

By Speed Post

No. 13016/56/2008-CA-I  
Government of India  
Ministry of Coal  
\*\*\*\*\*

New Delhi, dated 6<sup>th</sup> January, 2014

To,

(i) The Managing Director,  
M/s Sunflag Iron & Steel Ltd.,  
401, Chiranjiv Tower, Nehru Place,  
New Delhi-110019.

(ii) The Managing Director,  
M/s Dalmia Cement (Bharat) Ltd.,  
4, Scindia House, Connaught Place,  
New Delhi-110001.

**Subject: De-allocation of Khappa & Extn. coal block allocated to M/s Sunflag Iron & Steel Ltd. and M/s Dalmia Cement (Bharat) Ltd. - regarding.**

Sir,

I am directed to refer to this Ministry's letter of even number dated 29.05.2009 conveying allocation of **Khappa & Extn.** 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(**Annexure-I**). 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. 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 plant.
- b. Unsatisfactory progress in development of coal mining project.
- c. For breach of any of the conditions of allocation.

The de-allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies.

2. In order to expedite the development of the coal blocks, review meetings were held from time to time. In the review meeting held on 20/21.07.2010 it was noticed that GR purchased. MP, FC and ML applications were submitted. JVC was formed.





3. In the review meeting held on 11/12.01.2012, it was noticed that the progress of the **Khappa & Extn.** coal block allocated to the company is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the company with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated. It was also intimated 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 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 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 18<sup>th</sup> meeting held on 01.05.2013 *inter alia* considered the status of the development of the **Khappa & Extn.** Coal Block prepared by the Coal Controller's Organisation (CCO) as on December, 2012 and noted that no significant progress was made by the company towards development of the coal block. It was noticed that a number of important/critical milestones were pending. Keeping in view the unsatisfactory progress, IMG recommended to issue show cause notice for delay in development of coal block. Accordingly a show cause notice dated 06.06.2013 was issued (**Annexure-II**).

5. Subsequently, on receipt of reply in response to show cause notice, the IMG asked the allocatee companies to make a presentation before it on the progress of development of allocated coal block and associated end use project(s). The representatives of the companies gave presentation on 25.10.2013 before the IMG in its 23<sup>rd</sup> meeting. The IMG considered the presentation, the status of the **Khappa & Extn.** coal block and associated end use project(s) prepared by the Ministry of Coal and Coal Controller's Organisation (**Annexure-III**). 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 June'13)	Remarks	Special Observation
Purchase of GR	14.7.2009 (45 days)	23.3.2010	8 months		
Submission of Bank Guarantee	29.8.2009 (3 months)	8.9.2009	1 month		
Mining Lease Application	29.8.2009 (3 months)	11.11.2009	3 months	ML area 649.46 Hec.	
Submission of Mining Plan	29.11.2009 (6 months)	6.4.2010	5 months		
Approval of Mining Plan	29.1.2010 (8 months)	20.1.2011	1 yr		

*L*



Application of Previous approval	29.3.2010 (10 months)	Pending	3 yrs 3 months		
Granting of Previous approval	29.4.2010 (11 months)	Pending	3 yrs 2 months		
Application of Forest clearance	29.5.2010 (12 months)	6.1.2010	-	12.86 Ha forest land	
Grant of Forest Clearance	29.11.2010 (18 months)	Pending	2 Yr 7 months		
Application EMP Clearance	29.5.2010 (12 months)	15.5.2010	-		
Grant of EMP Clearance	29.11.2010 (18 months)	Pending	2 Yr 7 month		
Grant of Mining Lease	29.5.2011 (24 months)	Pending	2 yr 1 months		
Application of Land Acquisition	29.12.2010 (19 months)	NA	-		
Completion of Land Acquisition	29.5.2012 (36 months)	NA	-	90% land for construction of surface structure completed.	
Application for opening permission	29.9.13 (52 months)	Pending	-		
Grant of Opening permission	29.10.2013	Pending	-		
Coal Production	29.11.2013 (54 months)	Pending	-	UG mine with forest land	

