

30

Received by post on 20 April 1994
CND

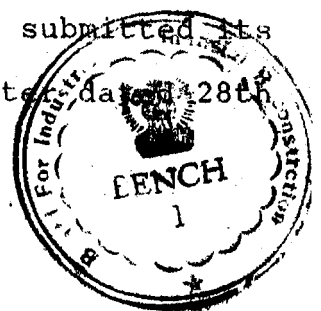
Board for Industrial & Financial Reconstruction

Case No.48/93 in re: M/s. Binny Limited.

Summary Record of Proceedings of the Hearing held on 30.03.1994 at 10.30 A.M, before Special Bench-I, consisting of S/Shri R.R. Gupta, Chairman, M.M.S. Srivastava and Ashim Chatterji, Members.

<u>S.No.</u>	<u>Present</u>	<u>Name & Designation of rep (s)</u> S/Shri
1.	M/s. Binny Limited.	1. M.Ethurajan, Exec.Chmn. 2. S. Natarajan, Dir. 3. K.M. Goenka, Conwood Gp. 4. K.V. Srinivasan, VP (F&A). 5. S.Vijayalakshmi, Mgr(F&A).
2.	State Bank of India (SBI).	1. V. Venugopal, Chief Mgr. 2. D.K. Kannan, Asstt.Mgr. 3. N. Subramanian, Chief Mgr.
3.	Canara Bank.	C. Krishna Rao, Divl.Mgr.
4.	Indian Bank.	V. Ganesan, Chief Mgr.
5.	I.D.B.I. (OA).	Md. Zakir, DGM.
6.	I.F.C.I.	V. Sekar, S.O.
7.	Handicrafts Textiles Khadi Department.	T.P. Nagaraj, Secretary.
8.	Government of Tamil Nadu.	
9.	Ministry of Textiles.	Preeti Madan, Dy.Secy.
10.	The Madras Labour Union.	Miss. R. Vaigai, Advocate.
11.	The Binny Beach Engg Anna Thozhilalar Sangam.	1. R. Shanmugam, President. 2. D.Leelakrishnan, Advocate.
12.	The Binny Mills Labour Assn.	R. Pachappa.
13.	M/s. Southern Alkalies & Marine Products Pvt. Ltd.	Ashok N. Pamnani, Director.
14.	Binny Beach Engineering Workers' Union.	W.R. Varadarajan, President.

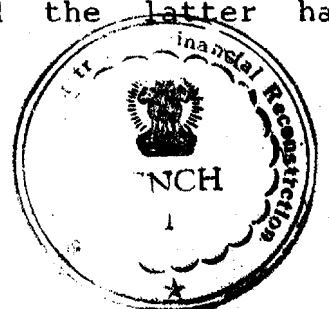
At the hearing on 15th October 1993, the Bench had appointed the IDBI as the Operating Agency (OA) to prepare a report on rehabilitation of the company in the light of the guidelines laid down by the Bench during the course of hearing on that day. The OA was directed to submit its report to the Bench by 28th February 1994 after considering the same in a joint meeting. The OA submitted its report along with minutes of the joint meeting vide letter dated 28th



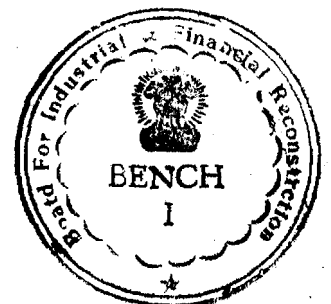
March 1994. The company had communicated vide letter dated 24th March 1994 that the Madras Labour Union had obtained an ex-parte stay from the Honourable Madras High Court in a writ petition No.5117 of 94 and the company was in the process of getting the stay vacated. At today's hearing, the aforesaid report of the OA was considered.

2. At the outset, the Bench observed that the Honourable Madras High Court vide order dated 29th March 1994 in WMP No.8576 and 8429 of 94 in WP No.5118 of 94 had modified the interim order dated 24th March 94 permitting the BIFR to proceed further in the matter except formulating the final scheme as such until final orders of the Court and further proceedings of BIFR being without prejudice to the rights of the parties and subject to the results of these WMPs. Accordingly the reference under consideration would proceed further.

