



Pull-out of BHEL from Joint Venture with EML

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On 21st October 2016, Bharat Heavy Electricals Limited (BHEL) had made the offer to transfer 51% equity shares held by it to the Govt. of Kerala (GoK) i.e. the other partner in the Joint Venture Company (JVC) named "BHEL Electrical Machines Ltd." (BHEL-EML) - which is a separate Schedule "C" CPSE having manufacturing facilities/plant in Kasaragod (Kerala). This step was taken in the backdrop of recommendation of a NITI Aayog Committee that the Government of India's stake in BHEL-EML be handed over to the State Government, and in case the State Government refuses, a strategic sale of the Government of India's stake could be considered. Government of Kerala has been requested to take over BHEL's 51 % equity stake in BHEL-EML. BHEL-EML has informed that Government of Kerala has agreed in principle to take over it.

BHEL-EML is a company registered under the Companies Act and is a separate legal entity. The Company is responsible for managing its affairs independently. The performance of BHEL-EML could not pick-up since its inception as the Company is operating in stiff competition with private players and is mainly in the field of manufacturing Railway equipment with low margin products. BHEL, as a partner in the JVC, provided financial assistance to BHEL-EML in the form of working capital loan viz. Rs. 1.7 Crore in 2011-12 which was repaid by BHEL-EML in 2012-13 along with interest, and Rs. 3 Crore in 2015-16 which is currently outstanding. Further, BHEL also provided technical and coordination support towards identification & development of new products to be taken up by BHEL-EML (e.g. different types of alternators, string monitoring unit etc.). However, these efforts could not progress in contributing to the business of BHEL-EML and it has been reporting losses since its incorporation (in January 2011).

This information was given by Minister of State in the Ministry of Heavy Industries and Public Enterprises Shri Babul Supriyo in reply to a written question in the Lok Sabha today.

MJPS

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