

SHOW CAUSE NOTICE

No.13011/ 3/2012-CA-I(Pt.)
Government of India
Ministry of Coal

New Delhi, dated 4th May, 2012

To

- (i) M/s Nilanchal Iron & Steel Limited
50F, Everest
46/C Chouranghee Road,
Kolkata- 700 071
- (ii) M/s Bajrang Ispat Pvt. Limited
168, Subkdev Vihar,
New Delhi -110 025

Subject: Show cause notice in respect of Dumri coal block.

Sir,

I am directed to refer to this Ministry's letter No.31016/31/2005-CPAM/CA-I dated 13.01.2006 conveying allocation of Dumri coal block in pursuance of the provisions contained in Section 3(3)(a) of the Coal Mines (Nationalization) 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 letter. The end- use project schedule and the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of the company. In the review meeting held on 11/12.01.2012, it was noticed that no serious efforts have been made by the company to develop the coal block, even after repeated assurances tendered by the Company during the period. It is also noted that all the



important/critical milestones such as Forest Clearance, Mining Lease and Land Acquisition are pending for Dumri coal block. The company has repeatedly failed to keep its promises made to the Ministry and is thus non-serious about timely development of the block. The details of milestones to be achieved and the time lapsed against each milestone are given in the table below:-

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM
Purchase of GR	27.2.2006	18.1.2007	1 Yr
Submission of Bank Guarantee	13.4.2006	28.10.2007	1 Yr 6 Months
Mining Lease Application	13.4.2006	29.10.2007	1 Yr 6 Months
Submission of Mining Plan	13.7.2006	19.3.2007	1 Yr 8 Months
Approval of Mining Plan	13.9.2006	9.1.2008	1 Yr 4 Months
Application of Previous approval	13.11.2006	1.9.2010	3Yrs 10 Months
Granting of Previous approval	13.12.2006	27.6.2011	4Yrs 6 Months
Application of Forest clearance	13.1.2007	22.9.2008	1 Yr 8 Months
Grant of Forest Clearance	13.7.2007	Pending	4Yrs 8 Months (as on 3/2012)
Application EMP Clearance	13.1.2007	24.4.2008	1 Yrs 3 Months
Grant of EMP Clearance	13.7.2007	23.12.2010	3Yrs 5 Months
Grant of Mining Lease	13.1.2008	Pending	4 Yrs 2 Months (as on 3/2012)
Application of Land Acquisition	13.8.2007	14.12.2007	4 Months
Completion of Land Acquisition	13.1.2009	Pending	3 Yrs 2 Months (as on 3/2012)
Application for opening permission	13.5.2009	Pending	2Yrs 10 Months (as on 3/2012)
Grant of Opening permission	13.6.2009	Pending	2Yrs 9 Months (as on 3/2012)
Coal Production	13.7.2009 (42 Months)	Pending	2 Yrs 8 Months

3. 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 the 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 allotment of **Dumri** coal block, 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 **Dumri** coal block.



(Sandeep Gupta)

Under Secretary to the Govt. of India

Copy to The Coal Controller, Coal Controller Organisation, Kolkata..