

SHOW CAUSE NOTICE

By Speed Post

No. 13016/53/2008-CA-I

Government of India

Ministry of Coal

New Delhi, dated 1st Jan. 2014

To,

(i) M/s Kamal Sponge Steel & Power Ltd.,
17, Bandhavgarh Colony, Satna-485001,
Madhya Pradesh.

(ii) M/s Revati Cement Pvt. Ltd.,
503, Royal Estate, 9/2, South Tukoganj,
Indore, Madhya Pradesh.

Subject: Show Cause Notice to M/s Kamal Sponge Steel & Power Ltd. and M/s Revati Cement Pvt. Ltd. in respect of Thesgora-B/Rudrapuri Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter of even number dated 21.11.2008 conveying allocation of **Thesgora-B/Rudrapuri 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 plants.
- 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 progress of the **Thesgora-B/Rudrapuri Coal block** allocated to the companies is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised

to expedite the development of the coal block. Accordingly, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the companies stating that the progress would be monitored regularly and if the development of the coal block and associated end use plants is not as per the schedule furnished and if any willful delay is noticed, appropriate action including deduction of bank guarantee/ de-allocation of said **Thesgora-B/Rudrapuri** coal 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 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 21st meeting held on 06.08.2013 *inter alia* considered the status of the development of the **Thesgora-B/Rudrapuri coal block** prepared by the Coal Controller's Organisation (CCO) as on March, 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 March.13)	Remarks	Special Observation
Purchase of GR	5.1.2009 (45 days from DOA)	16.10.09	9 Months		
Submission of Bank Guarantee	21.2.2009 3 months	8.4.2009	2 Months		
Mining Lease Application	21.2.2009 3 months	13.3.2009	1 Months	ML area:- 500 Ha Forest land:-77.11 Ha Reserve forest :- 154.09 Ha	
Submission of Mining Plan	21.5.2009 6 months	12.11.2009	6 Months		
Approval of Mining Plan Application	21.7.2009 8 months	27.10.2010	1YR 3 Months		
	21.9.2009	Pending	3Yrs 9		



of Previous approval	10 months		Months		
Granting of Previous approval	21.10.09 11 months	Pending	3Yrs 8 Months		
Application of Forest clearance	21.11.09 12 months	23.5.2012	2Yrs 6 Months	Modified FDP for 227.675 Ha has been submitted on 1.7.13 to Chindwara Forest Department.	NOC for 83.12 Ha Govt forest land within projected forest proposal is under process with Govt of MP.
Grant of Forest Clearance	21.5.2010 18 months	Pending	3Yrs 1 Months		State-II FC is expected by July.14.
Application EMP Clearance	21.11.09 12 months	9.11.2009	-		
Grant of EMP Clearance	21.5.2010 18 months	Pending	3Yrs 1Months	Issue of TOR from MOEF is the major constraint faced by block allocate.	Block area is fallen in Pench Satpura National Tiger Corridor.
Grant of Mining Lease	21.11.2010 24 months	Pending	2Yrs 7 Months		
Application of Land Acquisition	21.6.2010 9 months	Not applicable	-	Company acruied 62 acres of land for Mining and related activities.	Total Land: 500 Ha. Pvt. Land: 42.42 Ha. Govt. land: 226.38 Ha. Forest Land: 77.11 Ha.
Completion of Land Acquisition	21.11.2011 36 months	Not applicable	-	Purchase of Pvt land is going on directly from land owner. Acquisition through Govt. is	

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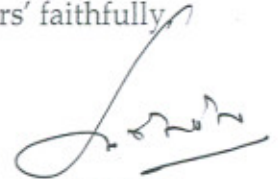
				not required.	
Application for opening permission	21.3.2013 52 months	Pending	3Months		
Grant of Opening permission	21.4.2013 53 months	Pending	2		
Coal Production	21.5.2013 (54 Months)	pending	1 Months	UG mine with forest land.	Slow Progress. Tiger corridor issue.

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 **Thesgora-B/Rudrapuri 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.