

GOVERNMENT OF INDIA
MINISTRY OF CHEMICALS & FERTILIZERS
DEPARTMENT OF FERTILIZERS

LOK SABHA

UNSTARRED QUESTION NO. 395
TO BE ANSWERED ON: 01.12.2015

Revival of Sick Units

395. SHRI INNOCENT:
SHRI R. GOPALAKRISHNAN:
SHRI P. K. BIJU:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the details of public sector undertakings under the Ministry which have earned profit/suffered loss during each of the last three years, unit-wise;
- (b) the details of the units which have been declared sick by the Government;
- (c) the steps taken by the Government for revival of such units so far; and
- (d) the steps taken/proposes to be taken by the Government to implement a turnaround programme to make these loss making units profit making units?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a) : The details of public sector undertakings (PSU) under the Ministry which have earned profit/suffered loss are as under:

| Sl. No | Name of PSU | Profit /loss during the last three financial years | | |
|-------------------------|--|--|---------|---------|
| | | 2012-13 | 2013-14 | 2014-15 |
| Fertilizers PSUs | | | | |
| 1 | Rastriya Chemicals and Fertilizers Limited (RCF) | Profit | Profit | Profit |
| 2 | FCI Araveli Gypsum and Minerals India Ltd. (FAGMIL) | Profit | Profit | Profit |
| 3 | Project & Development India Ltd (PDIL) | Profit | Profit | Loss |
| 4 | National Fertilizers Limited (NFL) | Loss | Loss | Profit |
| 5 | Brahmaputra Valley Fertilizers Corporation Limited (BVFCL) | Loss | Loss | Profit |
| 6 | The Fertilizers & Chemicals Travancore Limited (FACT) | Loss | Loss | Loss |
| 7 | Madras Fertilizers Limited (MFL) | Profit | Profit | Loss |
| 8 | Fertilizer Corporation of India Limited (FCIL) | Profit | Profit | Profit |

| | | | | |
|---|--|--------|--------|--------|
| 9 | Hindustan Fertilizer Corporation Limited (HFCL) | Loss | Loss | Loss |
| Chemicals & Petrochemical PSUs | | | | |
| 10 | Hindustan Organic Chemicals Ltd.(HOCL) | Loss | Loss | Loss |
| 11 | Hindustan Insecticides Ltd (HIL) | Profit | Profit | Profit |
| 12 | Hindustan Fluorocarbons Ltd(HFL) | Profit | Loss | Loss |
| Pharmaceutical PSUs | | | | |
| 13 | India Drugs & Pharmaceuticals Limited (IDPL) | Loss | Loss | Loss |
| 14 | Hindustan Antibiotics Limited (HAL) | Loss | Loss | Loss |
| 15 | Rajasthan Drugs & Pharmaceuticals Ltd (RDPL) | Profit | Loss | Loss |
| 16 | Karnataka Antibiotics & Pharmaceuticals Ltd (KAPL) | Loss | Loss | Loss |
| 17 | Bengal Chemicals & Pharmaceuticals Ltd (BCPL) | Profit | Profit | Profit |

(b) : Details of the units which have been declared sick by the Government are as under:

- i. Brahmaputra Valley Fertilizers Corporation Limited
- ii. The Fertilizers & Chemicals Travancore Limited
- iii. Madras Fertilizers Limited
- iv. Hindustan Fertilizer Corporation Limited
- v. Hindustan Organic chemicals Ltd.
- vi. Hindustan Fluorocarbons Ltd.
- vii. Hindustan Antibiotics Limited
- viii. India Drugs & Pharmaceuticals Limited
- ix. Bengal Chemicals & Pharmaceuticals Ltd

(c) & (d) : Steps taken by the Government for revival/turnaround of such units are as under:

Fertilizer Public Sector Undertakings (PSUs)

i. Brahmaputra Valley Fertilizers Corporation Limited:

Government in May 2015 approved financial restructuring of BVFCL involving waiver of total cumulative interest on Gol loan and conversion of Gol loans of Rs. 594.71 crores to interest free loan. Government also approved waiver of loan of Rs. 21.96 crores taken for revamp of Namrup -I and recognition of capital expenditure of Rs. 79.62 crores incurred for revamp of Namrup-III for calculating the concession rate of urea under New Pricing Scheme (NPS) -III. This is likely to make net worth of the company positive during 2015-16.

