

GOVERNMENT OF INDIA
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY

RAJYA SABHA
STARRED QUESTION NO.185
TO BE ANSWERED ON 06.08.2015

Closure of five sick units

185. SHRI A.K. SELVARAJ:

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether it is a fact that the proposed closure of the five sick units will be completed in the next two-three months;
- (b) whether it is also a fact that while the cost of closure of these units is estimated to be around Rs. 1.40 crore and their assets are estimated to be worth Rs.22,000 crore; and
- (c) whether it is also a fact that these units have been non-functional since 2007?

ANSWER

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(SHRI ANANT G. GEETE)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT

Statement referred to in reply to parts (a) to (c) of Rajya Sabha Starred Question NO. 185 for answer on 06.08.2015 raised by SHRI A.K. SELVARAJ regarding “Closure of five sick units”.

(a) to (c): The Government has initiated action for closure of five Central Public Sector Enterprises (CPSEs) namely Hindustan Cables Limited, Tungabhadra Steel Products Limited, HMT (Watches) Limited, HMT (Chinar Watches) Limited and, HMT (Bearings) Limited. The action includes an offer of attractive Voluntary Retirement Scheme (VRS) to their employees on 2007 notional pay scale in relaxation of Department of Public Enterprises (DPE) guidelines.

The movable assets like plant and machinery, furniture and fixture, vehicles etc. would be either auctioned or transferred to holding/subsidiary/associate CPSEs or Government/Government controlled Body. Immovable assets i.e. land and/or buildings would be transferred to Central/State Government or Central/State Government entities/ Public Sector Undertakings (PSUs) only, depending on the terms of lease/ownership by concerned CPSE.

Two statements showing total assets and liabilities (**Annexure-I**) and total cash and non-cash assistance required for closure (**Annexure-II**) by above Companies are annexed. Details of total assets of these Companies and their estimated values are given in Annexure-I. The total tentative expected cost of closure of the five companies (Cash and Non-Cash) is Rs.10,157.56 cr.

The three HMT Companies mentioned above are still functional. Hindustan Cables Limited and Tungabhadra Steel Products Limited have stopped production since 2003 and 2013 respectively.

**STATEMENTS SHOWING TOTAL ASSETS AND LIABILITIES OF FIVE
COMPANIES OF DHI WHICH ARE UNDER CLOSURE**

1. HINDUSTAN CABLES LTD

Assets of HCL:

Location	Infrastructure	Details	Value (in Cr.)
Rupnarainpur Unit: (W.B)	Land area (Acres) Factory area (Acres) Residential Quarters (Nos)	947 (with Rly. siding) 89.09 1889(various types)	108.48
Hyderabad Unit: (A.P.)	Land area (Acres) Factory area (Acres) Residential Quarters(Nos.)	324 (with Rly.siding) 114.00 890 (various types)	779.73
Naini, Allahabad(U.P.)	Land area (Acres) Factory area (Acres) Flats (Nos.)	52 (Near Rly. Stn.) 39.63 7	21.21
MTW, Narendrapur, (W.B)	Land area (Acres) Factory area(Acres)	2.00 0.558	5.74
	Moveable assets of plant & machineries, electrical equipment, vehicles, design & office equipment, furniture, other inventories etc.	As is where is basis	
TOTAL			915.16*

*-- As per Asset Valuation Report of the Company in 2010

Outstanding Liabilities of HCL

(Figures in Cr.)

Particulars	Principal	Interest	Total
Secured Loans	305.63	2337.24	2642.87
Unsecured Loans	12.69	107.96	120.65
Govt. of India Loans	1093.35	1325.00	2418.35
Sundry Creditors (i) Creditors for goods – Rs. 40.34 cr. (ii) Creditors for expenses Rs.154.33 cr.	194.67	-	194.67
Other small creditors	13.23	-	13.23
Other Liabilities i) Statutory Liabilities Rs. 256.33 ii) Adv. From customer Rs 505.08	761.41		761.41
Contingent liabilities	118.15		118.15
Guarantee fee payable to Govt. of India for Govt. Guarantee of Rs.112 cr. to cover overdrawal of cash credit account of the banks @ 1%pa (for 11 years from 2003-04 till date)			12.32
Total	2499.13	3770.20	6281.65

2. TUNGABHADRA STEEL PRODUCTS LIMITED

Assets of TSPL:-

Sl. No.	Head	Value (Rs. in Cr.)
1.	Land & Building (82.37 acres land mortgaged to SBI)	102.96
2.	Another 20,000 Sq. Mtr. land has been leased to TSPL for 40 years from 1994 by Government of Karnataka for running Mini Hydrel plant.	-
3.	Moveable assets of plant & machineries, electrical equipment, vehicles, design & office equipment, furniture, other inventories etc.	10.00
TOTAL		112.96*

**--As per Rough Estimates provided by TSPL*

Outstanding Liabilities of TSPL

(Amount in Cr.)

