

BY SPEED POST

No. 13016/36/2008-CA-I
Government of India
Ministry of Coal

Dated the 27th May, 2011

To,

The Chairman-cum-Managing Director,
M/s. Bhatia International Limited,
Ambika Apartment, Plot No.24,
Wardhaman Nagar, Nagpur - 440008, Maharashtra.

30th

Subject: De-allocation of Warora West (North) coal block allocated to M/s. Bhatia International Limited - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/11/2006-CA-I dated 20.02.2007 conveying the allocation of Warora West (North) coal block in the State of Maharashtra in WCL command area to M/s Bhatia International Limited to meet the coal requirements for their 0.51 mtpa sponge iron plant in Chandrapur, Maharashtra in pursuance of the provisions contained in the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973 subject to certain terms & conditions. One of the conditions of the allocation was that the coal production from the captive block shall commence within 36 months (42 months in case the area 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 the allocation letter it was also stipulated that the end-use project schedule and the coal mine development schedule should be submitted to the Ministry within 3 months from the date of allocation. The conditions inter alia also stipulate that the allocation of the coal block may be cancelled on the ground of unsatisfactory progress of implementation of their end use sponge iron plant/power plant and development of coal mining project and breach of any of the conditions of allocation.

2. At the time of application for allocation of Warora West (North) coal block, the company in its application form indicated that they had identified 80 acres of land in Tadali Growth Center (MIDC), Dist. Chandrapur (MS). The company had further added that they had applied for acquisition for said land. As regards water, it had been indicated in application form that the source was identified (met fully by MIDC). The company had intimated that they had applied for the same and also tied up the requisite supply.

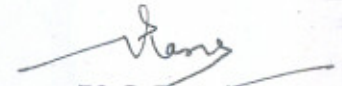
3. In order to expedite the development of the coal block, various review meetings were held from time to time with the representatives of M/s. Bhatia International Limited. In the review meeting held on 22nd and 23rd June, 2009 the company stated that for land acquisition, negotiations for private land had already been initiated. Out of 36.4 hectares, 25 hectares of land was purchased directly and the rest was under negotiation. It was assured that the land acquisition is expected to be completed by next 6-9 months. In the meeting, the company representative had assured to start production by 2010-11 i.e. within the scheduled time. However, in the review meeting held on 20/21.07.2010, it was noted that all the important/critical milestones such as Forest clearance, EMP, Mining Lease and Land Acquisition etc. are still pending. It was seen that the Company is non-committal regarding its earlier assurances tendered to the Ministry as well as Review Committee and thus is non-serious about the timely development of the block as there is no progress as per the normative milestones.

4. Based on the review meeting a show cause notice was issued to the company vide Ministry's letter No.13016/37/2010-CA-I (part) dated 18.11.2010. The reply received in response to show cause notice has been considered in the Ministry and it has been observed that the company has never submitted the status of the end use plant to the Coal Controller and being asked about the same in the review meeting, the company representatives had stated that they are in the process of acquiring an end use plant for use of coal from the block. Milestones like forest clearance, environment management plan, mining lease & land acquisition were also pending.

5. Further, based on the input given by M/s. Bhatia International Ltd., the office of the Coal Controller vide its letter No. CC/MCBA/106/12/2007-Bhatia dated 31.01.2011 has intimated that presently the company is not having any end use sponge iron project. They have assured to synchronize the commissioning of the end use plant with the production of coal from the mine. The company vide its letter No. BIL/PKM/2010-11 dated 29.01.2011 addressed to the Office of the Coal Controller has stated that Chandrapur is one of the most polluted districts in India and they apprehend that environmental clearance may not be available for any additional plant. The company is looking into the possibility of working in joint venture with an existing sponge iron plant in the neighbouring area. The company has further stated that they are taking a plant on lease for use of the initial production of the coal mine. Since keeping an investment idle is not in the interest of nation the company have stated they are very keen to start the coal mine and sponge iron plant as early as possible.

6. Keeping the above mentioned developments in view, the competent authority in the Ministry of Coal is of the opinion that the allocattee company is not serious in developing the coal block and has therefore decided to **de-allocate** Warora West (North) coal block in the State of Maharashtra in WCL command area allocated to M/s Bhatia International Limited vide Ministry's letter No. 38011/11/2006-CA-I dated 20.02.2007 under the Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973.

Yours faithfully,


(V. S. Rana)

Under Secretary to the Government of India

- (i) The Chairman, Coal India Ltd., 10, Netaji Subhash Road, Kolkatta-700001.
- (ii) Chairman-cum-Managing Director, Central Mine Planning & Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
- (iii) Chairman-cum-Managing Director, Western Coalfields Ltd., Coal Estate, Civil Lines, Nagpur, Maharashtra.
- (iv) Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
- (v) The Chief Secretary, Govt. of Maharashtra, Secretariat, Mumbai.
- (vi) The Coal Controller Organisation, 1- Council House Street, Kolkata with the request to return the Bank Guarantee to the allocate company.
- (vii) CPAM Section.
- ✓ (viii) NIC Cell, M/o Coal for placing a copy of the letter on the Ministry's website.