3. The representative of the OA submitted that the revival proposal of the existing promoters envisaged restructuring of the company, rehabilitation of the Textile Division through modernisation and labour rationalisation, development and sale of real estate property owned by the company and one-time settlement of dues of the banks and the institutions besides hiving off the Engineering Division and setting up of a Centralised Process House in place of the two existing Process Houses in Madras and Bangalore in the form of two subsidiaries. The Textile Division comprising B.& C Mills, Madras, BWM Silk Units at Bangalore, Real Estate Division and Services Division would continue to be part of the company. He added that a detailed study had been conducted by M/s. A.F. Ferguson & Company Limited, Madras, who had suggested that without restructuring the company, reduction in liabilities and gearing-up of equity, the chances of the company turning around were remote. He further submitted that the OA had appointed SITRA to undertake techno-economic viability study of the unit and the latter had

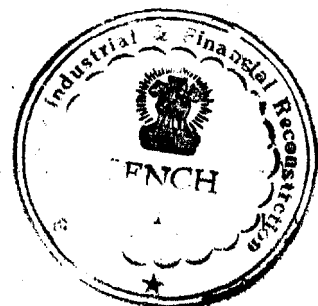


concurred with the views of M/s. AF Ferguson & Co Ltd. The OA had examined various alternatives for revival of the company. Under alternative I envisaging, inter-alia, repayment of outstanding term-loans, interest dues as on 31st March 1994 carrying interest at the existing documented rates over normal rehabilitation period of 10 years, the average DSCR had worked out to 0.99 only while under alternative III with repayment of the outstanding dues of the banks and the institutions with interest at the existing documented rate/current lending rate, the DSCR worked out to 0.87. Under alternative I, the promoters were required to bring in interest-free funds of Rs.3813 lakhs and under alternative III, Rs.6546 lakhs in order to achieve the average DSCR of 1.33. The best alternative was Alternative II under which assuming repayment of the existing outstanding dues of the banks and the institutions on interest-free basis over the rehabilitation period of 10 years, the DSCR had worked out to 1.16 with the promoters having to bring in funds of Rs.1556 lakhs for achieving the DSCR of 1.33. Apparently none of the alternatives was viable and accordingly the OA had suggested one-time settlement of dues of the banks and the institutions. All the participating banks and the institutions except the SBI had agreed, in principle, to accept the repayment of the entire principal outstandings and about 20% of the interest overdues as on 31.03.1994. The proposed cost of rehabilitation worked out to Rs.22582 lakhs comprising Rs.14428 lakhs for revival of M/s. Binny Limited, Rs.1825 lakhs for setting up of M/s. Binny Engineering Works Limited and Rs.6329 lakhs for setting up of M/s. Binny Processors Limited. The aforesaid cost was proposed to be financed through promoters' contribution of Rs.6050 lakhs, sale of real estate properties during 1994-95 to 1998-99 generating Rs.6456 lakhs, sale of old surplus machinery for Rs.670 lakhs, NRF - Rs.2631 lakhs, Excise Loan of



Rs.2200 lakhs, term-loan/non-convertible debentures required for the new companies - Rs.3725 lakhs, public issue of equity shares of Rs.500 lakhs and internal generations of Rs.350 lakhs.

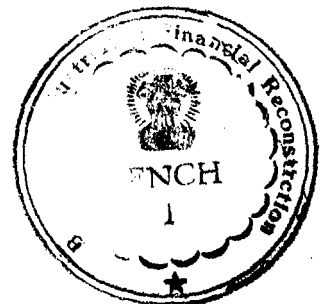
4. To meet the large requirement of funds as promoters' contribution, the existing promoters have associated M/s. Dyanmix Group as co-promoters for revival of the company. The Dyanmix Group, had agreed to bring in an amount of Rs.2954 lakhs as their contribution and would be allotted 84.40 lakhs equity shares of the company at a premium of Rs.25/- per share. The balance amount of Rs.1396 lakhs would be brought in by them in the form of unsecured interest-free loan during 1994-95 to 1998-99. Of this amount, Rs.2700 lakhs would be utilised for repayment of 50% of the outstanding term-loans of the banks and the institutions. The promoters had also agreed to meet any shortfall/non-availability of NRF/Excise Loan from the Government of India. The promoters' contribution worked out to 20% of the cost of rehabilitation including monetary value of sacrifices of Rs.7899 lakhs, he added, but since the promoters held 63% of equity, if the same percentage of the realisation from sale of land was deemed to be contribution of the promoters, promoters' contribution would be over 43%. Accepting the arguement the Bench observed that promoters' proposed contribution could be considered adequate. He further submitted that all the participants except the SBI and the State Government of Karnataka had agreed to undertake the proposed sacrifices. The State Government of Karnataka were yet to communicate its views. The issue whether or not the sale-proceeds of real estate properties should be re-cycled in the State itself could be sorted out by the company with the State Government. To a query by the Bench he added that the SBI would receive an amount of Rs.11 crores out of the total amount of Rs.15 crores proposed to be paid by the company towards settlement of interest overdues of the banks/institutions.



5. The representative of the SBI submitted that the Bank had received the OA's report only on 10th March 1994 while the projections were received on 17th March 1994. Since exposure of about Rs.100 crores was involved besides other reliefs and concessions, the Bank could not crystallise its views in the short time available. He added that the proposed one-time settlement of dues was under consideration of the Bank. The Bench observed that the SBI should have crystallised its views expeditiously in the interest of revival of the company.

