

## SOUTH EASTERN COALFIELDS LIMITED

CIN: U10102CT1985GOI003161

SEEPAT ROAD, BILASPUR (CG)

कार्यालय, महाजनधक (यो./परि.)  
 दिनांक 26.5.18  
 दिनांक 10.12.18  
 दिनांक 11.12.18

MINUTES OF THE 279<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF SOUTH EASTERN COALFIELDS LIMITED HELD ON 28.11.2018 (WEDNESDAY) AT RAIPUR (CG).

Ref No: SECL/BSP/CAD/279 BM EXT/18-19/1246

Date: 08.12.2018

ITEM NO: 279:4:2

Sub: Project Report for Jhiria West Opencast Project (1.50 MTY)

The Board recalled that the subject Project Report for Jhiria West Opencast Project (1.50 MTY) was discussed at its 259<sup>th</sup> Meeting held on 05.07.2017 (Item No. 259:4:2) therein the Board deferred the PR with a direction 'to review and re-submit the same on empirical study basis for all the project parameters of the PR and firm up the Capital Cost Estimates with other critical details and therefore advised to submit the reviewed PR inter alia with the technical feasibility, financial and economical viability taking into consideration the organizational, managerial and environmental aspect along with sensitivity analysis.'

The Board viewed the presentation on the subject PR and GM (P&P)-HOD apprised the Board in detail, the salient features of the subject Project Report for Jhiria West Opencast Project (1.50 MTY) as under:

- The subject Project Report for Jhiria West Opencast Project (1.50 MTY) has been reviewed and re-submitted by CMPDIL, as per the above directives of SECL Board with three options i.e. (I) Outsourcing Option, (II) Partial Outsourcing Option and (III) Departmental Option involving Capital outlay of ₹340.45 Crore, against the earlier proposed capital outlay of ₹409.86 Crore. The three options worked out are tabulated below:

Sl.	Particulars	Unit	Outsourcing Option-I	Partial Outsourcing Option-II	Departmental Option-III
1	Total Mineable Reserves	M Te	14.35	14.35	14.35
2	Weighted Average Grade		G-6	G-6	G-6
3	Volume of OB	M.Cum	115.33	115.33	115.33
4	Stripping Ratio (Av.)	Cum/t	8.04	8.04	8.04
5	Target Output	Mt/Yr.	1.50	1.50	1.50
6	Peak OBR	Mcum/yr	11.50	11.50	11.50
7	Project life	Year	12	12	12
8	Total capital investment	₹ Crore	340.45	359.97	731.54
9	a) Capital requirement of P&M	₹ Crore	36.86	82.30	383.02
10	Selling price	₹/t	2395.15	2395.15	2395.15
11	Estimated cost of production				
	a) at 100% level	₹/t	1335.49	1499.74	2059.51
	b) at 85% level	₹/t	1449.16	1644.23	2340.55

GM (P&amp;P) - II

महाजनधक  
 GENERAL MANAGER  
 एस.ई.सी.एल. हार्दोय क्षेत्र  
 SECL, Haridwar Area

## SOUTH EASTERN COALFIELDS LIMITED

CIN: U10102CT1985GOI003161

SEEPAT ROAD, BILASPUR (CG)

कार्यालय, महाजनधक (यो./परि.)  
 दिनांक 26.5.18  
 दिनांक 10.12.18  
 दिनांक 11.12.18

MINUTES OF THE 279<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF SOUTH EASTERN COALFIELDS LIMITED HELD ON 28.11.2018 (WEDNESDAY) AT RAIPUR (CG).

Ref No: SECL/BSP/CAD/279 BM EXT/18-19/1246

Date: 08.12.2018

ITEM NO: 279:4:2

Sub: Project Report for Jhiria West Opencast Project (1.50 MTY)

The Board recalled that the subject Project Report for Jhiria West Opencast Project (1.50 MTY) was discussed at its 259<sup>TH</sup> Meeting held on 05.07.2017 (Item No. 259:4:2) therein the Board deferred the PR with a direction 'to review and re-submit the same on empirical study basis for all the project parameters of the PR and firm up the Capital Cost Estimates with other critical details and therefore advised to submit the reviewed PR inter alia with the technical feasibility, financial and economical viability taking into consideration the organizational, managerial and environmental aspect along with sensitivity analysis.'

