



## **ABSTRACT**

TANCEM - Ariyalur Cement Unit – Expansion of Ariyalur Cement Unit by enhancing the production capacity of the Unit – Grant of permission – orders – Issued.

### **Industries (MID.2) Department**

**G.O. (Ms) No: 115**

**Dated:14.08.2014**

ஐய, ஆடி 29,  
திருவள்ளூர் ஆண்டு -2045

**Read:**

1. Government Letter (Ms) No.13, Industries (MID.2) Department dated 6.01.2012.
2. Government Letter (Ms) No. 197, Industries (MID.2) Department dated 21.11.2012.

**Read also:**

3. From the CMD, TANCEM, Chennai -2, Letter No.TANCEM/CO-T/Ariyalur Expansion / 2013, dated 7.08.2013.

## **ORDER**

Tamilnadu Cements Corporation, a State Public Sector Undertaking, is mainly engaged in production of cement in its two cement plants i.e. at Alangulum in Virudhunagar District and at Ariyalur in Ariyalur District. The present cement production capacity of Ariyalur Plant is 5 lakh Metric Tonnes. The Board of Tamilnadu Cements Corporation Limited in the meeting held on 29.9.2010 had resolved to increase the capacity from the present level of 5 lakh Metric tonnes to 15 lakh Metric tonnes and to engage a Project Management Consultant to prepare the Detailed Project Report. The project cost for Ariyalur cement plant was originally estimated to be Rs.350 crores.

2. While presenting the Budget 2011-12, the Hon'ble Finance Minister made an announcement in the floor of the Legislative Assembly to the effect that the capacity of Ariyalur cement Unit will be enhanced from 5 lakh Metric tonnes to 15 lakh Metric tonnes at a cost of Rs.350 crores.

3. In the Government letter first read above, TANCEM was permitted to appoint Project Management Consultant to undertake the preparation of Detailed Project Report (DPR) and provide other management services for the expansion project of Ariyalur Cement Plant by following open tender procedures. Accordingly, Tamilnadu Cements Corporation Limited floated tender and selected M/s Development Consultant Private Limited as Project Management Consultant.

4. In the Government letter second read above, Government permitted TANCEM to appoint M/s. Development Consultant Private Limited, Kolkata as a Project Management Consultant for expansion of TANCEM's Ariyalur Cement Plant subject to the condition that (a) TANCEM has to discuss with the consultant on his role in helping tie-up loan financing for the Project and (b) the cost of consultancy is to be borne by the TANCEM.

5. In the letter third read above, the CMD, TANCEM has stated that the M/s. Development Consultant Private Limited (Project Management Consultant) has submitted the final Detailed Project Report with an estimated project cost of Rs.542.52 crores. The Detailed Project Report has been approved by the Board of TANCEM in the meeting held on 5.09.2013. The CMD, TANCEM has requested the Government to place the proposal of expansion of Ariyalur Cement Plant with the final Detailed Project Report before the Project Investment Committee for approval.

6. The Project Investment Committee in its meeting held on 7.1.2014 discussed the proposal in detail and recommended the expansion proposal of Ariyalur Cement Unit for approval subject to certain conditions.

7. The Government has considered the recommendations of the Project Investment Committee and decided to accept the same. Accordingly, the Government permit TANCEM to implement the Ariyalur Cement Unit's expansion proposal to expand the production capacity from 5 lakh Metric Tonnes to 15 lakh Metric Tonnes at a cost of Rs.542.52 crore with the promoters contribution of Rs.147.80 crore to be financed by the Government of Tamilnadu in the form of Share Capital to an extent of Rs.73.90 crore and interest free loan of Rs.73.90 crore with a moratorium period of 5 years which will be reckoned after the construction period of 24 months, and the balance through term loan from Bankers subject to the following:

- (a) TANCEM should negotiate with the Bankers to reduce the interest rate on Term Loan borrowing and cap it below 13.5% including the Government Guarantee Commission.
- (b) Since Alangulam plant is not fully operational, the additional manpower requirement for this project shall be met by redeployment from the Alangulam Unit.
- (c) The Managing Director, TANCEM is directed to send necessary proposals to Government for the release of Rs.147.80 crores at appropriate time.

8. This order issues with the concurrence of Finance Department vide U.O. No.42842/Ind/14, dated 13.08.2014.

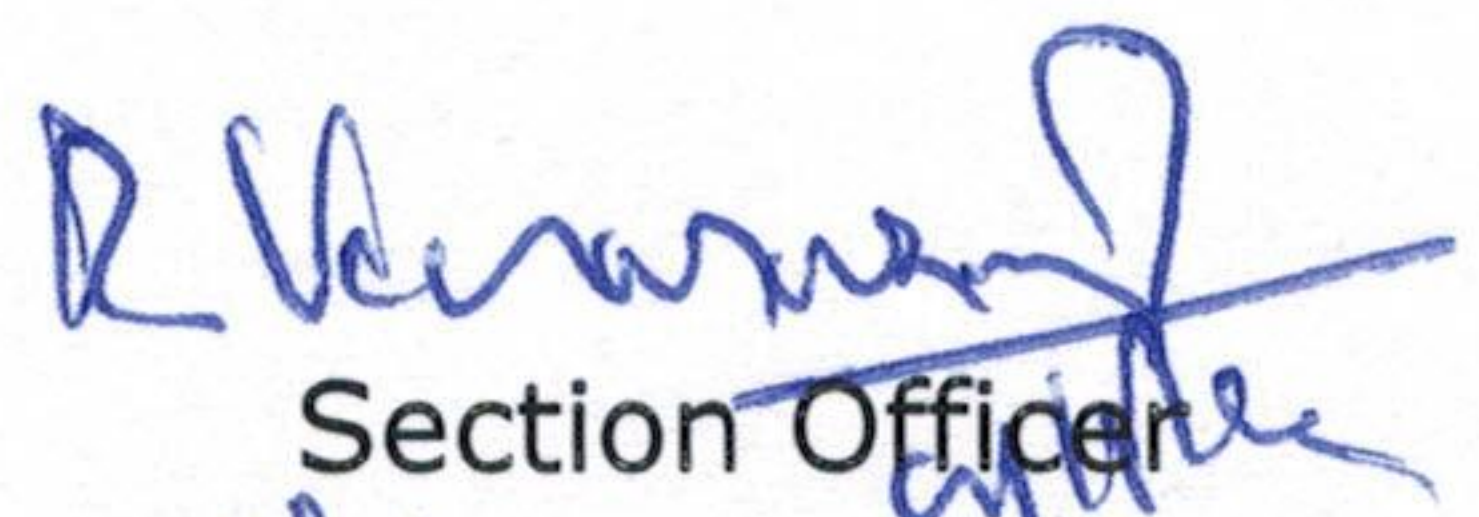
**(BY ORDER OF THE GOVERNOR)**

**C.V.SANKAR**  
**PRINCIPAL SECRETARY TO GOVERNMENT**

To  
The Managing Director,  
TANCEM,  
735, Anna Salai, Chennai -2.

Copy to  
Finance(BPE/Inds./L&A) Department,  
Chennai-9.  
P&D Dept. Chennai-9.  
Office of Hon'ble Chief Minister, Chennai-9.  
Special Personal Assistant to Minister (Industries) Chennai-9.  
Industries(OPII/Bud.) Department, Chennai-9.  
SF/SC.

// Forwarded / By Order //

  
Section Officer  
14.8.14