GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION **NO. 2718** TO BE ANSWERED **ON 09.07.2019**

Sick Fertilizer Units

2718. SHRI ASHOK KUMAR RAWAT:
SHRIMATI RATHVA GITABEN VAJESINGBHAI:

Will the Minister of **CHEMICALS AND FERTILIZERS** be pleased to state?

(a) the details of the sick chemicals and fertilizers units in the country as on date particularly in the backward and rural areas, State/UT-wise;
(b) the dates from which the said units are incurring losses, units and State-wise;
(c) whether the Government has formulated or proposes to formulate any scheme for reviving the said units;
(d) if not, the details thereof; and
(e) the steps taken so far by the Government for revival of these sick units?

ANSWER

MINISTER OF CHEMICALS AND FERTILIZERS

(D. V. SADANANDA GOWDA)

(a) & (b): At present, there are four sick Chemicals & Fertilizers PSUs. Two sick companies viz., Hindustan Organic Chemicals Limited (HOCL) and Hindustan Fluorocarbons Limited (HFCL; subsidiary company of HOCL) comes under the Department of Chemicals & Petrochemicals and two sick companies viz., Madras Fertilizers Limited (MFL) and Fertilisers and Chemicals Travancore Limited (FACT) come under the Department of Fertilizers. Details of incurring losses of these companies are given as under:-

(i) <u>HOCL (2 units at Rasayani, Maharashtra and Kochi, Kerala)</u>

HOCL incurred losses for the first time in 1997-98.Due to continued losses leading to negative net worth by 2003-04, the company was referred to erstwhile BIFR in February, 2005, following which the Govt. approved a revival package for the company in March, 2006. After implementation of the revival package, the company made profits during 2006-07 and 2007-08. However, the company again suffered losses in 2008-09 and 2009-10 mainly due to recessionary trend in the market as an effect of global meltdown. After earning profit in 2010-11, HOCL again incurred losses continuously from 2011-12 onwards and up to 2017-18. After implementation of restructuring plan for the company, it has made profit in 2018-19.

(ii) HFL (Rudraram, Telangana)

The company started making losses from its inception in 1987-88 resulting in erosion of its net worth and reference to erstwhile BIFR in 1994. A rehabilitation package for HFL was approved by BIFR in December, 2007, after which it made marginal profits from 2007-08 to 2012-13. Thereafter, from 2013-14 onwards the company has been again continuously incurring losses.

(iii) MFL (Manali, Tamilnadu)

MFL incurred losses from the year 2003-04 to 2008-09. The company made profit from the year 2009-10 to 2013-14. From the year 2014-15 onwards the company incurred losses except during the year 2016-17.

(iv) FACT (Kochi, Kerala)

FACT was operating profitably for over 15 years until 1997-98. The company started incurring losses from the financial year 1998-99 till 2006-07 except 2001-02. The FACT incurred losses again from 2009-10 till 2017-18 except 2011-12.

(c) to (e): Yes, Sir. Government has formulated the schemes for reviving the said companies. Unit-wise details are as under:-

(i) HOCL

The Government of India on 17.05.2017 approved a restructuring plan for HOCL which involves closing down operations of all the non-viable plants at Rasayani unit of HOCL, except N_2O_4 plant that is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. Financial implication of the restructuring plan is Rs.1008.67 crore (cash) which is to be met partly from sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. (BPCL) (Rs.618.80 crore) and the balance through bridge loan from the Govt.

Under the above mentioned restructuring plan of HOCL, all plants of Rasayani unit have been closed down and N_2O_4 plant has been transferred to ISRO. Out of approx. 684 acres land at Rasayani approved by the Govt. for sale to BPCL, approx. 375 acres have been sold. 1000 sq m land at Kharghar, Navi Mumbai, has been successfully lease transferred to NALCO. All the 10 flats (Mumbai) and closed down plants/machinery & utility blocks have been successfully e-auctioned. All the employees have been separated through VRS/VSS except skeletal staff (7 no.) for HOCL's corporate office and some VRS optees temporarily retained for implementing the restructuring plan. 23 employees who did not opt for VRS were transferred to the Kochi unit. Bridge loan of Rs.360.26 crore from the Govt. has been utilized by HOCL to redeem the two Govt. guaranteed bonds totalling Rs.250 crore and for part payment of priority statutory dues.

After implementation of the restructuring plan, the Phenol/Acetone plant at Kochi unit of HOCL resumed regular operations from July 2017. This has enabled HOCL to achieve turnover of Rs.472 crore and net profit of about Rs.22 crore (Prov.) from Kochi unit operations during the FY 2018-19.

(ii) <u>HFL</u>

For revival and growth of HFL, the company had taken steps to diversify into business of fluoro specialty chemicals and adopted the strategy of switching over from single product to multi-product facility to reduce dependency on PTFE. However, due to commercial unviability of the products, mainly on account of small plant size/capacity, old technology and high overhead costs, HFL has not been able to turnaround the company's poor financial position.

The Government on 27.10.2016 accorded 'in principle' approval for strategic disinvestment of HFL with the parent company HOCL to exit the firm completely. The strategic disinvestment was processed by the Department in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Management (DIPAM) from time to time. However, in view of only one bid/EoI received by the extended last date, it has been decided to terminate the strategic disinvestment process. Presently there is no proposal/scheme for revival of HFL.

(iii) <u>MFL</u>

For revival of MFL, MFL suggested for proposal for waiver of Government of India Loan & interest thereon.Based on submission of MFL, it was decided to explore the possibility of monetization of surplus land of MFL. Since the land available with MFL is assigned land by the Government of Tamil Nadu, Government of Tamil Nadu (GoT) was asked either to grant NOC for transfer of surplus land to another CPSE (CPCL) or to take over full ownership of the plant on as is where is basis. Government of Tamil Nadu on 09.08.2018 has accorded No Objection Certificate (NOC) for transfer of 70 acres of MFL land to Chennai Petroleum Corporation Ltd (CPCL). However, MFL has informed on 21.05.2019 that till date, CPCL has given its acceptance for purchase of land of 4.98 acres only.

(iv) <u>FACT</u>

Government of India sanctioned a Plan loan of Rs. 1000 crore to sustain operations of the company. FACT has identified total 651.479 acres of land for sale to Government of Kerala (481.79 acres) and Bharat Petroleum Corporation Limited (169.689 acres). Transaction for sale of land from FACT to (BPCL) has already been executed.

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