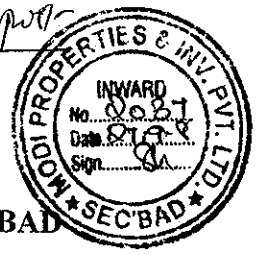


Received by Reg. Pwr.



GOVERNMENT OF ANDHRA PRADESH
OFFICE OF THE ASST. DIRECTOR OF MINES & GEOLOGY:: HYDERABAD

SHOW CAUSE NOTICE No.2278/SVS/2008, dt:22-09-2008

Sub:- Mines & Minerals – Consumption of Minor Minerals in the construction of Mayflower Heights at Mallapur, Nacharam, Hyderabad by M/s Modi Properties & Investments Pvt. Ltd – Failure to produce documentary evidence of having paid seigniorage fee for the quantities of minor minerals consumed – Show cause Notice issued – Reg.

Ref.: Lr.No.011/Vg-CS/2008, dt:17-04-2008 from Asst. Director of Mines & Geology, (Vigilance Squad), Hyderabad.

Attention is invited to the subject cited. The Asst. Director of Mines & Geology, (Vigilance Squad), Hyderabad vide reference cited informed that notice has been issued to M/s Modi Properties & Investments Pvt. Ltd regarding seigniorage fee for minor minerals such as metal, sand and bricks consumed in the construction of Mayflower Heights. Finally the Asst. Director of Mines & Geology, (Vigilance Squad), Hyderabad while intimating the quantities of minor minerals consumed in the construction of Mayflower Heights at Mallapur, Nacharam, Hyderabad by M/s Modi Properties & Investments Pvt. Ltd requested to take action for realization of **Rs.17,99,054/-** under Rule 26(3)(ii) of AP Minor Mineral Concession Rules, 1966. The details of quantities of minor minerals, normal seigniorage fee and the penalty are as follows:

S. No.	Name of the Mineral	Differential Quantity	Normal seigniorage fee (in Rs.)	5-times Penalty (in Rs.)	Total (in Rs.)
1	Metal	3695.0M ³	166275	831375	997650
2	Sand	3694.0M ³	132984	664920	797904
3	Bricks	649000No's	3500		3500
TOTAL			302759	1496295	1799054

As per Rule 26(3)(ii) of AP Minor Mineral Concession Rules, 1966 “if No documentary proof is produced in token of having paid mineral revenue due to the Government by any person who used or consumed or in possession of any mineral including the processed mineral, he shall not withstanding anything contained in sub-rule (1) be liable to pay five times of the normal seigniorage fee as penalty in addition to normal seigniorage fee leviable under the rules”.

In view of the above, M/s Modi Properties & Investments Pvt. Ltd is directed to show cause why action should not be taken for collection of seigniorage fee with 5-times penalty amounting to **Rs.17,99,054/-** under Rule 26(3)(ii) of Andhra Pradesh Minor Mineral Concession Rules, 1966 for consumption of illegally procured minor minerals in the construction of Mayflower Heights within (15) days from the date of receipt of this notice, failing which necessary action will be initiated for realization of **Rs.17,99,054/-** as per Rules without further notice.

To:

M/s Modi Properties & Investments Pvt. Ltd,
#5-4-187/3&4, Iind Floor, M.G. Road,
Secunderabad – 03.

Asst. Director of Mines & Geology,
Hyderabad.

Copy submitted to the Deputy Director of Mines & Geology, Hyderabad for favour of information.

Copy to Asst. Director of Mines & Geology, (Vigilance Squad), Hyderabad for information.

Address for Communication

Asst. Director of Mines & Geology, Hyderabad,
Dr. No.2-1-566/B/6&7, Nallakunta, Street No.11,
Near Shankermutt, Hyderabad – 44.
Phone No.040-27615693.

ALPINE ESTATES

103, First Floor, Hariganga Complex, Ranigunj, Secunderabad - 500 003.
Phone : +91-40-66335551, Fax :

o/c

To,
The Assistant Director of Mines & Geology, Hyderabad,
Dr.No.2-1-566/B/6&7,
Nallakunta, Street No.11,
Near Shankermutt,
Hyderabad-500 044.