The Board viewed the presentation on the subject PR and GM (P&P)-HOD apprised the Board in detail, the salient features of the subject Project Report for Jhiria West Opencast Project (1.50 MTY) as under:

- The subject Project Report for Jhiria West Opencast Project (1.50 MTY) has been reviewed and re-submitted by CMPDIL, as per the above directives of SECL Board with three options i.e. (I) Outsourcing Option, (II) Partial Outsourcing Option and (III) Departmental Option involving Capital outlay of ₹340.45 Crore, against the earlier proposed capital outlay of ₹409.86 Crore. The three options worked out are tabulated below:

Sl.	Particulars	Unit	Outsourcing Option-I	Partial Outsourcing Option-II	Departmental Option-III
1	Total Mineable Reserves	M Te	14.35	14.35	14.35
2	Weighted Average Grade		G-6	G-6	G-6
3	Volume of OB	M.Cum	115.33	115.33	115.33
4	Stripping Ratio (Av.)	Cum/t	8.04	8.04	8.04
5	Target Output	Mt/Yr.	1.50	1.50	1.50
6	Peak OBR	Mcum/yr	11.50	11.50	11.50
7	Project life	Year	12	12	12
8	Total capital investment	₹ Crore	340.45	359.97	731.54
9	a) Capital requirement of P&M	₹ Crore	36.86	82.30	383.02
10	Selling price	₹/t	2395.15	2395.15	2395.15
11	Estimated cost of production				
	a) at 100% level	₹/t	1335.49	1499.74	2059.51
	b) at 85% level	₹/t	1449.16	1644.23	2340.55

GM (P&amp;P) - II

महाजनधक  
 GENERAL MANAGER  
 एस.ई.सी.एल. हार्दोय क्षेत्र  
 SECL, Haridwar Area



Sl.	Particulars	Unit	Outsourcing Option-I	Partial Outsourcing Option-II	Departmental Option-III
12	Profit per tonne	₹/t	1059.66	895.41	335.64
	a) at 100% level				54.60
	b) at 85% level	₹/t	945.99	750.92	82.59
13	Break-even-point	%	37.81	47.76	1.24
		MTY	0.57	0.72	722
14	No. of personnel		197	304	7.41
15	OMS	₹/t	27.00	17.46	3223.60
16	EMS	₹	3307.75	3360.90	825.68
17	IRR at 100% level of production	%	71.28%	55.57%	14.17%
18	IRR at 85% level of production	%	56.35%	41.87%	2.90%
19	Completion capital	₹ Crore	377.58	433.69	

CMPDIL has recommended the Option-I (Total Outsourcing) having highest IRR of 56.35% at 85% level of production, for competent approval.

- Financial Appraisal Report submitted by M/s. CARE Advisory indicates that the Project IRR (Pre-tax) under 'Total Outsourcing Option' works out to 71.25% at 100% production capacity and 56.32% at 85% production capacity; and the Project IRR (Pre-tax) under 'Partial Outsourcing Option' works out to 55.53% at 100% production capacity and 41.77% at 85% production capacity; as such, recommended that the project is viable under both these options.
- The Technical Sub-Committee (TSC) of SECL Board at its 95<sup>th</sup> Meeting held on 12.09.2018 (Item No. 95.1) deliberated on the subject PR and recommended the same for approval of SECL Board, with the Total Outsourcing (Coal & OB) Option-I, involving capital outlay of ₹340.45 Crore."

The Board noted the above appraisal and after detailed discussions, observed and opined that although the main purpose of outsourcing remains to cut cost and to obtain the capabilities not available in-house, business transformation and concentrating on the core business and retaining core competency are equally important factors for consideration, as such, the Board after detailed deliberations approved the subject Project Report for Jhiria West Opencast Project (1.50 MTY) of Hasdeo Area, for Partial Outsourcing Option-II (Coal Departmental and OB Outsourcing), involving a capital investment of ₹389.97 Crore, as detailed and brought out in the agenda.

While deliberating on the Item Nos. 279.4:1 (i.e. Project Report for Rampur Batura Opencast Project (4.0 MTY), Sohagpur Area) and 279.4:2, (i.e. Project Report for Jhiria West Opencast Project (1.50 MTY)), the Board advised the P&P Department to make a presentation in consultation with CMPDIL on the IRR of the approved PRs of mega projects viz. Gevra, Dipka and Kusmunda OCPs vis-a-vis Current IRR of these mega projects, in the next Board meeting.

  
COMPANY SECRETARY

Distribution for action:

1. GM (P&P)-HOD, SECL 2. GM (Hasdeo), SECL 3. GM (F)-HOD, SECL

Copy to: All Functional Directors. Page 02 of 02