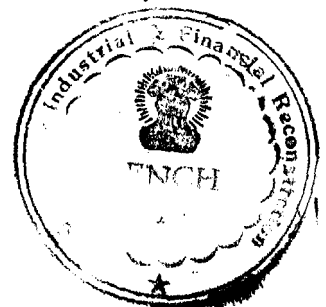
6. The representatives of the Canara Bank and the Indian Bank submitted that their respective banks would provide the proposed reliefs and concessions and would support the proposal formulated in the OA's report. The representative of the Indian Bank added that the Bank would consider term-loans and non-convertible debentures for the proposed companies separately. The representative of the OA added that the banks were free to crystallise their views on the proposed term-loans/non-convertible debentures for the new companies.

7. The representatives of the IFCI and the State Government of Tamilnadu agreed to provide the proposed reliefs and concessions. The Deputy Secretary in the Ministry of Textiles submitted that the proposal of repayment of the principal amount of Rs.700 lakhs on interest-free basis in 6 years from 1998-99 was under consideration of the Government. However, the assistance of Rs.2631 lakhs from NRF could be considered only by the Ministry of Industry which was the nodal agency for the purpose. The Ministry of Textiles would recommend the assistance out of NRF, she added.



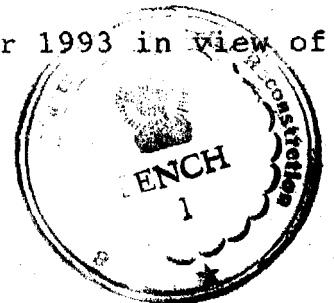
8. The representative of the promoters agreed to undertake the proposed obligations and bring in necessary funds for revival of the company.

9. The Counsel for the Madras Labour Union submitted that the Union had filed a writ petition before the Honourable Madras High Court. Earlier in 1991 when the BIFR had initiated suo-motu inquiry for determining whether or not the company had become a sick industrial company, the management was not in favour of the BIFR assuming jurisdiction over the company. Prior to this on 1st April 1989 the management had illegally closed the unit and only on the intervention of the State Government, the mill was re-opened on 13th April, 1992. The IDBI had sanctioned a rehabilitation scheme in 1992 whereunder the workers had agreed to undertake sacrifices of about Rs.15 crores. The said scheme was based on the report of the Tripartite Committee comprising the representatives SITRA, workers and the management. About 600 workers had been identified for rationalisation under the said scheme. The workers had also entered into a settlement with the management under Section 12 (3) of the Industrial Disputes Act. In pursuance to the said agreement and Notification dated 12th March 1992 issued by the Government, the rehabilitation scheme was formulated by the IDBI, she added. She further submitted that now the management had formulated another scheme whereunder more workers would have to opt for VRS. The Bench observed that the scheme formulated by the IDBI in 1992 was not in terms of the provisions of the SIC (SP) Act 1985. In pursuance to a reference filed by the company the Bench had appointed the IDBI as the OA only on 15.10.1993 to formulate a scheme for rehabilitation of the company. The OA had in turn appointed the SITRA to undertake techno-economic viability study of the unit. The Bench clarified that if on consideration of OA's report the Bench comes to the conclusion that the company can be revived in the hands of the existing promoters, with such



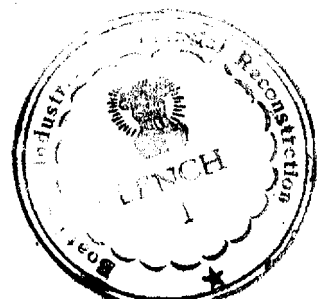
arrangements with a co-promoter as they may wish to make, a Draft Scheme will be circulated to which workers would be invited to make suggestions/objections.

10. The Counsel for the Madras Labour Union further submitted that the workers were prepared to submit an alternative scheme based upon the parameters of the scheme formulated by the IDBI in 1992 and for that purpose they required certain information. Earlier also when the proceedings of the BIFR had been in abeyance during the suo-motu enquiry, the IDBI had declined to provide necessary information. She also invited the attention of the Bench to the order dated 11th November 1991 of the BIFR in reference No.52/91. The Bench observed that the suo-motu inquiry had since been closed vide order dated 23rd September 1993. The present proposal under consideration was in pursuance to a reference filed by the company under Section 15 (1) of the Act. The Bench clarified that any alternative scheme could be considered only in the event of change of management. The Counsel for the Madras Labour Union further submitted that the Bench should take note of the facts including the scheme formulated by the IDBI in 1992 on the basis of the report of the Expert Committee. In this connection, she invited the attention of the Bench to a decision of the Supreme Court in the case of M/s. Crescent Iron & Steel Corporation Limited (92 - SCC-680) and submitted that the BIFR had recommended winding up of the company vide order dated 23rd May 1991 in the said case. The said order was upheld by the AAIER on 13th September 1991. On an appeal by the company the Honourable Supreme Court had observed that the BIFR and the Appellate Authority were authorised to take into consideration the facts and circumstances of each case and thereafter decide whether any reference under Section 15 (1) of the Act was at all necessary or not and to pass any other appropriate order meeting the ends of justice. She pleaded that the Bench should review its order dated 15th October 1993 in view of the



