

SPEED POST

No. 13016/ 46 / 2010-CA-I
Government of India
Ministry of Coal

.....
Shastri Bhawan, New Delhi
Dated the 24th November, 2010

To

M/s V.S. Lignite Power Pvt. Limited
(earlier M/s Marudhar Power Pvt. Limited)
8-2-283/82/A/431/A,
Road No. 22, Jubilee Hills,
Hyderabad- 500 033
Andhra Pradesh

Subject- Show cause notice for delay in development of Lunsara 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 Lunsara Lignite block to M/s V.S. Lignite Power Pvt. Limited (earlier M/s Marudhar Power Pvt. Limited) to meet the lignite requirement of about 0.21 million tonnes per annum 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 is 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 coal/ 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

V.S. Lignite Power Pvt. Limited. In the review meeting 22nd and 23rd June, 2009, the company assured that production would start in 2009-10. However, in the review meeting held on 20/21.07.2010 it was noted that some of the important /critical milestones such as Mining Lease, EMP / Forest clearance and Land Acquisition etc. are still pending. 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	advance
Submission of Bank Guarantee	07.05.2007	12.07.08	-
Mining Lease application	07.05.2007	18.05.07	-
Submission of mine plan	07.08.2007	17.06.08	-
Approval of mining plan	07.10.2007	26.05.10	-
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	07.02.2008	-
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

4. 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 Lunsara 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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