6. After detailed deliberations, the IMG made recommendation for de-allocation of **Khappa & Extn.** Coal and deduction and encashment of proportionate BG linked to the milestones set for development of the block as per the allocation letter. The recommendations made by the IMG are as follows:-

"The IMG considered the terms and conditions of allocation, the show cause notice issued, reply of the block allocatee to the show cause notice issued, status report of CCO, presentation made by the allocatee company on 25.10.2013 along with the status paper presented to the IMG. IMG noted that as per CCO's status report, GR purchased, BG submitted, mining plan approval obtained; however, there have been delays in achieving milestone. EC & FC pending, previous approval of Central Govt. to mining lease, grant of mining lease, land acquisition, mine opening permission and coal production are pending.

The IMG considered the reply of the allocatee to the show cause notice wherein M/s Sunflag Iron and Steel on behalf of the joint allocatees in its reply to the SCN, has stated the Mining Plan was submitted on 06.04.2010 having a slippage of 5 months. The company was able to get the receipt of payment of GR on 23.03.2010. The coal block is underground mine having national highway and Railway line and densely populated. Therefore the company was extra cautious in preparation of mining plan. Mining Plan was approved on 20.1.2011. The mining lease application was made on 11.11.2009 and despite passage of 42





months, the State Government has not forwarded the application for previous approval of Central Government. As regards grant of forest clearance, the company has stated that it is pending with the Forest Department of the State. On EMP clearance, the same is pending with MoEF. All other milestones except land acquisition are pending. EUP of the allocatee companies are in operation.

As per CA certificate submitted by the company, investment in coal block is **Rs. 15.42** crs. Investment in EUP of M/s Sunflag Iron & Steel Co.Ltd.is **Rs.10.47** crs. and investment in EUPs of M/s Dalmia Cement ( Bharat) Ltd. is **Rs.2279.06** crores.

**Recommendation:** Taking into account the facts brought before it including the fact that though GR has been purchased, BG submitted and mining plan approval obtained, all other major milestones like grant of mining lease, EMP clearance, Forest Clearance are pending. There are considerable slippages as per milestones and four and a half years have elapsed since allocation, IMG recommends de-allocation of coal block and deduction and encashment of proportionate BG linked to the milestones set for development of the block as per the allocation letter."

7. The recommendation of the IMG has since been considered and approved by the Government. As the allocatee company have been given a number of opportunities to develop the coal block and the associated end use project and the company has failed to develop the same as per the milestones prescribed without any valid reasons for the delay, it has been decided to **de-allocate** the **Khappa & Extn.** coal block in the State of Maharashtra allocated to **M/s Sunflag Iron & Steel Ltd. and M/s Dalmia Cement (Bharat) Ltd.** The company shall not be eligible for allocation of any block in lieu of de-allocated block. Order regarding deduction and encashment of proportionate BG linked to the milestones set for development of the block as per the allocation letter would be issued separately after receipt of calculation of amount from the Office of Coal Controller.

Yours faithfully,

Encls: As above

  
(S.K. Shahi)

Director

Tel: 23382807

Copy to:

- (i) The Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.
- (ii) The Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhawan, New Delhi.
- (iii) Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
- (iv) The Coal Controller, Coal Controller Organisation, 1- Council House Street, Kolkata with the request to intimate the amount for deduction and encashment of proportionate BG linked to the milestones set for development of the block as per the allocation letter.
- (v) The Chairman, Coal India Ltd., 10 - Netaji Subhash Road, Kolkata - 700 001.
- (vi) NIC, Ministry of Coal for uploading the letter on Ministry's website.

Annex - I

No 13016/56/2008-CA-I  
Government of India  
Ministry of Coal

.....  
New Delhi, dated the 20<sup>th</sup> May, 2009.