Particulars	Principal	Interest	Total
GOI Loan	113.00	294.08	407.08
SBI Bank Loan	15.28	69.91**	85.19
Sundry Creditors (SAIL, ISSCO)	2.86	7.14	10.00
Other small Creditors	3.92	0.00	3.92
CISF dues	3.68	5.57	9.25
Others liabilities, etc	1.85	0.00	1.85
Contingent Liabilities	5.52	0.00	5.52
Total	146.11	376.70	522.81

***--As One Time Settlement (OTS) the bank has agreed to the proposal of TSPL to waive the interest of Rs. 69.91 crore on the principal amount subject to payment of the principal amount by 30.09.2015. The settlement of the loan and interest thereon will free up the land assets of TSPL from mortgage to the bank.*

3. HMT (WATCHES) LTD

SNo	HMT(W) Assets	Rs.Cr.
1	Non Current Assets	
A	Fixed Assets(Net tangible Assets)	7.88
B	Long term Loans and Advances	2.25
	Total	10.13
2	Current Assets	
	Inventories	28.44
	Trade Receivables	1.38
	Cash & equivalents	0.50
	Short term Loans & Advances	11.71
	Other Current Assets	0.18
	Total	42.21
	Grand Total	52.34

3. Land Assets (Value included in 1A above)

(Figures in Acres)

Location	Bangalore	Tumkur	Ranibagh	Total	Remarks
STATUS OF LAND:					
Freehold	82.71	119.26	33.65	235.62	
Acquired			11.97	11.97	
Leased From State Govt.			33.33	33.33	Ranibagh land lease expired 9/11/2014
Granted Land			13.37	13.37	State Govt. land.
Encroached	7.00			7.00	
Total	89.71	119.26	92.31	301.29	

3a. Other Properties

Location	Asset Type	Possession Type	Size	Remarks
Bandra, Mumbai	Residential Flat	Purchased	900 sqft	

HMT(W) Liabilities

Details (Rs. in Cr.)	Principal	Interest	Total
GoI Loan	823.66	1046.55	1870.21
Autonomous Bodies / State Govt Loans / Bank Loan			0
Sundry Creditors (CISF-Rs.18.27 Cr)			26.69
1992 wage arrears (Rs.2.66 cr. to existing and Rs.7.1 cr. to retired employees)			9.76
Taxes, Duties etc.			41.09
Advance from land sale			8.90
Dues to other HMT Units			10.87
Total			1967.52
Holding Company Loans			517.85
Grand Total			2485.37

4. HMT (CHINAR WATCHES) LTD

S.No.	HMT(CW)- Assets	Rs.Cr
1	Non Current Assets	
A	Fixed Assets(Net tangible Assets)	1.53
B	Long term Loans and Advances	0
	Total	1.53
2	Current Assets	
	Inventories	6.21
	Trade Receivables	1.91
	Cash & equivalents	0.30
	Short term Loans & Advances	0.52
	Other Current Assets	0.11
	Total	9.05
	Grand Total	10.58

3. Land Assets (Value included in 1A above)

Location	Acres	Remarks
STATUS OF LAND:		
Freehold / Acquired	0	
Leased	51	Obtained on 90 years lease from State Government in 1977.
Taken over by State GovtDept	11	Occupied by PHE Department of State Government
Total	62	

HMT(CW) Liabilities

Details (in Rs. Crore)	Principal	Interest	Total
GoI Loan	191.86	289.11	480.97
Autonomous Bodies / State Govt. Loans	0	0	0
Bank Loans	0	0	0
Sundry Creditors (CISF – Rs.43.67 Cr.)			43.75
Other Liabilities			1.54
Dues to other HMT Units			0.00
Holding Company Loans			82.66
Grand Total			608.92

5. HMT (BEARINGS) LTD

S.No.	HMT(B) - Assets	Rs. Cr
1	Non Current Assets	
A	Fixed Assets(Net tangible Assets)	1.00
B	Long term Loans and Advances	0.80
C	Investment in APGPCL	0.41
	Total	2.21
2	Current Assets	
	Inventories	7.74
	Trade Receivables	5.01
	Cash & equivalents	15.07
	Short term Loans & Advances	0.15
	Total	27.97
	Grand Total	30.18

