

SHOW CAUSE NOTICE
By Speed Post

No. 13016/13/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated 18th December, 2013

To,
The CMD,
M/s Adani Power Ltd.,
Adani House, Nr. Mithakhali Circle,
Navrangpura, Ahmedabad - 380009.

Subject: Show Cause Notice to M/s Adani Power Ltd. in respect of Lohara West & Lohara Extn. (E) Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA-I dated 06.11.2007 conveying allocation of **Lohara West & Lohara Extn. (E) 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 end use sponge iron plant/power plant/cement 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 progress of the **Lohara West & Lohara Extn. (E) Coal block** allocated to the company 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 plant 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 **Lohara West & Lohara Extn. (E)** 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 19th meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Lohara West & Lohara Extn. (E) Coal block** prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that no significant progress has been made by the 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	20.12.2007 (27 months from DOA)	11.12.2007	-		
Submission of Bank Guarantee	6.2.2008 (3 months from DOA)	5.2.2008	-		
Mining Lease Application	6.2.2008 (3 months)	4.2.2008	-	ML area:- 1750 Ha	
Submission of Mining Plan	6.5.2008 (6 months)	15.4.2008	-		
Approval of Mining Plan	6.7.2008 (8 months)	23.6.2008	-		
Application of Previous approval	6.9.2008 10 months	Pending	4Yrs 6 Months		
Granting of	6.10.2008	Pending	4Yrs 5		

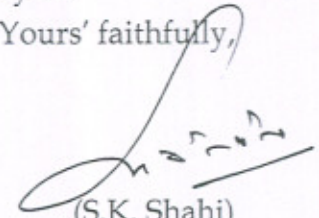
Previous approval	11 months		Months		
Application of Forest clearance	6.11.2008 12 months	Yes	-	Revised FDP excluding forest area of block (Buffer Zone) submitted to DFO on 17.4.12.	Revised forest land:- 1402.64 Ha Non forest land:- 146 Ha
Grant of Forest Clearance	6.5.2009 18 months	Pending	3Yrs 10 Months		
Application EMP Clearance	6.11.2008 12 months	16.5.2008	-	PCCF Nagpur rejected Wildlife conservation plan	MOEF rejected grant of TOR and decided not to consider the coal project for grant of Env. Clearance.
Grant of EMP Clearance	6.5.2009 18 months	Pending	3Yrs 10 Months		
Grant of Mining Lease	6.11.2009 24 months	Pending	3Yrs 4 Months		
Application of Land Acquisition	6.6.2009 19 months	14.3.2008	-		Total Land: 1750 Ha. Pvt. Land: 94.63 Ha. Govt. land: 81.81 Ha. Forest Land: 1537.56 Ha.
Completion of Land Acquisition	6.11.2010 36 months	Pending	2Yrs 4 Months		
Application for opening permission	6.3.2011 40 months	Pending	2 Yrs		
Grant of Opening permission	6.4.2011 41 months	Pending	1Yrs 11 Months		
Coal Production	6.5.2011 (42 Months)	Pending	1Yrs 10 Months	OC mine with forest land	

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 **Lohara West & Lohara Extn. (E) 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.