



हिन्दुस्तान पेपर कॉर्पोरेशन लिमिटेड

(भारत सरकार का एक उद्यम)

Hindustan Paper Corporation Limited

(A GOVERNMENT OF INDIA ENTERPRISE)

75-C, PARK STREET, KOLKATA - 700 016

PHONES : 2229-6901 / 02 / 06 / 07

2249-6931 / 32 / 34 / 35

FAX : (033) 2249-4996 / 7335 /

4932 / 2216-6966

Website : www.hindustanpaper.in

September 18, 2018

Joint Secretary to Government of India
Department of Heavy Industry
Ministry of Heavy Industries & Public Enterprises
Udyog Bhawan
New Delhi - 110 011

Respected Sirs/ Madam

**Sub.: Release of 90 Cr. funds towards payment of
outstanding salaries and wages to HPC employees**

This has reference to our ongoing communication on the captioned subject.
This is to convey that

- a) HPC has submitted its revival plan for restoring of operations of the mills, incorporating the outstanding of all stakeholders, including the outstanding towards salaries and wages of employees and also requirement of fund for implementation of VR Scheme, so as to reduce the manpower strength almost by 1000 employees. It is understood that the revival plan is at an advanced stage of consideration.
- b) Meanwhile, under provisions of IBC 2016, NCLT has appointed Resolution Professional (RP), where after powers of Board of Directors has been suspended and RP has taken over the charge of Company affairs. W.e.f. 26th June 2018. Subsequently, there have been 3 meetings with CoC wherein issues with respect to claims of creditors (Financial & Operational both), cost involved in restoring of operations, etc. were discussed at length. As per the MoM of the last meeting, CoC has requested DHI whether GoI is likely to come forward with any proposal for the revival of HPC units. However, since no communication has been received as yet, CoC/ RP would go ahead as per the provisions of Law.
- c) Now, despite several operational constraints, Fixed Asset Register (FAR) up to period 30th June, 18 has been submitted to RP/ CoC and annual accounts for the FY 2016-17 are also complete and auditors' comments are expected within a couple of days for onward submission to CAG. We had already met CAG officials apprising the current situation of HPC and they have assured to do the needful on priority. Advance preparations for the annual accounts for FY 2017-18 and also for the period 01.04.2018 to 13.06.2018, which are required by COC /RP are also taking place simultaneously so that once FY 2016-17 is

cleared by CAG, HPC shall be in a position to submit draft /provisional / unaudited account for the period April-18 to 13th June 18 to RP/CoC which is prime requirement for releasing Information Memorandum (IM). It is expected that EoI may also be published very shortly.

- d) Meanwhile, resentment among employees is at its peak and likely to take a violent turn any day. This is especially due to the forthcoming Durga Puja/Diwali, major festivals in NER. Blockage to National Highway (NH), adjacent to NPM took place on 12-13th Sept, though thwarted by the District Administration by using force, but it has further aggravated the situation. Now the unions have blocked the factory gates and are not allowing entry of senior officials into the mill premises, which has a cascading effect on completion of the forensic audit, Annual accounts and Asset valuation. RP/ CoC has already appointed asset valuer for HPC units as well as HPC's subsidiaries, viz., Hindustan Newsprint Ltd (HNL) and Nagaland Pulp & Paper Company (NPPC) on the pretext of 100% HPC shareholding in those subsidiaries.
- e) Unions have announced / declared that they will not allow Asset valuer /prospective investors to enter mills unless their issues pertaining to outstanding salaries/wages which are more than 20 months old are addressed.
- f) Needless to say that this is projecting a negative image and such a charged scenario would desist the potential investors from making any Revival / Resolution proposal and ultimately it would lead to liquidation. Moreover, on using force, possibility of large scale violence, arson and damage to Government property cannot be ruled out.
- g) The issue was discussed at the CoC meeting on 5th September. Today, RP held an interactive session with the HPC employees based in Kolkata, and has also expressed the same concern as stated above. Therefore, it is highly desirable that some interim relief be given to employees, especially in view of the ensuing Durga Puja/Diwali festive season, so as to smoothen the valuation process and to encourage prospective investors to actively participate/ respond to the resolution process once the EoI is released.
- h) It is learnt that in Supplementary Demand for Grants 2018-19, there is a provision/approval/sanction of Rs.90 crores towards payment of outstanding salaries/wages and statutory dues of HPC employees which is on hold since insolvency resolution proceedings are taking place under IBC 2016 and it is apprehended that CoC may put their first claim on any incoming funds released by GoI even towards the employees' dues, as their first claim.
- i) During today's interactive meeting, HPC employees has narrated their plight & pathetic situation to RP and requested RP to forward their

request to CoC for giving an assurance to GoI that in the larger interest of smoothen the resolution process, they would not hold the amount, if any, is released by GoI as the said funds would hardly take care of their total outstanding, rather it would expedite the process.

- j) RP though appreciated the issue, however opined that only on the basis of hearsay, he cannot take up the issue with CoC or comment upon. However, he assured that once a communication is made on the captioned subject by DHI or CMD, certainly the matter would be taken up with CoC convincing them accordingly and RP was hopeful that in the larger interest of resolution process CoC may agree to it.

In view of the above, it is requested that the possibility of release of Rs.90 Cr. may please be explored/ communicated subject to assurance/confirmation to the end-use by CoC/RP as directed by GoI , only for the payment of outstanding salary & wages and other statutory dues to the HPC employees and we would try to obtain a confirm assurance letters from CoC/RP prior to release of said amount will be utilized solely for the purpose it is meant for through a separate escrow account.

Thanking you

Yours faithfully


(Shashi Kanth Jain)
Chairman-cum-Managing Director