



**Government of Maharashtra**  
Industry, Energy, Labour and Mining Department,  
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**Tel.No.-022-22824519**

**No.-MNG-0623/C.R.78/Ind-9(A)**

**Date : 05/12/2023**

**:Letter of Intent for Composite Licence:**

To,

**Sunflag Iron and Steel Company Limited**

**[MSTC Registration No. 70909]**

33 Mount Road Sadar

Nagpur – 440001

Maharashtra

**Sub:** Letter of intent with reference to e-auction dated May 17, 2023 (Wednesday) for grant of a Composite Licence for **Surjagad-06 Iron Ore Block for Iron Ore in Ramunkal (Near Nandwadi) village, Etapalli Taluka, Gadchiroli District on 658 Hectare.**

**1. Background:**

- 1.1. In pursuant to the Mines and Minerals (Development and Regulation) Act, 1957 (the “Act”) and the Mineral Auction Rules, 2015 as amended from time to time (the “Auction Rules”) the Directorate of Geology and Mining (DGM), Government of Maharashtra, issued the Notice Inviting Tender (NIT) dated 03, February 2023 to commence the auction process for grant of composite licence for Surjagad-06 Iron Ore Block located in Gadchiroli District of Maharashtra. The e-auction process was conducted in accordance with the provisions of the tender document for the said mineral block and **Sunflag Iron and Steel Company Limited** was declared as the ‘Preferred Bidder’ under Rule 17 read with Rule 9(9)(iii) of the Auction Rules who quoted a Final Price Offer of 118.45% (One Hundred Eighteen point Four Five per cent).
- 1.2. As required under Rule 18(1) of the Auction Rules and the tender document for the said mineral block, **Sunflag Iron and Steel Company Limited** has made payment of performance security of INR 1,50,00,000 (Rupees One Crore Fifty Lakh) through Bank Guarantee (Bank Guarantee Number: 00454IG230000025) dated May 26, 2023, which was received on May 29, 2023 (“Performance Security”).

**2. Grant of Letter of Intent**

- 2.1. Accordingly, pursuant to Rule 18(1) of the Auction Rules, the Government of Maharashtra is pleased to offer this Letter Of Intent (LOI) for grant of Composite Licence for Surjagad 6 Iron Ore Block for Iron Ore in **Ramunkal**

(Near Nandwadi) village, Etapalli Taluka, Gadchiroli District over an area of 658 Hectare to **Sunflag Iron and Steel Company Limited**.

### 3. Conditions

- 3.1. This letter of intent and the subsequent grant of aforementioned composite licence shall be subject to the provisions of the Act and the rules made thereunder, as amended from time to time, and the **Sunflag Iron and Steel Company Limited** shall be designated as the 'successful bidder' and subsequently granted the composite licence only upon satisfactory completion of all the requirements under the Act and the rules made thereunder.
- 3.2. For reference, the requirements under the Auction Rules for designation of **Sunflag Iron and Steel Company Limited** as the 'successful bidder' and subsequent grant of the composite licence are reiterated below. It is clarified that the requirements mentioned below are only for reference and in the event of any change in the Act or the rules made thereunder, the requirements under the modified Act or the rules made thereunder, as the case may be, shall be applicable.

(a) Designation as the "Successful Bidder":

**Sunflag Iron and Steel Company Limited** shall be considered to be the 'successful bidder' upon:

- (i) compliance with all the terms and conditions of eligibility;
- (ii) obtaining all consents, approvals, permits, non-objections and the like as may be required under the applicable laws for commencement of prospecting operations; and
- (iii) submitting the scheme of prospecting.

### 4. Performance Security and Appropriation of Performance Security

The Performance Security must be valid till: (i) all the obligations of the Preferred Bidder or Successful Bidder under or by virtue of the Tender Document and /or the deed for grant of a prospecting licence to be executed between the State Government and the Successful Bidder with respect to the Performance Security have been fully paid and its claims satisfied or discharged; or (ii) till the State Government certifies that the terms and conditions of the Tender Document and/ or the deed for grant of a prospecting licence to be executed between the State Government and the Successful Bidder with respect to the Performance Security have been fully and properly carried out by the Preferred Bidder or Successful Bidder and accordingly discharges this guarantee; or (iii) on provision of a revised Performance Security under sub-rule (2) of rule 19 of the Auction Rules whichever is later.

