

(2026) 03 SC CK 1423

In the Supreme Court Of India

Case No : Miscellaneous Application Nos. 1806-1807 Of 2025 In Special Leave
Petition (Civil) No. 3529-3530 Of 2020

Union Of India

APPELLANT

Vs

Prakash Industries Limited And Another

RESPONDENT

Date of Decision : 17-03-2026

Acts Referred:

Citation : (2026) 03 SC CK 1423

Hon'ble Judges : Pankaj Mithal, J;S.V.N. Bhatti, J

Bench : Division Bench

Advocate : Vikramjeet Bannerjee, Nachiketa Joshi, P V Yogeshwaran, Merusagar Samantrey, Saransh Kumar, Sudarshan Lamba, Pallavi Langar, Kapil Sibal, Siddharth Dave, Ankur Chawla, Aditya Samaddar, R K Mohit Gupta, C B Bansal, Aamir Khan, Amit Kathuria, Himanshu Tyagi, Faiz Alam, S.D. Sanjay, Rameshwar Prasad Goyal

Final Decision : Disposed Of

Judgement

S.V.N. Bhatti, J

1. On 19.08.2025, the Special Leave Petition Nos. 3529-3530 of 2020 were dismissed by this Court. The Court observed as follows:

"11. The petitioner is directed to report compliance of the order dated 17.05.2019 passed by the High Court and the various orders referred to therein after taking into confidence the relevant parties including the respondents, The compliance affidavit in this regard be filed within a period of one month, failing which the Court may be constrained to take appropriate action against the erring officers, may be in the nature of contempt, if necessary."

The parties to the present Judgment are referred to as arrayed in the said Special Leave Petitions.

2. On 17.09.2025, the Union of India filed an affidavit purporting to be a Compliance Affidavit in terms of the Order dated 19.08.2025 in S.L.P.

Nos. 3529-3530 of 2020. On 27.09.2025, the Miscellaneous Application Nos. 2111- 2112 of 2025 were filed by the Respondent/Prakash Industries Limited (for short,"PIL").The prayers in these applications are excerpted hereunder:

"PRAYER

That in the facts and circumstances enumerated hereinabove it is humbly prayed that this Hon'ble Court may be pleased to:-

a) direct SECL to pay the compensation immediately as per Annexure A-11 and within a period of 2 weeks from the date of order on the present application.

or in the alternative;

Direct SECL to give credit of the amount of compensation to M/s Prakash which may be adjusted against supply of coal in the existing FSA bearing Number A-1369 & A- 1370;

b) Pass any other order as may be deem fit and proper."

3. We have heard Learned Senior Counsel, Mr. S.D. Sanjay, ASG, for Southern Eastern Coal Fields Limited/SECL and Mr. Kapil Sibal, for the Respondent/PIL.

4. To appreciate the Affidavits dated 17.09.2025 and 04.11.2025, on the one hand, and the availability of prayers in M.A. Nos. 2111-2112 of 2025, briefly, a few antecedent dates and events are adverted.

5. On 13.01.2006, the Ministry of Coal, Government of India, allocated the Madanpur (North) Coal Block to the Respondent, specifying the end use for the Sponge Iron Plant and a Captive Power Plant of the Respondent. On 14.10.2011, the Ministry of Coal issued an Order based on an Inter- Ministerial Committee's finding that the Respondent had diverted the coal from its Chotia Block, meant for the Sponge Iron Plant, to its Captive Power Plants. Southern Eastern Coal Fields Limited/SECL, on 09.11.2011, referring to the alleged diversion of coal, suspended the coal supplies to the Respondent de hors the arrangement. To wit, the arrangement was for a period of five years. The first round of litigation between the parties commenced with the filing of Writ Petition No. 7413 of 2011 before the High Court of Chhattisgarh, challenging the suspension Order dated 09.11.2011. The Writ Petition was allowed on 13.02.2012, and the High Court quashed the suspension Order dated 09.11.2011 passed by SECL. The Union of India and SECL filed Writ Appeal No. 127 of 2012, and the Division Bench, vide order dated 31.01.2013, dismissed the Writ Appeal. The relevant portion of the order of the Division Bench reads thus:

"23. We are informed that the Prakash-Industry was not supplied coal from 1st of October, 2011 till today and contempt application No.420/2011 is pending for wilful disobedience of the order passed by the single judge.