Received  
ASAND  
(ANURAG BANSAL)

To  
(1) M/s Sunflag Iron & Steel Ltd.  
11<sup>th</sup> Floor, 1116A-1119B,  
E-Block,  
International Trade Tower,  
Nehru Place, New Delhi- 19

B.N. Jaiswal

(2) M/s Dalmia Cement (Bharat) Limited.  
11<sup>th</sup>/12<sup>th</sup> Floor, Hansalya,  
15 Barakhamba Road.  
New Delhi - 1

Subject : Allocation of Khappa & Extn. coal block in the State of Maharashtra for captive mining of coal jointly by M/s Sunflag Iron & Steel Ltd and M/s Dalmia Cement (Bharat) Limited - under Option- I.

Sir,

I am directed to refer to your application and this Ministry's offer letter no.38011/2/2007-CA-I dated 5<sup>th</sup> September, 2008 and to state that the request of the companies have been considered by the Central Government and it has been decided to allocate Khappa & Extn non-coking coal block in Kamptee coalfields of Western Coalfields Limited command area in the State of Maharashtra for captive mining of coal jointly by M/s Sunflag Iron & Steel Ltd. and M/s Dalmia Cement (Bharat) Limited by working through a Joint Venture Company for meeting their proportionate share of requirement of coal. Based on the total geological reserves and requirement of coal as assessed by CMPDIL, tentative proportionate share of reserves is indicated in the table below :-

Name of Company	Geological Reserves (MT)	EUP Capacity (in MTPA)	Requirement of Coal(Per annum) and location of EUP	Proportionate of Share of reserves of coal in MT
1. M/s Sunflag Iron & Steel Ltd.	84.72	1.5	1.24 (iron & steel/ sponge iron/ CPP), Bhandara (Maharashtra)	53.60
2. M/s Dalmia Cement (Bharat) Limited		15.5	0.72 (Cement/ CPP)Tamil Nadu, Andhra Pradesh, Karnataka	31.12

543



2. This allocation is in pursuance of the provisions contained in Section 3(3)(a)(iii) of the Coal Mines (Nationalization) Act, 1973 and subject to the following conditions :-

- i) A Joint Venture Company be formed between M/s Sunflag Iron & Steel Ltd. and M/s Dalmia Cement (Bharat) Limited The equity holding in the joint venture company will be in proportion to the assessed coal requirement of the companies.
- ii) The Joint Venture Company shall be formed and registered by the allocatees within 60 days from the date of issue of this allocation letter.
- iii) The mining lease shall be obtained in the name of the Joint Venture Company and coal extracted from the mine shall be distributed among the allocatees in the proportion of their assessed requirement.
- iv) The block is meant for captive use in their own specified end use projects to be set up as per details given in the table above. The coal produced from the block shall not replace any coal linkages given to you by the Coal India Ltd. / its subsidiary and/or by the Western Coalfields Limited, without prior permission of this Ministry.
- v) Coal mining shall be carried out as per the provisions of the Coal Mines (Nationalization) Act, 1973, the Mines and Minerals (Development and Regulation) Act, 1957, the Contract Labour ( Regulation & Abolition) Act, 1970, all the minerals, environmental and labour laws alongwith other regulations, orders, directions governing coal industry.
- vi) Middlings generated in the process of washing the coal shall be used for power generation in their own power plant i.e., the useable middlings/rejects generated during beneficiation shall be used captively by the allocatee. The modalities of disposal of surplus coal/middlings/rejects, if any, would be as per the prevailing policy/instruction of the government at the relevant point in time and could also include handing over such surplus coal/middling/rejects to the local CIL subsidiary or to any person designated by it at a transfer price to be determined by the Government.
- vii) 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 underground mine from the date of this letter. The end-use project schedule and

544

the coal mine development schedule should be modified accordingly and submitted to the Ministry within 3 months from the date of this letter. A copy of the indicative milestone chart is enclosed.