Date: 31.10.2008

Sir,

Sub: Furnishing of explanation -Reg.
Ref: Your Notice No.2278/SVS/2008, Dated 22-09-2008.

EXPLANATION TO THE SHOW CAUSE NOTICE


M/s. Modi Properties & Investments Pvt. Limited is not involved in the development of the project, which you have given a notice to. However, Alpine Estates which is the sister concern of Modi Properties and Investments Private Limited is the developer of the project Mayflower Heights. Hence, on behalf of the Alpine Estates this application is submitted, which may be taken on file.

Mayflower Heights referred to in your notice is situated at Sy. Nos. 1/1, 2/1/1 & 191 of Mallapur Village, Hyderabad -076. Alpine Estates were in receipt of notice issued by the Assistant Director of Mines & Geology (Vigilance) dated 22-03-2008 that to furnish the details of minor minerals that is RMC, metal, sand and clay bricks used in the construction works along with the documentary evidence of having paid the seigniorage fee as follows:

- (i) Metal 3965 M³.
- (ii) River Sand 3694 M³.
- (iii) Clay Bricks 6.49 lakh nos.

On receipt of the notice a reply was furnished that the entire project construction is of RCC work undertaken by using ready mix concrete from the registered reputed firms like (i) RMC Readymix (India) Pvt. Ltd. (ii) Grasim Industries Limited (iii) IJM Concrete Products Pvt. Ltd and that the statement of total ready mix concrete consumed in the project is 4622.50 M³ and for the said supply, bills and delivery challans were enclosed. We have been informed by the said companies that the material supplied has suffered seigniorage fee.

There is no usage of bricks as stated by you, solid cement blocks are prepared by us at our site with our own machinery. The said cement blocks are used for construction. Production of said blocks involves using of waste materials like debris from construction and stone dust.


OFFICE OF THE
ASSISTANT DIRECTOR OF
MINES AND GEOLOGY
HYDERABAD.

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The total quantity of sand used up to that date is 1362 M³ and the entire way bills for purchase of sand are enclosed. Likewise, a small quantity of metal is used for columns, chajjas and lentils for which the total consumption of 20 MM metal was 317 M³ and the way bills were enclosed. And these were our utilization for the work done till the date of their inspection. It was also further informed that if requested/asked for, we will provide detailed calculations along with structural plans and working of drawings to estimate the bill of quantities.

It is unfortunate in spite of production of the detailed documentary evidence of proof of payment of seigniorage fee by way of way bills, purchase orders and delivery challans, without verifying the same and dropping the proceedings, a show cause notice is received from your office. In this regard we submit that your show cause notice is silent as regards to arrival of the quantities of minerals and its basis. We have submitted in our reply to the Vigilance Department as regards to the area of construction and the utilization of minerals. There is no other utilization except the details furnished, nor you could trace in our records either purchase of said minerals beyond those produced by us to you. When once the bills, way bills, purchase orders and delivery challans are produced, they are sufficient proof of payment of seigniorage fees. We have also disclosed the details of supplies of the companies from whom we have received the materials. It is your duty in case of doubt to clarify with the said companies by issuing a notice to them. We have been informed by all our suppliers, list of whom is annexed to this application, that the material supplied to us has suffered payment of seigniorage fee.

We once again reiterate our submissions as regard to the completion of works as follows:

- a) We have enclosed along with this explanation detailed estimate of the total quantity of minerals consumed at site for the RCC works done at site. Working drawings and structural plans for 'B' block south wing are also enclosed on your verification. We are willing to provide plans for all the blocks if called for.
- b) We have casted all footings and slabs using ready mix concrete. Columns were casted by concrete mixed at site (site mix). The total estimate of concrete required using RMC is 4214 M³. At the time of issuing the notice (a) RCC work of B block south wing was completed, (b) Footings and 2 slabs of east wing was completed, (c) Footing and 1 slab of west wing was completed (d) Footing and 2 slabs, C block of south wing was completed and (e) Footings and 4 slabs of clubhouse were completed. Therefore, the quantity of concrete consumed is 4214 M³ which very well corresponds to the ready mix, concrete purchased (4622 M³), the details of which have been provided to you.

