



Cabinet approves Restructuring plan for Hindustan Organic Chemicals Ltd.

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The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has approved a restructuring plan for Hindustan Organic Chemicals Ltd. (HOCL), a loss making and sick Central Public Sector Enterprise (CPSE) under the Department of Chemicals & Petrochemicals. The company, having units at Rasayani (Maharashtra) and Kochi (Kerala), has been making continuous cash losses since 2011-12 resulting in acute shortage of working capital. Most of its plants have remained shut down during the last few years. It could not pay regular salary and statutory dues to the employees since February, 2015.

Restructuring:

The restructuring plan involves closing down the operations of all the non-viable plants at Rasayani unit of HOCL except Di-Nitrogen Tetroxide (N₂O₄) plant which is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. The N₂O₄ plant is of strategic importance as it is the only indigenous source of N₂O₄ which is used as liquid rocket propellant by ISRO in the space launch vehicles.

Financial implications:

Financial implications of the 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. (Rs.618.80 crore) and the balance (Rs.365.26 crore) through bridge loan from the Govt. The funds will be used to liquidate the various liabilities of the company, including payment of outstanding salary and statutory dues of employees and repayment of Govt. guaranteed bonds of Rs.250 crore due for redemption in Aug.-Sept. 2017. The bridge loan amount, along with other Govt. liabilities of the company, is proposed to be repaid to the Govt. from the disposal of remaining unencumbered land and other assets of Rasayani unit.

Impact:

Implementation of the restructuring plan will enable HOCL to close down the operations of non - viable plants at Rasayani unit while transferring the strategically important N₂O₄ plant to ISRO to ensure continuity of manufacture and supply of N₂O₄ for ISRO's space programme. Interest and welfare of employees will be addressed by payment of all their outstanding salary dues. Disposal of land assets, initially through sale of 442 acres to BPCL and subsequently of the remaining unencumbered land, will unlock the land assets for being redeployed for economically productive investments and thereby creating new employment generation opportunities.

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