- viii) The Joint Venture Company shall buy geological report from CMPDIL within six weeks from the date of this letter.
- ix) The Joint Venture Company shall submit a bank guarantee for Rs.3.90 crore (equal to one year's royalty amount based on mine capacity of 0.3 mtpa assessed by CMPDIL, grade of coal B-G and the average royalty @ Rs. 129.86 per tonne) within three months from the date of this letter. Subsequently, upon approval of the mining plan, the Bank Guarantee amount will be modified based on the final peak/ rated capacity of the mine.
- (a) 50% of the bank guarantee shall be linked to the milestones (time schedule) set for development of captive block, and the remaining 50% to the guaranteed production. The bank guarantee shall be liable to be encashed in the following eventuality:
- (b) There shall be an annual review of progress achieved by an allocatee company. In the event of lapses, if any, in the achievements vis-à-vis the milestones set for that year, a proportionate amount shall be encashed and deducted from the bank guarantee.
- (c) Once production commences, in case of any lag in the production of coal, a percentage of the bank guarantee amount will be deducted for the year. This percentage will be equal to the percentage of deficit in production for the year with respect to the rated/peak capacity of the mine, e.g., if rated/peak capacity is 100, production as per the approved mining plan for the relevant year is 50, and actual production is 35, then  $(50-35)/100 \times 100 = 15\%$  will lead to deduction of 15% of the original bank guarantee amount for that year. Upon exhaustion of the bank guarantee amount, the block shall be liable for de-allocation/cancellation of mining lease.
- (d) The allocatee shall ensure that the bank guarantee remains valid at all times till the mine reaches its rated capacity or till the bank guarantee is exhausted. Any lapses on this count shall lead to de-allocation/ cancellation of mining lease.



- x) The Joint Venture Company shall submit a mining plan for approval of the competent authority under the Central Government within six months from the date of this letter.
  - xi) The Joint Venture Company shall be required to comply with the guidelines/rules laid down by the Central Government from time to time relating to mine closure (both progressive and final). The Joint Venture Company shall be required to submit mine closure plan alongwith the mining plan as per the guidelines issued in this regard.
  - xii) No coal shall be sold, delivered, transferred or disposed of except for the stated captive mining purposes, and except with the previous approval of the Central Government.
  - xiii) Those of the above conditions relevant at the time of grant of mining lease shall be included as additional conditions in the mining lease in addition to any further conditions imposed by or agreed to by the Central Government.
  - xiv) ~~The State Government~~ at the time of seeking previous approval for the grant of mining lease shall submit a draft of the mining lease containing the above relevant conditions for vetting by the Central Government. The final mining lease shall be as vetted/modified by the Central Government. Any deviation from the vetted/modified draft shall render the mining lease deed ab-initio null and void and without effect
3. 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 power plant.
  - b. Unsatisfactory progress in the development of coal mining project.
  - c. For breach of any of the conditions of allocation mentioned above.

The de-allocation/cancellation of mining lease shall be without any liability to the Government or its agencies, whatsoever. Any expenses incurred by the allocatee or any right or liability arising on the allocatee out of the measures taken by him shall solely be to his account and in no way be transferred to or borne by the Government or its agencies.

4. The Joint Venture Company may approach CMPDIL for the geological report and contact the State Government authorities concerned for the necessary



permissions/clearances etc. for attaining mining rights and related matters. The arrangement of transport of coal will have to be worked out by the company in consultation with the Ministry of Railways / the Ministry of Surface Transport depending on the mode of transport.

Yours faithfully,

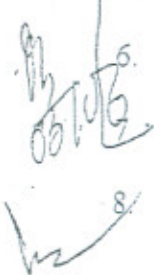
  
(V.S.Rana)

Under Secretary to the Govt. of India


Encls. As above.

To

1. Secretary, Ministry of Commerce & Industry (Deptt. of Industrial Policy & Promotion), Udyog Bhawan, New Delhi.
2. Secretary, Ministry of Steel, Udyog Bhawan, New Delhi.
3. Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.
4. Chairman, Coal India Ltd., 10, Netaji Subash Marg, Kolkatta-700001.
5. Chairman-cum-Mng.-Director, Central Mine Planning and Design Institute Ltd., Gondwana Place, Kanke Road, Ranchi, Jharkhand.
6. Chairman-cum-Managing Director, Western Coalfields Ltd., Civil Lines, Nagpur, Maharashtra.
7. The Coal Controller, Office of the Coal Controller, 1 Council Street, Kolkatta 700001.
8. CPAM Section / Guard file of CA-I Section.