scheme formulated by the IDBI in 1992. The Bench reiterated that the earlier scheme formulated by the IDBI was not in terms of the provisions of the SICA. The SITRA and the OA had already taken into account the scheme formulated by the IDBI in 1992 while preparing its present report which was under consideration of the Bench now. The workers were free to offer their suggestions after a scheme for rehabilitation of the company was circulated and seek relevant information at the appropriate time, if so desired. At this stage, the workers had no locus-standi to seek any information for formulating their own revival proposal.

11. The Counsel for the Binny Beach Engineering Anna Thozhilalar Sangam, Madras, the Binny Mills Labour Association, Bangalore and B&C Mills Anna Thozhilalar Sangam, Madras, submitted that the workers had agreed to undertake necessary sacrifices and had already entered into a settlement with the management on 13th December 1993 and 21st February 1994. The President of Binny Beach Engineering Workers' Union representing another faction of workers submitted that earlier in 1991 when the BIFR had initiated suo-motu inquiry to determine whether or not the company had become a sick industrial company, the management did not choose to file a reference under Section 15 (1) of the Act. He was representing a majority of the workers and the other Beach Engineering Workers' Union had come into existence only recently. He admitted that the BIFR was not the appropriate forum to determine whether or not a union was recognised. As President of the Madras Labour Union he wanted certain information to react to the OA's report, a copy of which had been given to him only yesterday. He pleaded that in view of short time available, today's hearing should be adjourned so that the workers were able to crystallise their views. The Bench observed that today's hearing has proceeded in view of the observations of the Honourable Madras High Court



vacating the stay earlier granted by them on 24th March 1994. The aforesaid request for adjournment was not understandable and accordingly could not be accepted.

12. The representative of the Madras Beach Engineering Workers Union further submitted that the present scheme as formulated by the OA should not be converted into a draft scheme since the workers were opposed to the basic frame-work of restructuring the company. He added that the rehabilitation proposal formulated by the OA was in contravention of the terms of the settlement already entered into with the management. Even the scheme formulated by the IDBI in 1992 could not take off since the SBI was not prepared to provide necessary reliefs and concessions. He added that their union represented the largest section of workers. The Bench observed that the workers were free to offer their suggestions only after the circulation of a draft rehabilitation scheme.

13. The representative of the company sought that the banks and the institutions should consider providing funds for holding-on operations of the company since the existing capacity utilisation was only 40%. The Bench observed that the company may discuss the matter with the banks and the institutions.

14. After hearing the parties and considering the facts and circumstances of the case, the Bench observed that unless the company is restructured as proposed in the OA's report and the banks and the institutions consider one-time settlement of their dues, the revival of the company would not be possible. While all others had agreed to this line of action the SBI would be well advised to consider the proposed one-time settlement as also other reliefs and concessions in line with the other participating banks and the institutions. In the event the SBI declines to accept the proposed one-time settlement,



The Bench would have to consider deferring the dues of the Bank in terms of Section 22 (3) of the Act in the interest of rehabilitation of the company.

15. In the light of the foregoing, the Bench prepared the Draft Scheme for circulation amongst all concerned. The short particulars of the scheme should also be published in two local daily newspapers in accordance with law. If the Honourable High Court of Madras vacates the stay on finalising the scheme, the Bench would hear objections/suggestions to the same on the 13th June 1994 at 10.30 A.M.

Sd/-

(Ashim Chatterji)
Member

Sd/-

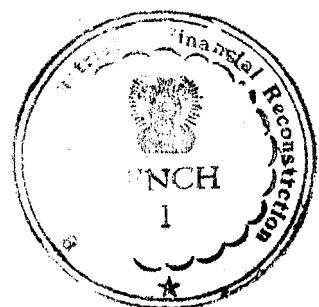
(M.M.S. Srivastava)
Member

Sd/-

(R.R. Gupta)
Chairman

Certified to be True Copy

Sushant Chandra
(SUSHANT CHANDRA)
Bench Officer
(Govt. of India)
(Board for Industrial &
Financial Reconstruction)
Ministry of Finance
(New Delhi)



DATE OF ISSUE
13 APR 1994

Draft Rehabilitation Scheme

The Scheme envisages restructuring of the company by hiving off the Engineering Division and Process House into two separate companies, viz, Binny Engineering Works Limited and Binny Processors Limited, modernisation of the Textile Division with labour rationalisation, development and sale of real estate properties besides one-time settlement of dues of the banks and the institutions with the association of new promoters (M/s. Dyanmix Group).