The Government has also approved setting up a new brown field Ammonia-Urea Plant by phasing out the existing Namrup-II & III plants. This will result in the long term viability of the Company (BVFCL) and also efficient use of scarce natural resource i.e. Natural Gas.

ii. The Fertilizers & Chemicals Travancore Limited:

FACT, which was a profit making organization, went into losses due to various reasons beyond the control of the organization. The earlier support by the Government of India helped in cleaning up the balance sheet and staying out of the purview of Board for Industrial and Financial Reconstruction (BIFR). Network of the company became negative during 2012-13 and has further deteriorated to a level of (-) 857 crore by 31-03-2015.

In order to ensure the revival of FACT and help it sustain and grow over the years, short term, medium term and long term plans have been identified. Accordingly, a proposal for the Financial restructuring of FACT has been circulated for inter-ministerial consultations on 18.06.2015, which may result in turnaround of FACT and make FACT a profit making Company.

iii. Madras Fertilizers Limited :

MFL started incurring losses in the year 2003-04 and declared Sick in 2009. Though the company has earned operating profit in the last two financial years, however, the net-worth of the company is still negative. In terms of Department of Public Enterprises guidelines on streamlining the mechanism for revival and restructuring of sick Central Public Sector Enterprises, Department of Fertilizers is considering engagement of an external expert agency which has the experience and expertise of the business environment operational issues, technology option and financial viability of the sector in which MFL is functioning to explore the possibility of revival of MFL.

iv. Hindustan Fertilizer Corporation Limited:

The Company was declared sick by the BIFR in 1992. The Government declared closure of all units namely Barauni, Haldia and Durgapur of HFCL in 2002. To bring the company out from the purview of BIFR a proposal for the financial restructuring of HFCL and to revive Barauni unit through bidding route by HFCL itself has been circulated for inter-ministerial consultations on 10.09.2015

Chemicals & Petrochemical PSUs:

Department of Chemicals & Petrochemical has two sick/loss making PSUs. The details of which are as under:

v. Hindustan Organic chemicals Ltd. :

(i) In 2001, the Govt. of India provided guarantee for Rs.100 crore for raising resources from the capital market.

(ii) Following rehabilitation package was approved for the company in March, 2006:

- (a) Fund infusion of Rs.250 crore (preferential shares)
- (b) Non-cash transaction – Continuation of the Govt. guarantee for Rs.100 crore (given in 2001) for 10 years and waiver of interest and penal interest

(iii) In February, 2007, the Govt. approved investment of Rs.20 crore (preference shares) for restarting the Caustic Chlorine plant at Rasayani unit of the company.

(iv) Govt. on 01.08.2013 approved the following revision of terms and conditions of the rehabilitation package of 2006:

- (a) Postponement of the redemption of Rs.270 crore preference shares
- (b) Extension of Govt. guarantee of Rs.100 crore for 5 more years

(v) In July, 2014, Govt. further gave guarantee for Rs.150 crore for issue of bonds by the company for meeting the working capital requirement, repayment for raw material suppliers, bank loans, employees' dues etc.

(vi) In September, 2015, the Govt. paid annual interest of Rs.10.57 crore on the Rs.100 crore bonds and Rs.14.04 crore on the Rs.150 crores as the company failed to pay both the amounts due to lack of sufficient funds.

Further, in view of the continuing poor financial position of the company, a revival plan for HOCL has been approved by the company's Board of Directors. Based on the information contained in the revival plan report, a revival / restructuring plan for HOCL, is presently under consideration of the Ministry.

vi. Hindustan Fluorocarbons Ltd. (HFL):

For revival and growth of HFL, the company has adopted the strategy to develop fluoro-specialty chemicals and switching over from single product to multi product facility to reduce dependency on PTFE (Poly Tetra Fluoro Ethylene). A Plan loan of Rs.16.80 crore was provided to HFL in 2014-15 for plant refurbishment schemes and new initiatives. This included Rs.3.60 crore for development of modified PTFE, which has higher profit margins. In 2015-16, Plan loan provision of Rs.5 crore has been kept in the Department's budget for the schemes / projects of HFL. Further, based on the revival plan for the company approved by its Board of Directors, a revival / restructuring plan for HFL is presently under consideration of the Ministry.

Pharmaceutical PSUs:

vii. IDPL, BCPL and HAL have been declared sick by BIFR (Board for Industrial & Financial Reconstruction). The Draft Rehabilitation Scheme having Business plan and Roadmap for IDPL, BCPL and HAL is under active consideration of the Department.
