**No quick fixes for defence**

**Sun Beam Speciality Alloys Limited**

The director of M/s Sun Beam Speciality Alloys Limited Ms Y. Suneetha visited TIHCL complaining non-cooperation from the financial institution (FI). The company was also burdened with heavy power dues. On TIHCL’s detailed investigation the following facts came to light.

The company was setup as a specialized product manufacturing as an import substitute in collaboration with Russian National Scientific Institute, which is a niche product and a very few industries in the State can produce this. Out of the sanctioned amount of Rs.12.74 crore by the FI during 2008 only Rs.6.75 crore was availed by the company for completing first phase. The second phase was kept in abeyance. The unit could not break even due to lack of policy support from Defence department and resultantly the orders were not to the expected level. So, the unit had to incur huge losses year after year.

To reduce the debt burden, the company decided to sell off its assets mortgaged to FI and settle the overdues through OTS. Accordingly, the company had approached the FI vide their letter dt. 24th Dec.,2015 for considering OTS on the then outstanding principal amount of Rs.525 Lakhs and paid Rs.80.00 Lakhs (15% of the amt) between December 2015 and March 2016 as OTS commitment amount. The company was constantly pursuing for over one year with the FI for OTS. Again, after paying another Rs.20.00 Lakhs in Feb 2017, the FI approved OTS for Rs.736.63 lacs vide their letter dated 31.03.2018 payable within 2 months i.e. by 31st May 2018. The said OTS letter was received by the customer on 10th May 2018. The delay in communication from FI resulted in the unit’s inability to meet the commitment within 20 days of receipt of the letter which virtually truncated the 2 months of time given in the letter for settlement. The company was not able to pay such huge interest as it has generated a nominal profit in last financial year.

It has been working on diesel generated power that actually eroded the limited profitability of the products. Power was disconnected due to the unit falling in arrears of payment of the demand by SPDCTL for power that was actually not supplied during the state agitation in 2011-14. The dues amounted to Rs.59,53,306.

**Suggestion from TIHCL:**

TIHCL has initiated the negotiations with FI and over the counter discussions we have persuaded the corporation to settle for the OTS amounting to ₹ 5.75 crores.

Regarding the power dues, taking into consideration the potential for the revival of the unit TIHCL has requested the Government to consider the matter and recover the dues as follows-

1. 50% of the dues should be waived because the loss has occurred due to irregular power supply, power cuts and the then policies;
2. Balance 50% will be paid in 20 monthly instalments with a moratorium of 4 months from the date of commencement of production;
3. Reconnection charges may be also waived; if waiver is not considered, such charges may be allowed for the payment in 2 monthly instalments

The above measures will help the unit in revival. This unit will provide and protect employment for 100 persons, directly dependent on it. Government is actively considering the proposal.