

PRESS NOTE

Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry

Date of decision:

Subject: Closure of Hindustan Cables Limited (HCL), Kolkata

The Cabinet has today approved the proposal for Closure of Hindustan Cables Limited (HCL), Kolkata as per the provisions of the Companies Act, 1956/2013, Industrial Disputes Act, 1947 and other relevant Acts by offering attractive VRS/ VSS Package to employees at notional 2007 pay scales and settlement of other employees related liabilities including payment of salary and wages from April 2015 till they are separated from the Company on VRS/VSS. The disposal of assets of company will be in terms of the extant guidelines of Department of Public Enterprises on Time bound closure of sick/loss making CPSEs and disposal of movable and immovable assets.

HCL was established in the year 1952. It had four manufacturing units at Rupnarainpur (West Bengal), Hyderabad (Telengana), Naini (U.P.) and Narendrapur (West Bengal). Registered office of HCL is located at Kolkata. The company was set up to cater to the needs of Government-owned telecom companies BSNL and MTNL for manufacture of telecom cables. Due to rapid change in telecommunication technology (wire-line to wireless), the demand for telecom cables drastically reduced. Several attempts were made by DHI for revival of the company but failed. Attempts to transfer HCL units to Ministry of Defence/Department of Defence Production also did not yield results. The proposal for closure of the company has been made as per the recommendations of BIFR, BRPSE and the Roadmap approved by CCEA on 29.12.2014 for phasing out non-plan budgetary support to sick CPSEs.

The company is a BIFR referred company since 2002. Government of India's decision for closure of the company will be conveyed to BIFR for seeking their approval. The employees of the Company will be offered attractive VRS/VSS. Retrenchment process will

also be followed as per Industrial Disputes Act 1947. One Time Settlement (OTS) with secured creditors will be made to free the land assets of the Company. The other liabilities of the company including statutory liabilities arising during the process of closure of company will be taken care of as per the provisions of law and the aforesaid guidelines of Department of Public Enterprises.

Secured creditors of HCL, Kolkata, led by SBI as consortium lenders to the company, have been generous in their support. The One Time Settlement (OTS) terms include complete waiver of interest and settle on principal amount of Rs. 305.63 crore in settlement of all *pari-passu* collateral held by them.

Total cash infusion for closure of company will be Rs. 1309.90 crore and non-cash infusion of Rs. 3467.15 crore in the form of conversion into equity of Government of India's loan (including interest) outstanding as on 30.09.2016 .

There is no production activity in the company since January 2003. The employees of the company are in 1997 pay scales. Due to non payment of salary & wages, it is very difficult for the employees to survive and meet their immediate financial obligations. With the VRS/VSS package and clearance of other outstanding liabilities, the employees will come out of their present financial crisis. It will also help the employees in their post retirement rehabilitation. With the present time bound closure of the company, the valuable assets of the company will be available for other optimum utilization.