  
(V.S.Rana)

 Under Secretary to the Govt. of India

Annex-II

SHOW CAUSE NOTICE  
By Speed Post

No.13016/56/2008-CA-1  
Government of India  
Ministry of Coal  
\*\*\*\*

New Delhi, dated <sup>15</sup>6 June, 2013

To,  
(i) The Managing Director,  
M/s Sunflag Iron & Steel Ltd.,  
401, Chiranjiv Tower, Nehru Place,  
New Delhi-110019.

(ii) The Managing Director,  
M/s Dalmia Cement Ltd.,  
4, Scindia House, Cannught Place,  
New Delhi-110001.

**Subject: Show Cause Notice to M/s Sunflag Iron & Steel Ltd. & M/s Dalmia Cement Ltd.  
in respect of Khappa & Extn. Coal block – regarding.**

Sir,

I am directed to refer to this Ministry's letter of even number dated 29.05.2009 conveying allocation of **Khappa & Extn.** 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. In order to expedite the development of the coal blocks, 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 **Khappa & Extn.** block allocated to the companies is not satisfactory. The Committee expressed concern over unsatisfactory progress and advised to expedite the development of the coal block. Accordingly, a caution letter dated 26.04.2012 was issued to the companies with the direction to expedite the development of the coal block and be careful in future with respect to the milestones stipulated.

3. 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 18<sup>th</sup> meeting held on 01.05.2013 *inter alia* considered the



.....2



status of the development of the **Khappa & Extn.** Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31<sup>st</sup> December, 2012 and noted that no significant progress has been made by your companies 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 Dec.12)	Remarks	Special Observation
Purchase of GR	14.7.2009 (45 days)	23.3.2010	8 months		
Submission of Bank Guarantee	29.8.2009 (3 months)	8.9.2009	1 month		
Mining Lease Application	29.8.2009 (3 months)	11.11.2009	3 months	ML area 649.46 Hec.	
Submission of Mining Plan	29.11.2009 (6 months)	6.4.2010	5 months		
Approval of Mining Plan	29.1.2010 (8 months)	20.1.2011	1 yr		
Application of Previous approval	29.3.2010 (10 months)	Pending	2 yrs 9 months		
Granting of Previous approval	29.4.2010 (11 months)	Pending	2 yrs 8 months		
Application of Forest clearance	29.5.2010 (12 months)	6.1.2010	-	12.86 Hec forest land	
Grant of Forest Clearance	29.11.2010 (18 months)	Pending	2 Yr 1 months		
Application EMP Clearance	29.5.2010 (12 months)	15.5.2010	-		
Grant of EMP Clearance	29.11.2010 (18 months)	Pending	2 Yr 1 month		
Grant of Mining Lease	29.5.2011 (24 months)	Pending	1yr 7 months		
Application of Land Acquisition	29.12.2010 (19 months)	NA	-		
Completion of Land Acquisition	29.5.2012 (36 months)	NA	-	90% land for construction of surface structure completed.	
Application for opening permission	29.9.13 (52 months)	Pending	-		
Grant of Opening permission	29.10.2013	Pending	-		
Coal Production	29.11.2013	Pending	-	UG mine with	

L

	(54 months)		forest land	
--	-------------	--	-------------	--

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	21.11.2012
Infrastructure development	As per site inspection carried out by OSD office at Nagpur, it was reported that no infrastructure has been developed.
Activities related to coal transportation	• No
Presence of mining equipment.	• No
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• No information

Keeping in view 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.

4. 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 **Khappa & Extn.** coal 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 said coal block.

5. 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.



