

SHOW CAUSE NOTICE

By Speed Post

No. 13016/75/2008-CA-I

Government of India

Ministry of Coal

New Delhi, dated 19th December, 2013

To,
The CMD,
M/s AES Chhattisgarh Energy Pvt. Ltd.,
8th Floor, Block B, Vatika Towers,
Sector-54, Gurgaon - 122002, Haryana.

Subject: Show Cause Notice to M/s AES Chhattisgarh Energy Pvt. Ltd. in respect of Sayang coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/1/2007-CA-I dated 06.11.2007 conveying allocation of **Sayang coal block** in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalisation) Act, 1973, subject to certain conditions. One of the conditions of allocation was that coal 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) in case of UG mine from the date of allocation. The end- use project schedule and the coal mine development schedule were to be modified accordingly and submitted to the Ministry within 3 months from the date of allocation.

2. Allocation letter also stipulates that allocation/mining lease of 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.

3. In order to expedite the development of the coal block, review meetings were held from time to time. In the review meeting held on 11/12.01.2012, it was noticed that the progress of the **Sayang coal block** allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised the allocattee to pursue their forest diversion proposals since 'Go/No-Go' concept has been done away with. Accordingly, an advisory letter No. 13011/2/2012-CA-I dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block. It was also stated that the progress would be monitored regularly and if the development of the coal block and associated end use plant is not as per the schedule furnished and if any



willful delay is noticed, appropriate action including deduction of bank guarantee/de-allocation of the block would be considered.

4. In the meantime, the Government has constituted an Inter-Ministerial Group (IMG) on 21.06.2012 under the Chairmanship of Additional Secretary, Ministry of Coal having members from Ministry/Department of Power, Steel, Industrial Policy & Promotion, Legal Affairs and Economic Affairs. IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. IMG in its 19th meeting held on 25.06.2013 *inter alia* considered the status of the development of the **Sayang coal block** prepared by the Coal Controller's Organisation (CCO) as on 31st March, 2013 and noted that no significant progress has been made by your company towards development of the coal block. It has been noticed that a number of important/critical milestones are pending. The details of milestones to be achieved and the time lapsed against each milestone, as reported by the Office of Coal Controller, are given in the table below:

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on Mar.13)	Remarks	Special Observation
Purchase of GR	6.2.2010 (27 Months)	Pending	2Yrs 1 Months		Grant of PL is pending.
Submission of Bank Guarantee	6.2.2008 (3 months from DOA)	Feb.2008	-		
Mining Lease Application	6.5.2010 (3months)	Pending	2Yrs 10 Months	ML area:- 1008 Ha Forest land:- 742.121 Ha	
Submission of Mining Plan	6.8.2010 (6 months)	Pending	2 Yrs 7 Months		
Approval of Mining Plan	6.10.2010 (8 months)	Pending	2Yrs 5 Months		
Application of Previous approval	6.12.2010 (10 months)	Pending	2Yrs 3 Months		
Granting of Previous approval	6.1.2010 (11 months)	Pending	2Yrs 2 Months		
Application of Forest clearance	6.2.2011 (12 months)	Pending	2Yrs 1 Months		MOEF turned down request forest clearance proposal for drilling the

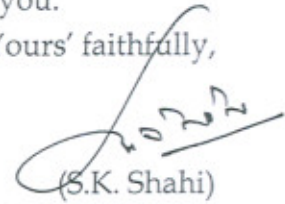
					block.
Grant of Forest Clearance	6.8.2011 (18 months)	Pending	1Yrs 7 Months	Forest land:- 742.121 Ha	
Application EMP Clearance	6.2.2011 (12 months)	Pending	2Yrs 1 Months		
Grant of EMP Clearance	6.8.2011 (18 months)	Pending	1Yrs 7 Months		
Grant of Mining Lease	6.2.2012 (24 months)	Pending	1Yrs 1 Months		
Application of Land Acquisition	6.9.2011 (19 Months)	Pending	1Yrs 6 Months		Total Land: 1009 Ha. Pvt. Land 110 Ha. Govt. land:- 157 Ha. Forest Land: 742 Ha.
Completion of Land Acquisition	6.2.2013 (36 months from GR completion)	Pending	1Yr 1 Months		
Application for opening permission	6.6.2013 (40 Months from GR completion)	Pending	-		
Grant of Opening permission	6.7.2013 (41 months)	Pending	-		
Coal Production	6.8.2013 (42 months)	Pending.	-	OC mine with forest land	MOEF rejected the forest clearance for drilling.

Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. The recommendation of IMG has since been considered and accepted by the Government.

5. Under the above circumstances, you are hereby called upon to show cause, on each milestone separately to this Ministry within a period of **20 days** from the date of issue of 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 allocation of **Sayang coal block** and why the block should not be de-allocated, 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 said coal block.

6. You are also requested to furnish a detailed status note on the progress of end use plant(s) (EUPs) for which the above mentioned coal block was allocated to you.

Yours' faithfully,



(S.K. Shahi)

Director

Tel: 23382807

Copy to:

(i) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata.

(ii) NIC, Ministry of Coal for uploading the letter on Ministry's website.