

No. 13016/ 41 / 2008-CA-I
Government of India
Ministry of Coal

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Shastri Bhawan, New Delhi
Dated the ३०११ November, 2010

To

M/s NSL Nagapatnam Power and Infratech Pvt. Limited,
NSL ICON 4th Floor,
8-2-684/A, Road No. 12
Banjara Hills, Hyderabad- 500 034

Subject- Show cause notice for delay in development of Metra Road Lignite block.

Sir,

I am directed to refer to this Ministry's letter No. 38011/3/2006-CA-I dated 07.02.2007 conveying the allocation of Metra Road Lignite block to M/s NSL Power & Infratech Limited to meet the lignite requirement of about 1.77 million tonnes per annum for their 1 x 125 MW lignite based power plant in Distt. Naguar, Rajasthan in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 subject to certain conditions.

2. One of the conditions of the allocation was that the lignite production from the captive block shall commence within 36 months (42 months in case the area in in forest land) in case of open cast mine and in 48 months (54 months in case the area falls under forest land) from the date of allocation in case of UG mine. In view of prevailing shortage of lignite and non-availability of linkages, the end-use project can be synchronized with the lignite mine development project should no other source of lignite be available. As per normative milestones, the date of production from the lignite block is 07.08.2010.


3 In order to expedite the development of the Lignite block, various review meetings were held from time to time with the representatives of M/s NSL Nagapatnam Power and Infratech Pvt. Limited. In the review meeting 22nd and 23rd June, 2009, it was noted that **the company wanted to surrender the block and also requested for a substitute block. However, it was clarified that substitution of block would not be possible.** However, in the review meeting held on 20/21.07.2010, it was noted that the company intimated that delineation of mine boundary in the Metra Road lignite block is a serious problem. Department of Geology & Mines of State Govt. will help to sort out the boundary issue. Some of the important /critical milestones such as Mine Plan, Mining Lease, EMP / Forest clearance and Land Acquisition etc. are still pending. As per milestone chart the coal production was to be started by 07.08.2010. It is seen that the company has not made any

progress and thus it appears that the company has been 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	Scheduled date of completion	Actual date of completion	slippage if any YY/MM
Purchase of GR	21.03.2007	09.03.07	Pending
Submission of Bank Guarantee	07.05.2007	8.12.2009	Pending
Mining Lease application	07.05.2007		Pending
Submission of mine plan	07.08.2007		Pending
Approval of mining plan	07.10.2007		Pending
application of previous approval	07.12.2007		Pending
Granting of previous approval	07.01.2008		Pending
Application of forest clearance	07.02.2008		Pending
Grant of forest clearance	07.08.2008		Pending
Application of EMP clearance	07.02.2008		Pending
Grant of EMP clearance	07.08.2008		Pending
Grant of Mining Lease	07.02.2009		Pending
Application of Land Acquisition	07.09.2008		Pending
Completion of Land Acquisition	07.02.2010		Pending
Application for opening permission	07.06.2010		Pending
Grant of opening permission	07.07.2010		Pending
Lignite Production	07.08.2010		Pending

3. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately, to this Ministry within a period of 30 days from the date of issue of the show cause notice as to why the delay in the development of the lignite block should not be held as violation of the terms and conditions of the allotment of Metra Road Lignite 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 the said block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

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