

SHOW CAUSE NOTICE
By Speed Post

No. 13016/34/2005-CA-I(Part)
Government of India
Ministry of Coal

New Delhi, dated 24th December, 2013

To,

| | |
|---|---|
| 1. M/s Ispat Godavari Ltd, Plot No.428, Phase-I, Industrial Area, Siltara, Raipur. | 2. M/s Ind-Agro Synergy Ltd, 201, Shrikrishnan Apartment, 10, Daga Layout, North Ambazari Road, Nagpur-440003 |
| 3. M/s Nakoda Ispat, td., Near Railway Crossing, Mowa, PO Shankar Nagar, Raipur-492007, Chhattisgarh | 4. M/s Vandana Global Ltd., Vandana Bhavan, MG Road, Raipur-492001. |
| 5. M/s Shree Bajrang Power & Ispat Ltd, Plot No.428, Phase-I, Industrial Area, Siltara, Raipur | |

Subject: Show Cause Notice to joint allocatees of Nakia I & II Coal blocks - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 13016/34/2005-CA-I dated 13.01.2006 conveying allocation of **Nakia I & II Coal blocks** 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:-

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



3. In order to expedite the development of the coal blocks, review meetings were held from time to time. In the review meeting held on 11/12.01.2012, it was noticed that the progress of the **Nakia I & II Coal blocks** allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattees whose blocks were held up due to location in No-Go area to pursue their forest diversion proposals since Go/No-Go concept has been done away with. Accordingly, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the company with the direction to expedite the development of coal block. It was also stated that the progress would be monitored regularly and if the development of the coal block and associated end use plant is not as per the schedule furnished and if any wilful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of the block would be considered.

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 been given 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 19th meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Nakia I & II Coal blocks** prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that no significant progress has been made by your company towards development of the coal block. 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 Mar.13) | Remarks | Special Observation |
|------------------------------|-----------------------------|---------------------------|----------------------------------|---------|---------------------|
| Purchase of GR | 15.7.2007 (45 days) | 17.8.2007 | 1 Months | | |
| Submission of Bank Guarantee | 31.8.2007 (3 Months) | 13.9.2007 | 1 Month | | |
| Mining Lease Application | 31.8.2007 (3 Months) | 10.4.2006 | - | | |
| Submission of Mining Plan | 30.11.2007 (6 Months) | 14.8.2007 | - | | |

2

| | | | | | |
|------------------------------------|---------------------------|------------|-----------------|---|---|
| Approval of Mining Plan | 31.1.2008 (8 Months) | 25.4.2008 | 3 Months | | |
| Application of Previous approval | 31.3.2008 (10 Months) | 17.10.2008 | 7 Months | | |
| Granting of Previous approval | 30.4.2008 (11 Months) | 14.1.2009 | 9 Months | | |
| Application of Forest clearance | 31.5.2008 (12 Months) | 28.3.2009 | 10 Months | | |
| Grant of Forest Clearance | 30.11.2008 (18 Months) | Pending | 4Yrs 4 Months | | FDP recommended by State Govt but application is still pending with MOEF. |
| Application EMP Clearance | 31.5.2008 (12 Months) | 3.10.2008 | 6 Months | | |
| Grant of EMP Clearance | 30.11.2008 (18 Months) | Pending | 4 Yrs 4 Months | Final approval of EAC is awaited for pending forest clearance | |
| Grant of Mining Lease | 31.5.2009 (24 Months) | Pending | 3 Yrs 10 Months | | |
| Application of Land Acquisition | 31.12.2008 (19 months) | Pending | 4 Yrs 3 Months | No pvt land acquisition is involved. Revenue land- 1597.94 Ha and Forest land- 827.197 Ha | Total Land: 2425.137 Ha. Pvt. Land: - 0 Govt. land: 1597.94 Ha. Forest Land: 827.197 Ha. |
| Completion of Land Acquisition | 31.5.2010 (36 Months) | Pending | 2Yrs 10 Months | | |
| Application for opening permission | 30.9.2010 (40 Months) | Pending | 2Yrs 6 Months | | |

2

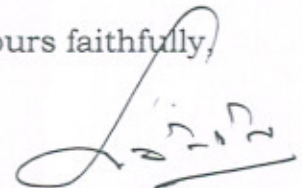
| | | | | | |
|-----------------------------|----------------------------------|---------|---------------|-----------------------------------|---|
| Grant of Opening permission | 31.10.2010 (41 Months) | Pending | 2Yrs 5 Months | | |
| Coal Production | 30.11.2010 (42 Months) | Pending | 2Yrs 4 Months | OC mine with forest area involved | Progress delayed on account of forest clearance due to NO Go area classification. |

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 **Nakia I & II coal blocks** and why the block should not be de-allocated, failing which it would be presumed that the 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.