

Jessop, Dunlop stare at a bleak future amid lack of clarity on ownership structure

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Nearly three years after the West Bengal Assembly passed two consecutive Bills to take over Jessop & Company and Dunlop India, neither could be taken over nor liquidated to settle the outstanding dues of banks and workers.

The crux of the problem is lack of clarity over their ownership.

Although the state Assembly passed Bills to take control from the Ruia Group — the former owner of Jessop and Dunlop — in February 2016, approval from the Centre is still pending.

While Pawan Ruia, chairman of the Ruia Group, is not ready to acknowledge that he has control over these two entities, the state government is of the view that he is an occupier till the takeover Bills become an Act.

In the case of Jessop, the Central government owns around 4 per cent of the company's shares and its approval is mandatory.

But in the case of Dunlop, even after the takeover Bill was passed, the Calcutta High Court, after hearing a plea from EV Mathai & Company and AK Kundu & Company, besides 15 other creditors for non-payment of dues of over ₹1,000 crore, had ordered



THE SAGA

- Facing a CID probe after a fire at Jessop in October 2016, Pawan Ruia said he is no longer owner of Jessop and Dunlop
- Centre has sought more clarifications on Jessop before it can be opened
- Trade unions of Jessop claim ₹150 crore capital infusion would help it restart operations
- Calcutta High Court had ordered winding up of Dunlop on February 2016
- Dues of Dunlop are over ₹1,500 crore and the figure for Jessop is over ₹1,000 crore

winding up of the company and appointed a liquidator in February 2016.

Even after three years of the high court order, Dunlop is yet to be liquidated.

People in Dunlop's trade unions claim that given it is unclear as to who actually owns the company, the liquidator may face legal problems.

Besides, Bidyut Raut,

leader of the Indian National Trinamool Trade Union Congress' trade union at Dunlop, said approval from the Centre is also mandatory in this case.

"There needs to be some clarity on who actually owns Dunlop. If valuations are properly done, the outstanding dues of workers (₹40-45 crore) can be cleared. Also, financial creditors will get

some portion of their money back," Raut said.

Banks and financial lenders of Jessop are faced with a similar dilemma.

"The only reason we haven't moved the National Company Law Tribunal (NCLT) is because of lack of clarity on Jessop's ownership. The company is in such a stage where neither Ruia nor the state government can claim it — thus the promoter holding is unclear," said one of the financial lenders to Jessop.

The current assets of Jessop are estimated to be worth around ₹500 crore, against an expected debt of over ₹1,000 crore.

Falcon Tyres — another Ruia Group company in Karnataka — is faced with liquidation as an option although lenders expect to take a major haircut.

"In case of Falcon Tyres, although the Karnataka government had publicly appealed to other companies to take over and revive the firm, it didn't pass any takeover Bill. So, there was clarity on the ownership structure and thus the lenders had taken it to NCLT. But the same can't be done with Jessop at this moment," the lender said.

People with knowledge of the matter said that legal pro-

visions do not suggest any specific timeline within which the Centre has to revert on these Bills.

Despite the lack of clarity over ownership, the West Bengal government has been paying ₹10,000 every month as stipend to around 400 remaining workers in Jessop and around 180 workers in Dunlop.

Trade unions in Jessop claim that the company needs a working capital infusion of ₹150 crore to restart operations but banks aren't ready to fund it.

"We have met representatives from the Centre and have briefed them about how workers themselves can turn this company around if the President gives consent to the Bill and some working capital is infused. We can post some profit in a year's time itself," Sreekumar Mukherjee, trade union leader at Jessop, claimed.

By 2016, the state government came to believe that Ruia isn't interested to reopen either Jessop or Dunlop and finally passed the Jessop and Company (Acquisition and Transfer of Undertaking) Bill, 2016 and Dunlop India (Acquisition and Transfer of Undertaking) Bill, 2016 with an objective to help the ailing workers in these two companies.