S. No.	Appropriation Event	Amount of the Performance Security to be appropriated
1.	Failure of the holder of composite licence to comply with the terms of the	Such proportion as may be determined by the State Government in its sole discretion.

S. No.	Appropriation Event	Amount of the Performance Security to be appropriated
	composite licence as prescribed under the Act or rules made thereunder.	
2.	Failure of the Preferred Bidder/ Successful Bidder/ holder of composite licence to comply with the terms of the letter of intent.	Such proportion as may be determined by the State Government in its sole discretion.
3.	Failure by the holder of the Composite Licence to complete the prospecting operations in accordance with sub-section (9) of Section 11 of the Act	Entire Performance Security.
4.	Any transfer of the composite licence which is not in conformity with the Act and Rules made thereunder.	Entire Performance Security.
5.	Termination of the composite licence	Entire Performance Security

In the event of a part or total appropriation of the Performance Security, the Preferred Bidder/ Successful Bidder/ holder of composite licence shall be required to: **(i)** rectify the Appropriation Event; and **(ii)** substitute the bank guarantee constituting the Performance Security OR deposit additional amount towards security deposit within fifteen days of receipt of a notice.

However, in case the holder of composite licence completes the prospecting operations in accordance with the Act, rules framed under the Act, the terms with respect to prospecting operations contained in the tender document for the said mineral block and the relevant permissions issued with respect to prospecting operations, but fails to establish the existence of mineral contents in accordance with sub-section (10) of section 11, and the Minerals (Evidence of Mineral Contents) Rules, 2015, then such holder shall not be eligible to receive a mining lease.

Provided that the State Government on being satisfied that the holder of Composite Licence has completed prospecting operations in accordance with sub-section (9) of section 11 of the Act but is unable to establish the existence of mineral contents even after making all possible efforts in accordance with sub-section (10) of section 11 of the Act, and the Minerals (Evidence of Mineral Contents) Rules, 2015, shall return the Performance Security.

## 5. Validity

- 5.1. This letter of intent is valid for a period of **01 (one)** year from the date of its issuance, within which time **Sunflag Iron and Steel Company Limited** must have fulfilled all the above conditions and the composite licence must be executed between the **Sunflag Iron and Steel Company Limited** and the Government of Maharashtra.
- 5.2. This letter of intent shall be valid only if **Sunflag Iron and Steel Company Limited** ensures that the Bid Security is valid until the Performance Security is furnished to the Government of Maharashtra, failing which this letter of intent shall become invalid from the date of expiry of the Bid Security.

Provided that any excess area shall be deemed to be surrendered by the holder of Composite Licence after completing its reclamation:

Provided further that after submission of the geological report prepared in accordance with the Mineral (Evidence of Mineral Contents) Rules, 2015, the holder of composite licence may relinquish the entire area and in such case the State Government shall, after being satisfied that the geological report has been prepared conforming to the Mineral (Evidence of Mineral Contents) Rules, 2015, return the Performance Security.

In case the Preferred Bidder is unable to fulfill all or any of the above conditions, then it may submit an application to the Government of Maharashtra requesting for further extension and if the Government is satisfied that a longer period is required to enable the Preferred Bidder to satisfy all or any of the above conditions, it may extend the validity of this letter of intent for such period or periods as it may deem fit.

It is clarified and confirmed that the terms and conditions of this letter of intent will continue to apply to the Preferred Bidder/ Successful Bidder for the duration of the composite licence.

Kindly return the duplicate copy of this Letter of Intent duly signed by authorized signatory in token of having accepted the above terms and conditions. The accepted copy of Letter of Intent along with Board resolution should be submitted latest by dt.22/12/2023.

  
(Laxmikant Dhoke)

Joint Secretary, Government of Maharashtra

Copy to:

1. Director, Directorate of Geology and Mining, Nagpur
2. Collector, District Gadchiroli, Maharashtra.
3. Deputy Director, Directorate of Geology and Mining, regional office, Chandrapur.
4. District Mining Officer, Gadchiroli.
5. Select File (Ind.9A)