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SPEED POST

No.47011/1(28)/2000-CPAM/CA-I
Government of India
Ministry of Coal

Shastri Bhawan, New Delhi
Dated the 23rd September, 2010

To

M/s GVK Power(Govindwal Sahib) Limited,
Koninoor, Road No. 1,
Banjara Hills,
Hyderabad- 500 034.

Subject- Show cause notice for inordinate delay in development of Tokisud North coal block.

Sir,

I am directed to refer to this Ministry's letter No. 47011/7/2001-CPAM dated 07.01.2002 conveying allocation of Tokisud North coal block for development on captive basis for supply of coal to 2x 250 MW power plant

2. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of M/s GVK Power Limited. A show cause notice was issued by this Ministry on 23.09.2008. In their reply vide letter dated 26.09.2008, the company assured that the mine will be started during the first quarter of 2010. Further, in the review meeting 22nd and 23rd June, 2009 the representatives assured to start production by January, 2011 and EUP by December, 2010. Based on the commitment of the representative in the said meeting, the Review Committee agreed that if coal production from the block would not start by Jan, 2011, the block would be withdrawn. In respect of EUP also, financial closure has


not been achieved. This should be done within next 3 months. However, in the review meeting held on 20/21.07.2010, 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 some of the important/critical milestones such as Stage –II forest clearance and land acquisition are still pending. It is seen that the company has repeatedly failed to keep its promises made on earlier occasions to this Ministry and 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	21.2.2002	18.3.2004	2Yrs1Months
Submission of Bank Guarantee	NA	NA	
Mining Lease Application	7.4.2002	26.5.2006	4Yrs 1Months
Submission of Mining Plan	7.7.2002	4.8.2005	3Yrs
Approval of Mining Plan	7.9.2002	5.4.2006	3Yrs7Months
Application of Previous approval	7.11.2002	17.4.2008	5Yrs5Months
Granting of Previous approval	7.12.2002	3.10.08	5Yrs 10 Months
Application of Forest clearance	7.1.2003	24.9.2005	2Yrs8Months
Grant of Forest Clearance	7.7.2003		Pending
Application EMP Clearance	7.1.2003	24.11.2006	3Yrs 10 Months
Grant of EMP Clearance	7.7.2003	24.9.2008	6Yrs2Months
Grant of Mining Lease	7.1.2004	17.1.2009	5Yrs
Application of Land Acquisition	7.8.2003	9.9.2005	2 Yrs1Months
Completion of Land Acquisition	7.1.2005		Pending

Application for opening permission	7.5.2005		Pending
Grant of Opening permission	7.6.2006		Pending
Coal Production	7.7.2005		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 coal block should not be held as violation of the terms and conditions of the allotment of Tokisud North 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 deallocation of Tokisud North coal block.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

✓ Nic m/o coal