

No.13016/ 61 /2008 -CA-I
Government of India
Ministry of Coal

.....
New Delhi, the 29th September 2009

To,

The Managing Director,
M/s Binani Cement Ltd.,
Mercantile Chambers,
1st Floor, 12, J.N. Herdia Marg,
Ballard Estate, Mumbai- 400 001.

Subject: Review Meeting held on 22nd and 23rd June, 2009 to review the progress of coal blocks- Show-cause notice for delay in implementation of the coal blocks.

Sir,

I am directed to refer to this Ministry's letter No. 38011/2/2007-CA-I dated 05.09.2008 conveying the allocation of Datima coal block in the state of Chhattisgarh for captive mining of coal to M/s Binani Cement Ltd. in pursuance of Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973.


2. In order to expedite the development of the coal block, review meeting was held with the representatives M/s Binani Cement Ltd on 22/23.06.2009 and it was noticed that all the milestones were pending including submission of Bank Guarantee which was supposed to be submitted within three months from the date of issue of allocation letter vide clause 1(vi). M/s Binani Cement Limited was directed, vide this Ministry's letter of even.no. dated 20.01.2009, to submit the Bank Guarantee amount of Rs. 5.86 crores (equal to one year's royalty amount based on mine capacity of 0.36 mtpa assessed by CMPDIL, Grade of coal of B& C and the weighted average royalty @ Rs.162.76 per tonne) within 15 days. This period of 15 days was over in Feb, 2009. Your company has not only violated the Government orders but also seems to be not interested to develop the block as per the milestone chart and the terms and conditions of the allocation letter dated 05.09.2008. Further, you have not even applied for ML, MP, FC till date. The progress is not satisfactory and your company seems to be a non-serious player. Para 2 of the allocation letter also stipulates that allocation/mining the coal block may be cancelled, inter-alia, on the following grounds:-

- a. Unsatisfactory progress of implementation of their end-use sponge iron plant/power plant/cement plant.
- b. Unsatisfactory progress in the development of coal mining project.
- c. For breach of any of the conditions of allocation mentioned.

In spite of a passage of almost 12 months no serious effort has been made by your company to develop the coal block as per the milestone chart appended to the allotment letter. Consequently the development of the coal block has been inordinately delayed.

3. Under the above circumstances, you are hereby called upon to show cause to this Ministry as to why non-compliance of above mentioned conditions of the allocation letter, should not be held as violation of the terms and conditions of the allotment of Datima coal block, within a period of 15 days from the date of issue of this letter, failing which it will be presumed that your company has no explanation to furnish and action as appropriate will be taken against your company for de-allocation of Datima coal block.

Yours faithfully



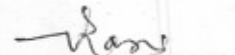
(V.S. Rana)

Under Secretary to the Govt. of India

Copy to :

(i) The Chief Secretary, Govt. of Chhattisgarh, Secretariat, Raipur for information and necessary action at his end.

(ii) NIC, m/o Coal.



(V.S. Rana)

Under Secretary to the Government of India