

By Speed Post
Immediate

No. 13016/32/2008-CA-I
Government of India
Ministry of Coal

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New Delhi, the ^{17th} May, 2010

- (i) M/s Murli Industries Limited
101, Jai Bhavani Society,
Central Avenue, Wardhman Nagar,
Nagpur- 440 008.
- (ii) M/s Grace Industries Limited,
9, Imambada Road,
Nagpur- 440 018.

Subject: De-allocation of Lohara (East) coal block in the State of Maharashtra for captive mining of coal by a joint venture company of M/s Murli Industries Limited and M/s Grace Industries Limited, as per Option -I.

Sir,

I am directed to refer to this Ministry's letter No. 13016/32/2008-CA-I dated 07.06.2008 allocating Lohara (East) coal block to M/s Murli Industries Limited and M/s Grace Industries Limited, as per Option-I in WCL command area for working through a joint venture company for meeting their proportionate shares of reserve of 11.96MT and 16.14MT respectively. One of the conditions of the allocation was that a Joint Venture Company shall be formed between M/s Murli Industries Limited and M/s Grace Industries Limited.

2. The Joint Venture Company was directed, vide para 2 (viii) of the allocation letter, to submit a bank guarantee amount of Rs. 10 crores (equal to one year's royalty amount based on mine capacity of 0.8 mtpa assessed by CMPDIL, Grade of coal of D and the weighted average royalty @ Rs.100 per tonne) within three months from the date of allocation. Further, vide letter of even no. dated 03.09.2008, the average royalty @ Rs.100 was rectified to @ Rs.125 and the bank guarantee amount was calculated afresh as Rs. 10.44 crore.

3. In the Review Meeting held on 22nd and 23rd June, 2009, the JV Company was directed to submit Bank Guarantee by 31.10.2009. However, in view of no response, a show cause notice was issued vide letter of even no. dated 7/9th September, 2009 for submission of Bank Guarantee within 7 days, failing which appropriate action would be taken by the Ministry for non-compliance of conditions

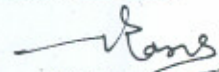
incorporated in the allotment letter, without any further notice. This Ministry did not receive any response from the JV Company.

4. Meanwhile, only one of the constituents of the JV Company viz. M/s Grace Industries Limited, vide letter dated 24.09.2009 submitted a Bank Guarantee of Rs 5,99,67,360/- (Rupees Five crore Ninety nine Lac Sixty seven Thousand Three Hundred Sixty) in the name of M/s Maharashtra Coal Company Pvt. Limited. The Joint Venture Company has not submitted the total amount till date. The allocattee companies were again requested vide this Ministry's letter of even no. dated 27.10.2009 to submit the BG amount within 15 days. However, no reply has been received from the JV Company till date in the matter.

5. The non-compliance of the terms & conditions of the allocation by the allocattee company has been viewed seriously in this Ministry and it has been observed that the allocattee company has not made any progress nor does it seem to be interested in developing the coal block as all the milestones are pending. Further, the company has not taken steps to develop the block as per the normative milestone attached with the allocation letter and it has been found that the progress made by the company in developing the block is not satisfactory and the company does not seem to be a serious player.

6. In view of the above, the competent authority has decided to de-allocate forthwith the Lohara (East) coal block allocated in your favour vide this Ministry's allocation letter of even no. dated 07.06.2008. However, the company is free to apply for fresh coal block as and when application for the same is called by the Government.

Yours faithfully,


(V.S. Raia)

Under Secretary to the Govt. of India

✓ NUC m/o coal