24. The counsel for the Prakash-Industry informs that during the aforesaid period, the Prakash-Industry has purchased coal from E-auction from coal India Ltd. However, it was for the price higher than it had to pay under the Agreements. In view of same, we deem appropriate that the SECL be directed to restore the supply of coal from the January, 2013. So far as, claim relating to past period from October, 2011 to December, 2012 is concerned, it will not be necessary for the SECL to supply the coal, but it has to compensate the Prakash-Industry.

25. The compensation will be the difference in price between the coal purchased by the Prakash-Industry in E-auction and the price on the same quantity of coal under the Agreements:

This compensation will be determined under clause number 15 of the Agreements that provides for settlement of dispute. The Prakash-Industry will also be entitled to get 6% interest on till compensation from 1st of July, 2012 till payment."

6. The Union of India and SECL, assailing the Order dated 31.01.2013, filed S.L.P. No. 8436 of 2013. On 09.04.2014, the S.L.P. was disposed of, modifying the direction to pay compensation to the Respondent. For completeness, the modified portion of the said order is excerpted hereunder:

"We further clarify that the petitioners shall be at liberty to supply coal to the respondents at the current rate, in lieu of the compensation granted, for the period during which the supply of coal was suspended, as we are informed that the Fuel Supply Agreement has expired by efflux of time.

Let the coal supply be commenced within a period of four weeks from today.

We further direct that if the petitioners chose to supply coal, the necessary Fuel Supply Agreement be entered into between the parties for the period during which supply of coal was suspended at the current rate, in accordance with the prevalent policy.

The special leave petition is disposed of with the above observations."

7. In purported compliance with the Order dated 09.04.2014, the Deputy Assistant Coal Controller, SECL, through a letter dated 03.05.2014, offered to supply to the Respondent, coal equivalent to 25 per cent of the annual contracted quantity, i.e., on a tapering basis for the period 09.11.2011 to 13.07.2012 through a fresh Fuel Supply Agreement entered into between the parties. The Respondent filed Writ Petition Nos. 1066 of 2014 and 1657 of 2017 seeking normal linkage, as this Court on 25.08.2014, cancelled the blocks allotted to the Respondent in the case of Manohar Lal Sharma v. Principal Secretary and others (2014) 9 SCC 516. On 11.09.2015, Writ Petition (C) No. 1066 of 2014 was disposed of with a few directions to the Competent Authority that the application of the Respondent was decided. On 31.07.2017, the Secretary of Coal, Union of India, determined the Respondent's entitlement with

a tapering linkage. The Respondent filed Writ Petition (C) No. 254 of 2018, challenging the Order dated 31.07.2017 of the Secretary, Ministry of Coal, on the proposed supply of coal in its favour. On 17.05.2019, the High Court allowed the Writ Petition(s) and quashed communications dated 03.05.2014 and 31.07.2017. The relevant portion reads thus:

"34.??Ex-consequenti the above discussions, both the writ petitions deserve to be and are hereby allowed. The order/communication dated 3.5.2014 (Annexure - P/1 to 1st petition) of SECL and the order dated 31.7.2017 (Annexure - P/1 to 2nd petition) passed by the Secretary, Ministry of Coal, GOI, are set aside. Respondent SECL is directed to supply coal to the petitioner for the period during subsistence of the petitioner's normal/regular coal linkage at the current rate, in accordance with the prevalent policy."