## Status Note

Sl. No.	Items	Remarks
1	Name of the Block	Khappa & Extn. Coal Block
2	Name of the allocate	M/s Sunflag Iron & Steel Ltd. M/s Dalmia Cement (Bharat) Ltd.
3	Date of allocation	29.05.2009
4	End Use Plant & Capacity	M/s Sunflag Iron & Steel Ltd.- 1.5 MTPA (Iron & Steel/Sponge Iron Plant at Bhandara, Maharashtra)  M/s Dalmia Cement (Bharat) Ltd.- 15.5 MTPA Cement Plants at Tamil Nadu/Andhra Pradesh/Karnataka.
5	Important terms and conditions of allocation	Copy of allocation letter enclosed as Annexure-I
6	Milestones of allocation and slippages against milestone	Copy of status note from CCO enclosed as Annexure-II
7	History Previous review / action	In the review meeting held on 11/12.01.2012, it was noticed that FC (Stg-I), EMP, ML & LA were pending. Forest land diversion proposal submitted. Defence Land is within the block area and is required to be diverted. Committee noticed that the progress was not satisfactory and advised to expedite the development of the coal block and be cautioned to be careful in future w.r.t. the milestones stipulated.  The progress of the block has been further reviewed by IMG in its meeting held on 01.05.2013. The IMG noted that grant of Mining Lease, Forest Clearance, EMP are still pending. Keeping in view the unsatisfactory progress, IMG recommended issuing show cause notice for delay in development of coal block. Accordingly, the company was issued SCN on 06.06.2013.
8	Condonation of delay or extension of Zero date granted if any and permissible grace period if any whether any request for Condonation is pending with the Ministry	No

9	Litigation any orders of the court , if any	No
10	Summary of reply of the company including reasons for delay	<p>M/s Sunflag Iron and Steel on behalf of the joint allocattees in its reply to the SCN, has stated they the Mining Plan was submitted on 06.04.2010 having a slippage of 5 months. The company was able to get the receipt of payment of GR on 23.03.2010. The coal block is underground mine having national highway and Railway line and densely populated. Therefore the company was extra cautious in preparation of mining plan. Mining Plan was approved on 20.1.2011. The mining lease application was made on 11.11.2009 and despite passage of 42 months, the State Government has not forwarded the application for previous approval of Central Government. As regards grant of forest clearance, the company has stated that it is pending with the Forest Department. On EMP clearance, the same is pending with MoEF. All other milestones except land acquisition are pending. A copy of the reply is at <b>Annexure-III</b>.</p> <p>A copy of the reply of the company was sent to State Govt. of Maharashtra for their comments.</p>
11	Comments of State Govt. on reply of the allocattee on SCN	Comments of State Govt. have not been received.
12	Comments of MOC with the respect to issue pertaining to delay in purchase of GR, transfer of surface rights by coal companies, sanction of mining plan etc.	All major milestones are pending like grant of mining lease, EMP clearance, Forest Clearance and there are considerable slippages as per milestone schedule dates against each milestone mentioned above.



**Coal Controller Office, Kolkata**  
**Updated Status of Coal Block as on June 2013**  
**(As per Status report submitted by the company)**

1. Name of Company:- Khappa Coal Company Pvt Ltd ( Sunflag Iron & Steel Ltd and Dalmia Cement Ltd.)
2. Name of Coal Block:- Khappa & Extn (UG)/Pvt
3. Name of Owner/Address:- Director, (Sunflag Iron & Steel Ltd.) 33, Mount Road Sadar, Nagpur-440001.
4. Date of Allocation:- 29.5.2009
5. Location: Kamptee/MH
6. Project cost :- Rs. 150 Cr.
7. **Total investment made Cr (As per status report):- Rs. 15.42Cr. (June'13)**
8. Reserve (Mill tonnes):- 89.207 (Geological)
9. Mineable Reserve:- NA
10. Yearly rated capacity (MTPA):- 0.3
11. Grade of Coal:- B- G
12. Cost of GR:- Rs. 12.48 Cr.
13. BG Amount :- Rs. 3.9 Cr.
14. Type of EUP:- SIP & Cement
15. Location of Project:- Bhandara MH & Karnataka, AP & TN
16. Capacity of Project:- 350 TPD DRI Kiln (SISL) & 15.5 mtpa Cement (Dalmia Cements)
17. Explored/Un explored:- Explored
18. Type of Mine:- UG
19. Zero Date:- 29.5.2007 (As per block allocation letter)
20. **Previous Recommendation, if any:-** Caution notice issued by MOC as per decision of review meeting dated 11/12.1.2012. Again in 18<sup>th</sup> IMG held on 01.05.2013 advised to issue show cause notice.