3. Land Assets (Value included in 1A above)

(In Acres)

Location	Hyderabad	Remarks
STATUS OF LAND:		
Purchased	30.00	
Taken over by State GovtDept	0.67	
Total	29.33	

HMT(B) Liabilities

Details (Rs. in Cr.)	Principal	Interest	Total
GoI Loan	81.08	54.11	135.19
Autonomous Bodies / State Govt Loans	0	0	0
Bank Loans	0	0	0
Sundry Creditors			0.42
Other Liabilities			0.32
Dues to other HMT Units			0.84
Holding Company Loans			0.80
Grand Total			137.57

**TOTAL CASH AND NON-CASH ASSISTANCES REQUIRED BY THE FIVE
COMPANIES OF DHI WHICH ARE UNDER CLOSURE**

**1. Statement of VRS/VSS benefits, outstanding salaries and other liabilities to
Hindustan Cables Limited employees**

S. No.	Description	Pay scale	No. of employees	Amount (Rs. in cr.)	Total
1A.	Executives: VRS/VSS, leave encashment, gratuity, LTC,TA etc.	2007 (IDA)	193 (as on 30.4.2015)	112.12	
1B.	Non Executives: VRS/VSS, leave encashment, gratuity, LTC, TA etc.	1997 (IDA)	1324 (as on 30.4.2015)	562.08	
	Total		1517		674.20
2.	Less: Surrender value of existing LIC Policies for gratuity				-58.18
	Total projected amount required for VRS, leave encashment, gratuity, LTC, TA etc.				616.02
3	Leave Salary of retired persons: Rupnarainpur		135	6.00	6.00
4	1997 wage arrear				
	25% recovered by DHI: all units	1997(IDA)		1.91	
	Outstanding arrear: Rupnarainpur & Allahabad	1997(IDA)		11.72	13.63
5.	Dues to employees coop. credit society in Hyderabad			1.75	
	Dues to mutual benefit fund in Hyderabad			0.63	2.38
6.	Outstanding dues to casual workers:			3.05	
	Retrenchment benefits to casual workers		108	4.64	7.69
7a.	92 wage arrear : Rupnarainpur			0.66	0.66
7b.	92 PF arrear : Rupnarainpur			20.62	40.37
7c.	97 PF arrear : Rupnarainpur			19.75	
8.	Projected amount other than employee related statutory dues to be paid during VRS				64.73
	Total amount required for VRS				751.48

2. Statement of VRS/VSS benefits, outstanding salaries and other liabilities to employees of Tungabhadra Steel Products Limited

(Rs in crores)

Sr. No.	Particulars	Principal
1.	Implementation of VRS/VSS at 2007 notional pay scales with gratuity and leave encashment also at 2007 notional pay scales, in relaxation of DPE guidelines, to the 75 employees of TSPL (with three months window period included for serving notice to employees, under ID Act).	17.44
2.	SBI Bank Loan	15.28
3.	Watch & Ward expenses to be engaged for TSPL at Hospet and at Mini Hydrel Plant, for one year from 01.09.2015 for taking care and guarding the assets of TSPL after closure till the same is transferred to Governments/PSUs only.	0.24
	Total	32.96

3-5. The details of requirement of cash and non-cash based support for three HMT Companies are as under:

(Rs in crores)

SN	Particulars	HMTW	HMTC W	HMTB	Total
I.	Cash Assistance by way of one time loan towards payment of:				
A	VRS / VSS compensation	316.42	9.88	15.14	341.44
B	Less - Interim Relief Paid against 1997 Pay revision	10.61	0.29	0.64	11.53
C	Pending 1992 pay revision arrears	9.76	0.00	0.00	9.76
	Net VRS Package	315.57	9.59	14.50	339.67
D	Liabilities towards Taxes, Duties, etc.	41.09	1.54	0.32	42.95
	Grand Total	356.66	11.13	14.82	382.62
II.	Non Cash Assistance				
SN	Particulars	HMTW	HMTC W	HMTB	Total
A	Outstanding GOI Loans together with Interest	1870.21	480.97	135.19	2486.37
B	Holding Company Loans	517.85	82.66	0.80	601.31
	Grand Total	2388.06	563.63	135.99	3087.68