8. The High Court further directed SECL to supply coal to the Respondents for the subject period while its normal/regular coal linkage is in force, at the current rate, in accordance with the prevalent policy. The Union of India and SECL unsuccessfully challenged the Orders dated 17.05.2019 in S.L.P. Nos. 3529-3530 of 2020. The S.L.P. by order dated 19.08.2025 was dismissed. One of us, Justice Pankaj Mithal, is a party to the said Order.

9. In the above background, on the one hand, the Union and SECL report compliance, stating that the Respondent is entitled to relief, as confirmed by this Court in the Order dated 09.04.2014 in S.L.P. No. 8436 of 2013, and not to compensation amounting to approximately Rs. 106 Crore for the subject period.

10. The compliance Affidavits, in a nutshell, state that the Ministry of Coal issued the necessary directions to Coal India Limited and its subsidiary, SECL. Further, SECL, vide its letter dated 08.09.2025 to Coal India Limited, has conveyed its readiness to the Respondent to commence supply of coal. The letter requests the Respondent to depute an authorised representative for the execution of a Memorandum of Understanding (for short, "MoU") for commencing coal supplies for the period during the subsistence of its normal/regular coal linkage at the current rate. On the other hand, the Respondent complains that the offer to supply coal at the current rate is not in conformity with the Order dated 09.04.2014; that the Respondent has sufficient supply and does not need the coal; and that the actual compensation towards price difference, which is calculated, be paid. For completing the narrative, we refer to the stand of the Respondent in the M.A Nos. 2111-2112 of 2025 in support of the prayers noted above.

10.1 The purported Compliance Affidavit dated 16.09.2025 filed by the Petitioner should be rejected because it was filed by a person who was not privy to, aware of, or present for any communications or discussions between SECL and the Respondent/PIL.

10.2 The Petitioner and SECL have outright refused to compensate the

Respondent/PIL in any manner, either by paying monetary compensation or by supplying coal for the period during which the Fuel Supply Agreement was active, even though coal supply was wrongfully suspended from October 2011 to July 2013. Instead, they are offering to sell coal to the Respondent/PIL at today's price available under E-auction, rather than supplying it at the rate applicable under normal linkage on 09.04.2014, which was the date of the earlier Supreme Court Order.

10.3 The offer made by SECL arbitrarily reduces the quantity of coal owed, as it offers to supply coal only for the period between October 2011 and December 2012, even though the supply was suspended from October 2011 until July 2013, when the Fuel Supply Agreement expired by efflux of time.

10.4 The compensation payable by SECL is the difference between the price the Respondent/PIL paid to purchase coal through E-auction and the price of coal under the then existing Fuel Supply Agreement. The total claim calculated by the Respondent/PIL up to 30.08.2025, including 6% simple interest, amounts to Rs. 106,59,55,199/-.

10.5 Accepting physical coal now is of no use, as Respondent/PIL already has existing Fuel Supply Agreements valid until 2027 that meet their Captive Power Plant's needs, and failing to lift that existing coal would result in heavy penalties. Furthermore, Respondent/PIL operates a commercial coal mine and uses Coal Char, meaning any new coal forced upon them via the MoU circulated on 15.09.2025 could not be utilised.

11. Having heard the Learned Counsel and after perusing the record, at the outset, we are of the view that both sides are interpreting the Orders of this Court to suit their convenience or prayers. The said approach, we note, is incorrect. The case on hand invites our view on the effect of the Orders either in the first round of litigation or in the second round of litigation, and, if so, what relief the Respondent is entitled to.

12. As a consequence of the orders in Writ Petition No. 7413 of 2011, and the Writ Appeal No. 127 of 2012, the Respondent is held to be entitled to restoration of coal supply and receipt of compensation for the suspended period from SECL. On 09.04.2014, this Court modified the condition as follows:

"We further clarify that the petitioners shall be at liberty to supply coal to the respondents at the current rate, in lieu of the compensation granted, for the period during which the supply of coal was suspended, as we are informed that the Fuel Supply Agreement has expired by efflux of time.

