

SHOW CAUSE NOTICE
By Speed Post

No. 13016/33/2007-CA-I
Government of India
Ministry of Coal

New Delhi, dated 1st January, 2014

To,
M/s. Prism Cement Ltd.,
305, Laxmi Niwas Apartments,
Ameerpet, Hyderabad - 500016.

Subject: Show Cause Notice to M/s. Prism Cement Ltd. in respect of Sial Ghoghri Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/11/2006-CA-I dated 29.05.2007 conveying allocation of **Sial Ghoghri Coal block** in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal production from the captive block shall commence within 36 months (42 months in case the area is in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) in case of UG mine from the date of allocation. The end- use project schedule and the coal mine development schedule were to be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. Allocation letter also stipulates that allocation/mining lease of the coal block may be cancelled, inter-alia, on the following grounds:-

- a. Unsatisfactory progress of implementation of their specified end use sponge iron plant/ power plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation.

3. In order to expedite the development of the coal block, review meetings were held from time to time. In the review meeting held on 11/12.01.2012, it was noticed that the production from **Sial Ghoghri Coal block** will be started in the year 2011-2012 or the near future as per the indicated schedule. The Committee advised the allocattee to start mining/coal production in 2011-2012 or as per the indicated schedule of production failing which appropriate action will be initiated.

4. In the meantime, the Government has constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairmanship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. IMG has the mandate to review the progress of



development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. IMG in its 22nd meeting held on 23.10.2013 *inter alia* considered the status of the development of the **Sial Ghoghri coal block** prepared by the Coal Controller's Organisation (CCO) as on June, 2013 and noted that the progress of the block is unsatisfactory. It has been noticed that a number of important/critical milestones are pending. The details of milestones to be achieved and the time lapsed against each milestone, as reported by the Office of Coal Controller, are given in the table below:

| Mile Stones | Schedule date of Completion | Actual date of Completion | Slippage in YY/MM (as on June.13) | Remarks | Special Observation |
|----------------------------------|---|---------------------------|-----------------------------------|---|---------------------|
| Purchase of GR | 6.10.2007 (27 Months from DOA) | 12.10.2007 | - | | |
| Submission of Bank Guarantee | 22.11.2007 (3 Months) | 18.10.2007 | - | | |
| Mining Lease Application | 22.11.2007 (3 Months from GR preparation) | 22.11.2007 | - | ML area: 429.107 Ha Forest land:- 205.530 Ha | |
| Submission of Mining Plan | 22.2.2008 (6 Months) from GR preparation | 4.2.2008 | - | | |
| Approval of Mining Plan | 22.4.2008 (8 Months) | 30.7.2008 | 3 Months | | |
| Application of Previous approval | 22.6.2008 (10 Months) | Sept. 2008 | 3 Months | | |
| Granting of Previous approval | 22.7.2008 (11 Months) | Mar.2009 | 8 Months | | |
| Application of Forest clearance | 22.8.2008 (12 Months) | 4.3.2008 | - | | |
| Grant of Forest Clearance | 22.2.2009 (18 Months) | 7.2.2011 | 2 Yrs | Stage-I granted on 21.4.2010 | |
| Application EMP Clearance | 22.8.2008 (12 Months) | 14.3.2008 | - | | |
| Grant of EMP Clearance | 22.2.2009 (18 Months) | 31.12.2009 | 10 Months | | |
| Grant of Mining | 22.8.2009 | 18.3.2011 | 1Yr 7 | | |

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| Lease | (24 Months) | | Months | | |
|------------------------------------|-------------------------------|--------------------|-------------|--|---|
| Application of Land Acquisition | 22.3.2009 (19 months) from GR | 11.5.2009 | 2 Months | 42.91 Acres land purchase is under progress. | Total Land:- 25.539 Ha Pvt land:- 25.539 Ha Govt land:- Nil |
| Completion of Land Acquisition | 22.8.2010 (36 Months) | Continuous process | - | | |
| Application for opening permission | 22.12.2011 (52 Months) | Yes | - | | |
| Grant of Opening permission | 22.1.2012 (53 Months) | 21.3.2012 | 2 Months | | |
| Coal Production | 22.2.2012 (54 Months) | Pending | 1Yr4 Months | UG mine with forest land. | Was expected to start Dec. 2013. |

Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

5. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately to this Ministry within a period of **20 days** from the date of issue of show cause notice as to why the delay in the development of the coal block should not be held as violation of the terms and conditions of the allocation of **Sial Ghoghri Coal block** and why the block should not be de-allocated, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken against your company for de-allocation of said coal block.

6. You are also requested to furnish a detailed status note on the progress of end use plant(s) (EUPs) for which the above mentioned coal block was allocated to you.

Yours' faithfully,


(S.K. Shahi)
Director
Tel: 23382807

Copy to:

(i) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata.

(ii) NIC, Ministry of Coal for uploading the letter on Ministry's website.