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- c) The estimated quantity of site mix concrete for the work completed is 316 M^3 . The quantity of metal consumed for 316 M^3 of site mix concrete is 253 M^3 (80% of CC) which corresponds to the details of 317 M^3 purchased and the details of which have been provided to you. Sand consumed to produce 316 M^3 of site mix concrete is 126 M^3 (40% of CC).
- d) We are using solid cement blocks produced by using waste material like debris from construction and stone dust. Therefore, no seigniorage fees is payable for the same.
- e) The consumption of mortar for brick work using cement block of size $16'' \times 8'' \times 4''$ (or $6''$) is substantially lower than the consumption of mortar using table bricks of size $9'' \times 4'' \times 3''$. The estimate of mortar required for $4''$ and $6''$ walls using solid cement blocks is 1.4 and 2.1 cubic meters for every 100 M^2 of wall respectively. The consumption of mortar for 2 coats of plastering is 1.9 M^3 per 100 M^2 of plastering. We can provide detailed calculations upon request.
- f) Accordingly, as per our estimate, the total consumption of sand for the entire project for brick work and plastering is 4000 M^3 . At the time of your notice about 25% of the brick work and plastering was completed corresponding to consumption of 1000 M^3 of sand. Therefore the total consumption of sand for brick work, plastering and site mix concrete is $1000 + 126 = 1126 \text{ M}^3$ of sand which corresponds to the sand purchased (1362 M^3) and the details of which have been submitted to you.

We are holding all the way bills showing the proof of payment of seigniorage fee. Please provide us an opportunity of personal hearing for demonstrating the same. We have already enclosed and furnished the details to the Assistant Director, Vigilance, in pursuance to their notice by our representation dated 24.04.2008.

We also request you to issue notices to companies referred to, for providing the proof of payment of seigniorage fee to the extent of supplies to our project. They have assured us that the material supplied by them has suffered the seigniorage fee. We are in receipt of ready mix concrete, which is a finished product. The ready mix concrete is not a mineral, as such we cannot demand for production of way bills. It is the respective companies who have purchased the minerals needed for manufacturing ready mix concrete which hold all the seigniorage way bills. Hence, we have not in purchased minerals, as such it is only a purchase of ready mix concrete which does not attract the provisions of either

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Mines & Minerals (Regulations Development) Act, 1957 or A.P. Minor Mineral Concessions Rules, 1966.

As we are not purchasers of any minerals or either quarry owners or indulged in buying or selling of any mineral, Rule 26 (iii) (ii) of A.P. Mines and Mineral Concessions Rules, 1966 is not attracted. Further, the full bench of the Hon'ble High Court in the case of 'L. Venkateswara Rao and Others Vs. M/s Singareni Collories Limited' held that "production of bill by user or consumer from a lessee on quarrying or a authorized dealer be considered to be sufficient production". Hence, the bills we have produced are from the authorized dealers and are the sufficient proof. We have not indulged in any illegal utilization of minerals nor indulged in buying and selling of any minerals.

Hence, it is requested that you receive the documents and drop proceedings in the interest of justice.

Thank You.

Yours faithfully
for Alpine Estates


Soham Modi
Managing Partner.

Encls:

1. Xerox copies of delivery challan and invoices of RMC of Grasim Industries Ltd., IJM Concrete and RMC readymix P. Ltd., - *File nos. 1, 2 and 3*
2. Xerox copies of waybills of sand. - *File no. 4*
3. Xerox copies of waybill of 20 mm metal. - *File no 5*
4. Estimates of RCC work completed. - *File no. 6*
5. Xerox copies of plans of C block south wing. - *File no. 7*