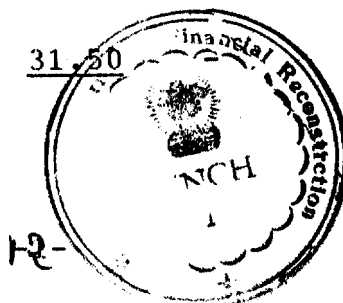
2. Cost of the Scheme & Means of Financing:-

A. Cost of Rehabilitation:

i) Binny Limited

(Rs. in lakhs)

	<u>B & C</u>	<u>BWM</u>	<u>Silk</u> <u>Mill</u>	<u>Real</u> <u>Estate</u>	<u>General</u>	<u>Total</u>
<u>Capital expen-</u> <u>diture</u>						
Spinning	648.30	-	-	-	-	648.30
Weaving	26.24	-	-	-	-	26.24
Dye-House	-	-	31.50	-	-	31.50
Misc. Fixed assets	<u>102.16</u>	<u>14.00</u>	-	-	-	<u>116.16</u>
Sub Total (a)	<u>776.70</u>	<u>14.00</u>	<u>31.50</u>	-	-	<u>822.20</u>



Renovation/Repairs

Spinning	281.32	87.10	-	-	-	368.42
Weaving	230.25	83.80	11.50	-	-	325.55
Dye-House	-	-	9.00	-	-	9.00
Others	<u>115.04</u>	<u>82.00</u>	<u>17.00</u>	-	-	<u>214.04</u>
Sub Total (b)	<u>626.61</u>	<u>252.90</u>	<u>37.50</u>	-	-	<u>917.01</u>
Contingency (40%) of (a) + (b)	<u>561.32</u>	<u>106.76</u>	<u>27.60</u>	-	-	<u>695.68</u>
Sub-total (c)	<u>1964.63</u>	<u>373.66</u>	<u>96.60</u>	-	-	<u>2434.89</u>
Labour ratio- nalisation under VRS (d)	<u>1755.00</u>	<u>878.00</u>				<u>2631.00</u>
Cash loss 1994-95	-	-	-	-	-	<u>1237.00</u>
Payment to institutions/ banks, etc.	-	-	-	-	<u>6913.00</u>	<u>6913.00</u>
Additional margin money for working capital (e)	<u>613.00</u>	<u>99.00*</u>	-	-	-	<u>712.00</u>

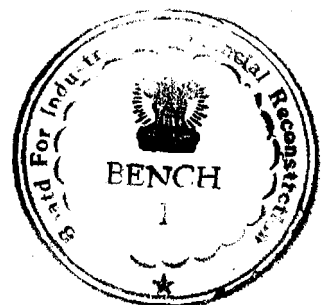


Initial development expenditure (f)	-	-	-	<u>500.00</u>	-	<u>500.00</u>
a+b+c+d+e+f	<u>4332.63</u>	<u>1348.66</u>	<u>96.60</u>	<u>500.00</u>	<u>6913.00</u>	<u>14427.89</u>

* includes in respect of silk mill

ii) Investment in proposed companies

	(Rs. in lakhs)		
	BEWL (1994-95)	BPL (1997-98 to 1998-99)	Total
Capital expenditure	774	5760	6534
Margin money for working capital	493	155	648
Labour rationalisation	60	-	60
Preliminary & pre-operative expenses	-	414	414
Repayment of higher interest bearing loans and regulari-	498		498



sation in
 cash credit
 account

1025

6329

8154

B. Means of Finance:

The aforesaid is proposed to be financed as under:-

(Rs. in lakhs)

~~Promoter's
 Contribution~~
 a) Equity
 b) Unsecured
 interest-free
 loans
 c) Sale of
 real estate
 properties
 (during
 1994-95 to
 1998-99)

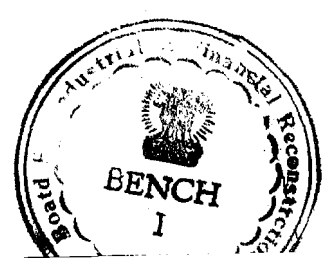
Binny Ltd

BEWL

BPL

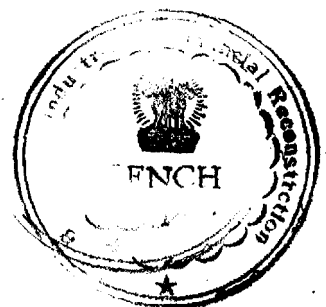
Total

	<u>Binny Ltd</u>	<u>BEWL</u>	<u>BPL</u>	<u>Total</u>
a) Equity	2954	600	700	4254
b) Unsecured interest-free loans	1396		400	1796
c) Sale of real estate properties (during 1994-95 to 1998-99)	4227		2229	6456



