

**GOVERNMENT OF INDIA
MINISTRY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH
RAJYA SABHA
UNSTARRED QUESTION No. 292
TO BE ANSWERED ON 03/02/2022**

Details of staff and assets of CEL

Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

- (a) the present value of total movable and immovable assets of Central Electronics Limited (CEL) and the total number of staff including the engineers working in it;
- (b) the total number of orders received by CEL in 2019-20, 2020-21 and the current financial year 2021-22 till date and the production, turn-over and net income of the company during these years;
- (c) the name of the company buying the CEL and the amount of funds that Government would receive through its disinvestment; and
- (d) the field in which the buyer company is engaged and the total number of its employees?

ANSWER

**MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF
SCIENCE & TECHNOLOGY & EARTH SCIENCES**

(DR. JITENDRA SINGH)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN RAJYA SABHA UNSTARRED QUESTION No. 292 FOR 03/02/2022

(a) Central Electronics Limited (CEL) has a total of 1010 employees/staff as on 23.01.2022. Out of the 1010 employees, 283 are Regular Staff, 105 are contractual staff and 622 are outsourced (third party) staff. Out of the total employees of CEL, 309 are engineers (B.Tech qualified-109 and Diploma engineering qualified-200).

In the context of strategic disinvestment of CEL, keeping with the best market practices and as per Guidelines of DIPAM, four methodologies are usually employed for valuation of CPSEs: (a) Discounted Cash Flow method (DCF), (b) Balance Sheet method, (c) Market Multiple method and (d) Asset Valuation method.

As regards the Balance Sheet method, the book value of all assets of the CEL as on 31.3.2021 was Rs 322.64 crore while the book value of all liabilities stood at Rs 211.40 crore. Thus, net asset value on the books of the company was Rs 111.23 crore.

Asset Valuation method, which is one of the methods essentially estimates the cost of replacing the business or the value that can be realized by liquidating the business by selling of all the assets of the Company, and paying off the liabilities. As per this method, the assets are valued on the principles of (i) Sales comparison method under market approach for estimating market value of land (ii) cost approach for valuation of buildings, plant and machinery, furniture and fixtures and all other assets and (iii) Relief from Royalty method for valuation of intangible assets (developed technology etc). For arriving at Net Asset Value, the liabilities like settlement of all borrowings on the balance sheet, including bank loan, Government loan, the current liabilities (trade creditors, non-trade creditors, contingent liabilities & statutory liabilities), estimated VRS cost for all employees, Capital Gain Tax liability are adjusted (reduced) from the Valuation of Assets. Asset Valuation method is useful in case of liquidation/closure of the business and generally not used for sale on a “going concern” basis. In the case of CEL, the strategic disinvestment is on a “going concern” basis so that the company employees continue to remain employed and the company continues to remain in business. In fact, there are obligations relating to employee protection, asset stripping and business continuation on the part of strategic acquirer. However, asset valuation has been carried out by the professional Asset Valuer as per laid down policies.

For the purpose of arriving at the Net Asset Value of CEL as per Asset Valuation method, the Professional Asset Valuer has valued immovable assets (Land, Building, Plant & Machinery & all other assets) at Rs.251.45 crore; and current assets, non-current assets, cash balance, Capital Work in Progress (CWIP) & intangible assets at Rs.330.99 crore. The liabilities of the Company including bank and government borrowings, current liabilities and other liabilities were valued at Rs.409.56 crore which were deducted from the value of its assets as per Asset Valuation methodology. The valuation arrived at by this method of valuation was INR 172.87 Crore.

As regards valuation of land, while CEL has 2,41,614 square yards of land with buildings at Sahibabad, Ghaziabad, Uttar Pradesh, such land is leasehold in nature. The land was leased for a period of 90 years from UPSIDC since 28.02.1975 and about 46 years of the lease period have already expired. The value of the balance lease period of about 44 years has been taken for arriving at the market value of the lessee’s interest in the subject land.

(b) The details of fresh orders received, turnover, production and profits of Central Electronics Limited during 2019-20, 2020-21 and current FY 2021-22 are given as under:
(Rs. In crore)

Particulars	2018-19	2019-20	2020-21	2021-22
Fresh orders		282.95	408.11	994.17 (till 23.01.2022)
Turnover (Net)	232.55	246.0	296.37	Not Available
Production	229.73	249.09	286.73	
PBT	4.07	6.36	34.20	
PAT	1.69	3.13	23.26	

(c) Government has approved the highest price bid of M/s Nandal Finance and Leasing Pvt Ltd for sale of 100% equity shareholding of GoI in Central Electronics Ltd (CEL)- a CPSE under the Department of Scientific and Industrial Research (DSIR). The winning bid for sale of 100 percent GoI equity in CEL is Rs. 210,00,60,000/- (Rs two hundred ten crore sixty thousand only). However, the Letter of Intent (LoI) has not been issued and put on hold pending examination of specific allegation regarding the bidder.

(d) For strategic disinvestment of Central Electronics Limited, open bids were invited based on the criteria of networth as laid down in PIM/EoI. The field of work and number of employees are not among the relevant criteria. It is a part of the disinvestment policy of the Government to not make sectoral experience a qualification criterion for bidders to expand the universe of bidders Further, investors with the right resources and entrepreneurship can enter into any business with the help of managers and employees of the company being disinvested as well as through additional hiring.