Let the coal supply be commenced within a period of four weeks from today.

We further direct that if the petitioners chose to supply coal, the necessary Fuel Supply Agreement be entered into between the parties for the period during which supply of coal was suspended at the current rate, in accordance with the prevalent policy."

Instead of compensation, this Court modified the Order to require the parties to enter into a Fresh Coal Supply Agreement for the suspended period in accordance with the prevailing policy. The modified order emphasises the current rate, i.e., as of 09.04.2014.

13. Therefore, the Petitioners' compliance vis-à-vis the Order dated 09.04.2014 would be to supply coal at the current price for the suspended period. The suspension of coal supply was made on 09.11.2011. In the normal course, the five-year period would end by 31.07.2013. Admittedly, this has not happened in the long-drawn disputes between the parties. The Union of India and SECL, as noted above, issued a communication dated 03.05.2014 and passed an Order dated 31.07.2017. The effect of the communication/order is that the Respondent is invited to enter into a Fuel Supply Agreement with a tapering linkage of the supply of coal. On 17.05.2019, the High Court quashed these two letters. This Court confirmed the order of the High Court dated 17.05.2019.

14. As a consequence of the dismissal of the S.L.P., the Respondent is entitled to the supply of coal at the current rate for the suspended period at the current price and the prevalent policy. The expression "current price" now raises the question whether it means current as of 09.04.2014 or 17.05.2019. But, by no stretch of construction, can the orders of the High Court or this Court be understood as a direction to the Union of India/SECL to pay compensation towards the difference in coal price which the Respondent has paid during the said period. On a combined reading of these Orders adjudicating the dispute between the parties, we are of the view that the direction against the Union of India and SECL is to supply coal for the suspended period at the current price and in accordance with the prevalent policy. We place on record the statement of Mr. S.D. Sanjay, Learned ASG, that Coal India Limited and SECL are willing to supply coal to the Respondent at the current price, and this Court may treat that date to be 09.04.2014. We do not propose to restate the "current price," as that would require reviewing the Orders dated 09.04.2014, 17.05.2019, and 19.08.2025. The Union of India/SECL have suffered Orders in both rounds of litigation. The Order of this Court or the High Court is complied with in letter and spirit. Quoting a portion of the Order in the L.P.A. in the S.L.P. Order dated 19.08.2025 is no reason to extend or expand the reliefs granted to the respondent through the said Orders. Therefore, to appreciate the extent and effect of the adjudication of the dispute between the parties, we have referred to them in detail.

15. For the above narrative, and after appreciating the effect of each one of the Orders, we are of the view that the prayers, as made in the Miscellaneous Applications, are unavailable and hence are rejected. While holding so, we reiterate that the Union of India and SECL are obligated to supply coal at the current price/prevalent policy either on 09.04.2014 or on 17.05.2019. The Union/SECL has not complied with earlier directions. Therefore, in line with

commercial prudence, we give the choice to the Respondent/PIL to select the current price/prevalent policy of 09.04.2014 or 17.05.2019. For the above-mentioned purpose, the Petitioner and SECL/Coal India will call upon the Respondent/PIL to choose one of the dates, i.e., 09.04.2014 or 17.05.2019, for operating the current price and the prevalent policy in the proposed Fuel Supply Agreement for the suspended period. In other words, the current price and prevailing policy are either as of 09.04.2014 or 17.05.2019. The Respondent chooses a date to implement the said orders. After the Respondent/PIL chooses one of the dates and communicates its willingness to buy coal from SECL. Within two weeks thereafter, a Fuel Supply Agreement be entered into between SECL and the Respondent/PIL for the suspended period. The supply of coal shall be as a normal coal linkage, but not on a tapering basis. Subject to the above, the Fuel Supply Agreement is to be entered into and completed within four weeks from today.

16. With the above observation, the M.As are accordingly disposed of. Pending applications, if any, including I.A. No. 250465 of 2025, are also disposed of.