

SHOW CAUSE NOTICE

By Speed Post

No. 13016/57/2008-CA-I
Government of India
Ministry of Coal

New Delhi, dated ^{20th} December, 2013

To,
The CMD,
M/s Mideast Integrated Steels Ltd.,
Mesco Towers, H-1, Zamrudpur Community Center,
Kailash Colony, New Delhi-110048.

Subject: Show Cause Notice to M/s Mideast Integrated Steels Ltd. in respect of Tandsi-III & Tandsi-III (Extn.) Coal block - regarding.

Sir,

I am directed to refer to this Ministry's letter No. 38011/2/2007-CA-I dated 05.08.2008 conveying allocation of **Tandsi-III & Tandsi-III (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 prospecting/exploration and preparation of GR have to be completed within 27 months from the date of allocation. 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 6 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 **Tandsi-III & Tandsi-III (Extn.) 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 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 **Tandsi-III & Tandsi-III (Extn.) 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	19.9.2008 (45 days from DOA)	Yes	-		
Submission of Bank Guarantee	5.11.2008 3 months	Yes	-		
Mining Lease Application	5.11.2008 3 months	15.10.2009	1Yr		
Submission of Mining Plan	5.2.2009 6 months	12.7.2009	5 Months		
Approval of Mining Plan	5.4.2009 8 months	23.2.2010	10 Months		
Application of Previous approval	5.6.2009 10 months	Yes	-		
Granting of Previous approval	5.7.2009 11 months	Yes	-	MOC sent previous approval to	

				Govt of MP.	
Application of Forest clearance	5.8.2009 12 months	17.7.2010	1Yr	Fresh forest application prepared incorporating mitigation measures of tiger corridor. Application submitted on 20.11.2012 and additional information submitted on 3.1.2013.	
Grant of Forest Clearance	5.2.2010 18 months	Pending	3Yrs 1 months		Forest clearance is uncertain for pench satpura tiger corridor project.
Application EMP Clearance	5.8.2009 12 months	6.2.2009	-	<i>MoEF informed that Tandsi-III block falls under Tiger Corridor. As such, TOR was not issued.</i>	
Grant of EMP Clearance	5.2.2010 18 months	Pending	3 Yrs 1 Months		The date for EC is uncertain.
Grant of Mining Lease	5.8.2010 24 months	Pending	2Yrs 7 Months		Grant of ML is uncertain because of tiger corridor

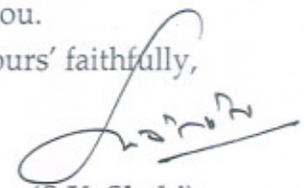
					issue
Application of Land Acquisition	5.3.2010 19 months	Pending	3Yrs		
Completion of Land Acquisition	5.8.2011 36 Months	Pending	1Yr 7 Months		
Application for opening permission	5.12.2012 52 Months	Pending	3 Months		Completion of major activities are uncertain.
Grant of Opening permission	5.1.2013 (53 Months)	Pending	2 Months		
Coal Production	5.2.2013 (54 Months)	Pending	1 Months	UG mine with forest land involved	TOR for EMP rejected by MOEF.

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 **Tandsi-III & Tandsi-III (Extn.) 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.