Mile Stones	Schedule date of Completion	Actual date of Completion	Slippage in YY/MM (as on June'13)	Remarks	Special Observation
Purchase of GR	14.7.2009 (45 days)	23.3.2010	8 months		
Submission of Bank Guarantee	29.8.2009 (3 months)	8.9.2009	1 month		
Mining Lease Application	29.8.2009 (3 months)	11.11.2009	3 months	ML area 649.46 Hec.	
Submission of Mining Plan	29.11.2009 (6 months)	6.4.2010	5 months		
Approval of Mining Plan	29.1.2010 (8 months)	20.1.2011	1 yr		
Application of Previous approval	29.3.2010 (10 months)	Pending	3 yrs 3 months		
Granting of Previous approval	29.4.2010 (11 months)	Pending	3 yrs 2 months		
Application of Forest clearance	29.5.2010 (12 months)	6.1.2010	-	12.86 Ha forest land	
Grant of Forest Clearance	29.11.2010 (18 months)	Pending	2 Yr 7 months		

Clearance	(12 months)				
Grant of EMP Clearance	29.11.2010 (18 months)	Pending	2 Yr 7 month		53
Grant of Mining Lease	29.5.2011 (24 months)	Pending	2 yr 1 months		
Application of Land Acquisition	29.12.2010 (19 months)	NA	-		
Completion of Land Acquisition	29.5.2012 (36 months)	NA	-	90% land for construction of surface structure completed.	
Application for opening permission	29.9.13 (52 months)	Pending	-		
Grant of Opening permission	29.10.2013	Pending	-		
Coal Production	29.11.2013 (54 months)	Pending	-	UG mine with forest land	

Observation of Field Office of CCO during inspection of the block	
Date of Inspection	21.11.2012
Infrastructure development	As per site inspection carried out by OSD office at Nagpur, it was reported that no infrastructure has been developed.
Activities related to coal transportation	• No
Presence of mining equipment.	• No
Any sign of mining activities.	• No
Escrow A/c for mine closure	• No
Other activities	• No
Engagement of MDO	• No information

**Other details and constraint faced by the block allocates**

Mining lease: 649.46 Ha. Forest land: 12.86 Ha. Pvt land: 539.81 Ha Revenue land: 96.79 Ha.

JV agreement completed and Khappa Coal Co. Pvt. Ltd. formed.

**FC (Stg-I), EMP, ML & LA are pending.**

**ML:** ML application submitted in Nov, 2009. Mining lease application is pending with Mantranalaya, Govt of MH.

**FC:** Forest clearance application is pending with PCCF Nagpur.

**EMP:** TOR approved. EMP application filed on 15.5.2010. Presentation to MOEF completed on 23.1.2012. In principal approved given by EAC/MOEF.

**LA:** Land application submitted on 30.4.10. 25 acres of land required for construction of inclines. 90% land acquisition completed through direct negotiation.

**EUP:-** i) 850 TPD Sponge Iron Plant and 30 MW CPP is existing and is operating. Proposed: Expansion of 1x350 TPD SIP and 6 MW CPP at Bhandara, Maharashtra linked with the block. Commissioning of DRI is likely by end of Dec.2012.for Sunflag Iron & Steel Ltd.

(ii) Existing: 54MW CPP and 1.67 MTPA cement plant at Tamil Nadu & Andhra Pradesh is in operation. Expansion: Up to 15.5 MTPA cement plant & 175 MW CPP at Karnataka, AP & TN is to be commissioned March.2014 for Dalmia Cement Ltd.

**Project cost (As per Status report) :**(i) Rs. 70 Cr. (Sunflaf Iron & Steel Ltd.)

(ii) Rs. 3000 Cr. (Dalmia Cement Ltd.)

**Investment made up to June'13 (As per Status report):-**(i) Rs.10.47 Cr. (Sunflaf Iron & Steel Ltd.)

(ii) Rs. 462 Cr. (Dalmia Cement Ltd.)