

SHOW CAUSE NOTICE
By Speed Post

No. 47011/1(10)/2000-CPAM/CA-I(Vol.II)
Government of India
Ministry of Coal

New Delhi, dated 15th June, 2013

To,
The Managing Director,
M/s Gondwana Ispat Ltd.,
3rd Floor, Tajshree Sai, 01 Hindustan Colony,
Ajni Square, Wardha Road, Nagpur – 440015,
Maharashtra.

Subject: Show Cause Notice to M/s Gondwana Ispat Ltd. in respect of Majra Coal block – regarding.

Sir,

I am directed to refer to this Ministry's allocation letter of even number dated 29.10.2003 conveying reservation of **Majra** coal block for meeting coal requirement of 4.8 ltpa in their proposed 1.20 ltpa sponge iron plant. Captive mining was to be done in accordance with the provisions of Mines & Minerals (Development & Regulation) Act, 1957 and Mineral Concession Rules, 1960 and subject to the provisions of other relevant statutes. One of the conditions of allocation was that the coal mining development project for **Majra** coal block should have commenced coal production by April 2007 and full-rated capacity for production of coal from the mine was to be achieved by the company by October, 2009 as per the bar chart submitted by them. The 1st Phase of the proposed sponge iron plant for which the **Majra** coal block was reserved should have completed by February, 2007 and 2nd Phase by June 2009 as per the bar chart submitted by the company.

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 **Majra** 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.

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

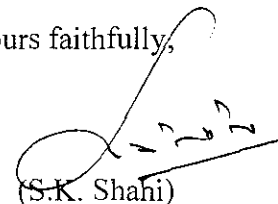


Economic Affairs. IMG has been given the mandate to review the progress of development of allocated coal blocks and associated end use projects and to recommend action including de-allocation, if required. IMG in its 18th meeting held on 01.05.2013 *inter alia* considered the status of the development of the **Majra** Coal Block prepared by the Coal Controller's Organisation (CCO) as on 31st December, 2012 and noted that no significant progress has been made by your company towards development of the coal block. The IMG noted that grant of forest clearance, completion of land acquisition, application for opening permission etc. are still pending in your case. 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 **Majra** 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.