

**CENTRAL COALFIELDS LIMITED
DARBHANGA HOUSE, RANCHI**

Subject: Forwarding Minutes of the 370th (No. 6 of 2010)
Meeting of the Board of Directors held on 19.08.2010.

Extracts from the minutes of the above meeting, in respect of following item, is appended below:

Item No.4(1): Proposal seeking 1st stage 'In-Principle' approval of Extension Project Report of KDH OCP (Normative capacity 4.5 MTY).

The Board noted that KDH OC RPR (4.5 MTY) was sanctioned by Govt. vide letter no. No.43011/23/2000-CPAM, dated 21.11.2001 for a capital investment of Rs.316.12 crore, which was also completion cost, at February, 2001 price level. The project was completed in March 2002 and the completion report was approved by CCI Board in its 304th meeting held on 19.04.2002.

The Board further noted that the present sanctioned KDH Expansion OCP is nearing exhaustion and the mine is likely to be exhausted in 3-4 years. The mine is required to be extended towards the dip side property of the KD South Geological Block and a part of Karkatta Geological Block upto Kendua Bata in the West as brought out in the Extension proposal.

The proposed extension will sustain the level of production from the existing KDH OCP for next 25 years and will fulfill the demand of power grade coal from N.K. Coalfield which will help to reduce, to some extent, the gap in demand and production of CCI, for XI & XII plan.

It was viewed that KDH Extension OC was placed in the 15th (No.1 of 2010) meeting of the ESC of Directors held on 25.02.2010. The ESC recommended the proposed Extension of KDH OC (Normative capacity 4.5 MTY) with an additional Capital investment of Rs. 201.11 Crore and at a Financial IRR of 37.80% and 24.33% at 100% and 85% rated output respectively. The same was further directed to place the same in the Board for consideration and approval.

1. As per the new policy for final approval of projects shall be effective only after grant of all clearances was issued by CIL. In 253rd meeting of Board of Directors of Coal India Limited held on 22.12.2009, two stage approval procedure, for approval of the projects, within delegated powers of the respective Boards was approved. Further, the same was discussed in 256th meeting of the Board of Directors of Coal India Limited held on 07.5.2010. The salient points of the deliberations are as follows:

- ❖ The First stage being the "In-Principle" Approval of PR to facilitate application of for Environmental and Forestry clearances and the Second Stage being the Final Approval of the investment decision for implementation of the Project after obtaining such clearances.
- ❖ In case of proposals of Subsidiary Companies, requiring CIL Board's approval, recommendation of the Subsidiary Company Board may be used for Approval of the PR for processing of application for above clearance.

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*Board file
@ KDH file

For: General Manager (PRP) - Copies to RD-R III, GM (NR), CGM (X), CGM (PRP), CGM (CMO), GM (LAD), GM (ERN), GM (PMD) CIL
undersigned

Sd/-
28/8/10

2. The total extractable reserves have been estimated as 107.15Mtes corresponding to a volume of OBR of 164.99 Mcum at an average stripping ratio of 1.54 cum/te.

3. The capital requirements are given below:

Particulars	Unit	Amount
Additional capital for sanction	Rs. Crs	219.91
Actual capital expenditure upto 31.3.09 considered	Rs. Crs	268.03
Total estimated project capital	Rs. Crs	487.94
Capital outlay per tonne of annual output	Rs/t	1084.31
Capital requirement beyond 4 th year	Rs. Crs	15.43

4. Phasing of additional capital requirement in Rs. Lakhs is:

	1	2	3	4	Total
Additional capital	7142.86	7380.40	7170.58	297.05	21990.89
Production Mty	4.50	4.50	4.50	4.50	

5. Capital requirement beyond 4th year is for:

(Rs. Lakh)

Electricals	0.59
Rehabilitation, Compensatory Afforestation etc.	14.84
Total	15.43

The additional estimated capital investment (upto 4th year) for KDH OCP has been estimated as Rs.219.91 Crore. The estimated capital investment (beyond target year) is Rs.15.43 Crore

Keeping in view of the above, after detailed deliberation, the Board approved the proposal for 1st stage 'In-Principle' approval for Extension Project Report of KDH OCP (Normative capacity 4.5 MTX) as brought out in the agenda note.

It is requested kindly to take necessary action on the decision, wherever necessary, under intimation to this office.

(C.V.N. Gangaram)
Company Secretary

CGM(P&P)

U.O.No.CS/BM/370/2010/ 1113 Dated: 25.08.2010