

SPEED POST

No. 13016/76/2006-CA-I
Government of India
Ministry of Coal
....

Shastri Bhawan, New Delhi
Dated the 27th October, 2010

To

The Chairman-cum-Managing Director,
M/s Madanpur North Coal Company Limited
'Navbharat Udyog Bhawan.
Ring Road No.1,
Telibandha, Raipur- 5892 006 Chhattisgarh

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

Sir,

I am directed to refer to this Ministry's letter No.13016/34/2005-CA-I dated 13.01.2006 conveying approval of Madanpur North coal block jointly to M/s Ultratech Ltd., M/s Singhal Enterprise Limited, M/s Navbharat Coalfields Limited, M/s Vandana Energy and Steel Pvt. Ltd, M/s Prakash Industries Limited, M/s Anjani Steel Pvt. Ltd., a consortium of five companies and M/s Sunflag Iron & Steel Co. Limited for working through a joint venture company to meet the coal requirement for use in their plants for sponge iron production and captive power generation, in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 subject to certain conditions. One of the conditions of the allocation letter of the coal block was that the coal production shall commence within 36 in case of opencast mine and 48 months in case of UG mine from the date of the allocation letter. As per para 2 of the allocation letter, the allocation of the coal block may be cancelled, interalia, on unsatisfactory progress in the development of the coal mining project.

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 Madanpur North Coal Company Limited. In the review meeting 22nd and 23rd June, 2009, the allocatee JV company assured to start coal production by March, 2010 though majority of important milestones were pending. Further, in the review meeting held on 20/21.07.2010, it was noticed that no serious efforts have been made by the JV company to develop the coal block, even after repeated assurances tendered by the company during the period. It is also noted that all the important/critical milestones such as forest / EMP clearance, execution of mining lease and land acquisition were pending. It is seen that the company has repeatedly failed to keep its promises made to the Ministry and is 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:-

Milestones	Schedule date of completion	Actual date of completion	Slippage in YY/MM
Purchase of GR	27.02.2006	13.12.2007	1 Yr 10 Months
Submission of Bank Guarantee	13.04.2006	15.06.2008	2Yrs 4 Months
Mining Lease Application	13.04.2006	12.06.2008	2 Yrs 4 Months
Submission of Mining Plan	13.07.2006	06.08.2008	2Yrs 1 Months
Approval of Mining Plan	13.09.2006	29.02.2009	2 Yrs 5 Months
Application of Previous approval	13.11.2006	Y	-
Granting of Previous approval	13.12.2006	13.8.2010	3Yrs 8 Months
Application of Forest clearance	13.01.2007	18.04.2008	1Yr 3 Months
Grant of Forest Clearance	13.07.2007		Pending
Application EMP Clearance	13.1.2007	22.9.2009	2 Yrs 8 Monmths
Grant of EMP Clearance	13.07.2007		Pending
Grant of Mining Lease	13.01.2008		Pending
Application of Land Acquisition	13.08.2007		

Completion of Land Acquisition	13.01.2009		Pending
Application for opening permission	13.05.2009		Pending
Grant of Opening permission	13.06.2009		Pending
Coal Production	13.07.2009		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 Madanpur North coal block, failing which it would be presumed that your company has no explanation to offer and action as appropriate would be taken for de-allocation of Madanpur North coal block.

Yours faithfully,

LIC M/o Coal



(V. S. Rana)

Under Secretary to the Government of India