d) Sale of old surplus machinery	670	-	-	670*
e) Internal generations	350	-	-	350
f) National Renewal Fund	2631	-	-	2631
g) Excise Loan	2200	-	-	2200
h) Termloans/ non-conver- tible de- bentures issue at 17% p.a.	-	1225	2500	3725
i) Public issue of equity shares	-	-	500	500
Total	<u>14428</u>	<u>1825</u>	<u>6329</u>	<u>22582</u>

* includes Rs.120 lakhs of machinery to be shifted to the new process house.



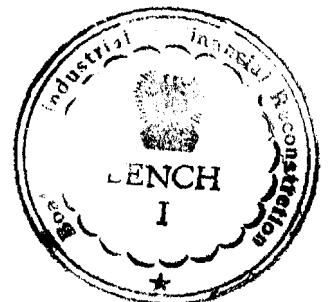
3. Reliefs & Concessions:

. The following reliefs/concessions are envisaged, assuming cut-off date of 31.03.1994:-

A. Financial Institutions (IDBI/ICICI/IFCI):

(i) To settle the dues by receiving the principal amount of term-loans of Rs.2639 lakhs, 20.3% of interest overdues and waiver of balance funded interest/unpaid interest dues, c.c. dues etc, aggregating to Rs.1753 lakhs approx. as on 31st March, 1994. The principal amount of term-loan to be re-paid by the company as under:-

- | | | |
|-----|--|-----------------|
| a.) | Down Payment | Rs.1317 lakhs |
| | (within 45 days of sanction of scheme by BIFR). | |
| b.) | Balance in next 2/6 half-yearly instalments carrying interest @ 15% p.a. from 1st January, 1995. | Rs.1322 lakhs * |



In case Excise loan of Rs.2200 lakhs is released during 1994-95 and 1995-96, the residual term-loan of Rs.250 lakhs would be repaid in 2 half-yearly instalments from 1st April 1995 carrying interest at 15% p.a. However, without Excise loan the promoters have agreed to repay the balance term-loan of Rs.1322 lakhs in 6 half-yearly instalments from 1st January 1995 carrying interest at 15% p.a.;

- (ii) To receive an amount of Rs.447 lakhs approximately being 20.3% of overdue interest as on 31st March 1994 (Rs.2203 lakhs approx.) in 3 equal annual instalments in 1996-97, 1997-98 and 1998-99 without charging any interest; and
- (iii) To vacate the charge on the non-factory lands and buildings, held in fixed assets/stocks-in-trade by the company proposed to be developed by its Real Estate Division, in a scheduled manner and in proportion to the amount received to enable the company to develop the property, enter into sale agreement with the prospective customer which would be possible only when the title is clear;

B. Investment Institutions (LIC/GIC/UTI etc):

- i) To settle the principal amount of 7.75% debenture stock aggregating to Rs.197 lakhs, 20.3% of interest overdues (Rs.13 lakhs) and waive the balance interest/funded interest aggregating to Rs.46 lakhs:



The principal amount would be paid as under :

Down payment	Rs.100 lakhs
Balance as in	
A (i) ^(b) above.	Rs. 97 lakhs

- ii) To receive the interest dues of Rs.13 lakhs in 3 equal instalments in 1996-97, 1997-98 and 1998-99 without interest.

C. Banks (SBI/Lakshmi Vilas Bank Ltd):

- i) To settle the dues on term-loan account and working capital facilities as detailed below, receive 20.3% of overdue interest and waiver of all balance funded interest/unpaid interest and other charges debited in the above accounts as on 31st March 1994 (Rs.4096 lakhs approx.).

Term Loan (SBI):

Down Payment	Rs.1283 lakhs
(within 45 days of sanction of scheme)	

Balance as in	Rs.1294 lakhs
A (i) ^(b) above	



Working Capital facilities:

(SBI and LVB)

Payment of the regular portion in cash credit account as on 31st March 1994 under First Method of Lending and Waiver of balance irregularity in cash credit account

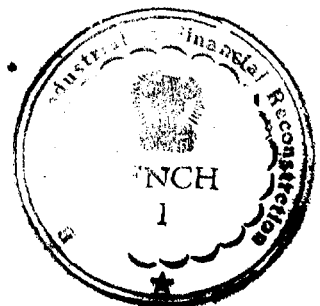
(Rs.2277 lakhs approx.)

included in C (i) above.

Rs.2417 lakhs approx.

