submission of all the statutory clearances under the MMDR Act, the rules made there under and the Tender Document.

3.3 For reference, the current requirements under the Rules and the Tender Document for grant of the mining lease are reiterated below. It is clarified that the requirements mentioned below are only for reference and in the event of any change in Applicable Law, the requirements under the modified law, shall be applicable.

a) **Signing of the Mine Development and Production Agreement (MDPA)**

M/s JSW Steel Limited shall sign the Mine Development and Production Agreement with the Government of Karnataka upon obtaining all consents, approvals, permits, no- objections and the like as may be required under Applicable Law including the MMDR Act and the rules made thereunder, as amended from time to time for commencement of mining operations.

b) **Grant of mining lease**


Subsequent to execution of the MDPA, **M/s JSW Steel Limited** shall pay the **third installment** of the Upfront Payment which is **Rs. 28,46,18,239/- (Rupees Twenty Eight Crore Forty Six Lakhs Eighteen Thousand Two Hundred Thirty Nine Only)**. Upon such payment the Government of Karnataka shall grant the mining lease to **M/s JSW Steel Limited** as per Applicable Law including the MMDR Act and the rules made thereunder, as amended from time to time.

There after within a period of **30 days, the Successful bidder** shall execute the lease deed. The date of the commencement of the period for which a mining lease is granted shall be the date on which a duly executed mining lease is registered.

4. Validity

- 4.1 This letter is valid for a period of **Three** years from the date of issuance of the Letter of Intent dated: 13.08.2019, within such time all the above conditions must be fulfilled and the Mining Lease Deed must be executed between **M/s JSW Steel Limited** and the Government of Karnataka. This validity of three years or any extension thereof is however subject to Applicable Law including the Act and the rules made thereunder, as amended from time to time.
- 4.2 It is amply clarified that **M/s JSW Steel Limited** is obligated to make Annual Payments /Periodic payments and any other payments as may be applicable as per the provisions of the Tender Document.

Yours faithfully


DIRECTOR 19/2