- ii) To receive overdue interest of Rs.1040 lakhs approx. being 20.3% of total overdue interest including funded interest in respect of all term-loan accounts and working capital facilities as on 31st March 1994 (Rs.5137 lakhs) and waive the balance interest dues including funded interest dues and all other charges debited to term loan account, working capital account as on 31st March 1994 (Rs.4096 lakhs). The overdue interest of Rs.1040 lakhs to be received in 3 equal annual instalments in 1996-97, 1997-98 and 1998-99 without interest; and

20



iii) To vacate the charges on the non-factory lands and buildings, held in fixed assets/stocks-in-trade by the company, ^{and} proposed to be developed by its Real Estate Division, in a scheduled manner and in proportion to the amount received to enable the company to develop the property, enter into agreement with the prospective customers which would be possible only when the title is clear.

D. Government of India

- i) To agree for repayment of the entire principal amount of Rs.700 lakhs in 6 years from 1998-99 without charging interest;
- ii) To sanction loan assistance of Rs.2631 lakhs from National Renewal Fund, Rs.2211 lakhs in 1994-95 and Rs.420 lakhs in 1998-99, ~~and~~ repayable in 7 years from 1997-98 carrying interest @ 10% p.a;
- iii) To disburse Excise Loan of Rs.2200 lakhs during 1994-95 to 1995-96 sanctioned under the Excise Loan Relief Scheme in April 1990 by the Empowered Committee. The loan to be repayable in 7 years from 1999-2000 after a moratorium of 3 years;
- iv) To exempt the company from the applicability of the provisions of Section 41 (1) of the Income Tax Act 1961 in respect of remissions arising out of sacrifices undertaken by the banks/institutions; and

21



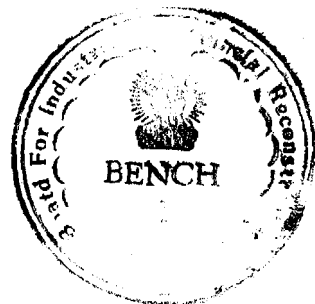
- v) To exempt Binny Limited from fulfilling the export obligation against concessional import of machinery in BWM in 1990-91.

E. State Government of Tamil Nadu

- i) To exempt the company from power-cuts and peak-hour restrictions;
- ii) To continue exemption of the real estate properties in Madras under the Urban Land Ceiling Act 1976;
- iii) To waive guarantee commission @ 1/2% on the re-opening loan of Rs.800 lakhs granted by SBI;
- iv) To support VRS/higher productivity norms;
- v) To grant necessary permission for setting up processing unit at Bhuvangiri;
- vi) To waive an amount of Rs.157.45 lakhs representing amount claimed by TNEB towards non segregation of industrial load and lighting load as per rules implemented by TNEB in 1988 and belated surcharge payment in 1991;
- vii) To defer sales-tax for first five years from 1994-95 in respect of the Engineering Division and repayable in next 5 years on interest-free basis; and

22

-11-



- viii) To permit Binny Limited to assign the lease-hold land admeasuring 16 acres to Binny Engineering Works Limited (proposed).

Government of Karnataka

- i) To exempt the company from power-cuts and peak-hour restrictions;
- ii) To continue exemption of Binny properties under ULC Act 1976 beyond the year 1998;
- iii) To waive guarantee commission @ 1% on subsisting guarantees;
- iv) To assist the company by providing alternate sites to illegal occupants of company's housing quarters at Binny pet as already agreed vide Government order dated 6.6.1989;
- v) Waiver of condition that real estate proceeds should be utilised for rehabilitation of BWM only;
- vi) Waiver of condition of surrender of 25% of the surplus land area to BDA; and
- vii) To provide support to VRS/higher productivity norms.



G.

Labour/Staff

- i) Acceptance of revision of work load and work norms as per SITRA report of 1992-93;
- ii) Acceptance of reduction in work-force under the VRS as per SITRA report of 1993;
- iii) Cooperation in total implementation of MOU dated 13.12.1993 in respect of BWM and MOU dated 29.01.1994 in respect of workers and 9.2.1994 in respect of staff of B & C unit, Madras; and
- iv) Acceptance of all other terms/conditions as agreed to in 12 (3) settlement dated 26.03.1992.

H.

Company/Promoters/Co-promoters

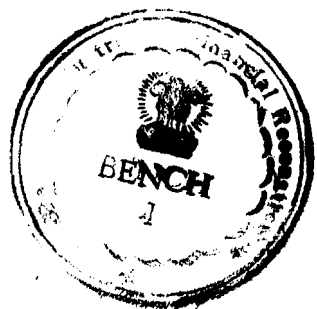
- i) To bring in an amount of Rs.6050 lakhs as equity/interest-free loan as promoters' contribution for Binny Limited and the proposed companies during 1994-95 to 1998-99. Out of Rs.6050 lakhs, an amount of Rs.4350 lakhs would be brought in as equity/unsecured loan in 1994-95 to 1998-99 in Binny Limited, Rs.600 lakhs as equity in Binny Engineering Works Limited (proposed) during 1994-95, Rs.700 lakhs as equity and Rs.400 lakhs as unsecured loan (interest-free) in Binny Processor Limited (proposed) during 1997-98;

24

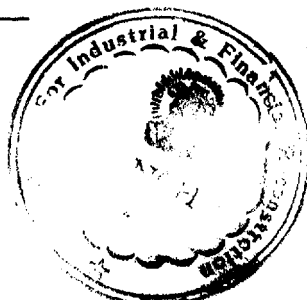


- ii) To make a down-payment of Rs.2700 lakhs within 45 days of sanction of the scheme by BIFR for settling 50% of the outstanding term-loans of institutions and banks (Rs.5413 lakhs);
- iii) To repay the balance outstanding term-loan of Rs.2713 lakhs of institutions/banks in 6 half-yearly instalments commencing from 1st January 1995 with interest @ 15% p.a., in case Excise Loan of Rs.2200 lakhs is not considered by GOI. However, in case the Excise Loan is ~~considered~~ ^{sanctioned} by GOI, to repay the residual term-loan after adjusting Excise Loan against balance institutional loan in 2 half-yearly instalments from 1st April 1995 carrying interest @ 15% p.a.;
- iv) To pay an amount of Rs.1500 lakhs, being 20.3% of overdue interest of institutions/banks as on 31st March 1994 in 3 equal instalments in 1996-97, 1997-98 and 1998-99 free of interest by bringing in requisite interest-free funds in Binny Limited;
- v) To take effective steps for incorporating separate companies as envisaged for taking over the Engineering Division at Madras and setting up a new centralised Process House at Bhuvangiri, South Arcot (Tamil Nadu) effective from 1st April 1994;

25



- vi) To furnish non-disposal undertaking/pledge document in respect of equity shares held/to be held by promoters as well as to take effective steps to create extension of mortgage charge on fixed asset till the institutional dues are paid in full;
- vii) To take effective steps including obtaining necessary permissions/approvals/support from State Governments/local bodies for development of the real estate properties and utilise the proceeds for rehabilitation of the company including repayment of dues to institutions under one-time settlement and future modernisation programmes;
- viii) The co-promoters, viz, Dyanmix Group to furnish counter guarantees to institutions/banks in the event of existing promoter group, for any reason, defaults in honouring the settlement terms;
- ix) To identify a new bank(s)/ for meeting working capital requirement of the company; and
- (x) To meet
- (a) any shortfall in the cost of the project/means of finance of Binny Limited and proposed subsidiaries;
 - (b) any shortfall in cash-flow projections;
 - (c) any shortfall in realisation of sale-proceeds of the assets proposed to be sold;



(d) any shortfall/non-availability of NRF and Excise Loan aggregating to Rs.4831 lakhs as envisaged in the scheme;

(e) any capital gains tax liability; and

(f) any contingent or any other liability not disclosed or not known at the time of sanctioning of the scheme;

by bringing in interest-free funds of their own and not by diversion of working capital or funds earmarked for long-term investments.

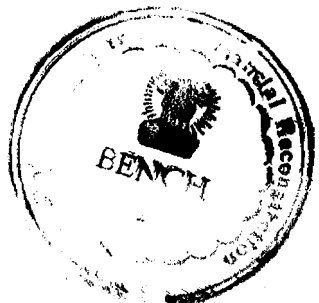
I. Other Conditions

(i) To reconstitute the BOD of the company as under:-

	Proposed No.of Directors*	Existing
Existing promoter group	5	5
Dyanmix group (co-promoter group)	5	-
GOI, GOK, GOTN	3	3
Financial institutions	1	2
SBI	1	3
Special Director, BIFR	1	1
Independent Directors	3	2
	19	16



- (ii) To constitute a Management Committee consisting of the Managing Director, a nominee of the banks/institutions and the Special Director appointed by the BIFR, to oversee the implementation of the scheme and the physical and financial performance of the company;
- (iii) To appoint a reputed firm of Chartered Accountants as Concurrent Auditors to the satisfaction of and having direct reporting relationship with the banks and the financial institutions;
- (iv) To not to undertake any new project or make any investment or acquire any equipment on lease without the prior approval of the banks and the institutions during the currency of their assistance;
- (v) To not to declare dividend without the prior permission of the banks, the institutions and the BIFR;



- (vi) The Central Government, the State Government, the banks and the financial institutions reserve the right of recompense as also the right to accelerate the repayment schedule in case the future profitability and other conditions of the company so warrant. However, such rights shall be exercised with the prior approval of the BIFR;
- (vii) The company shall submit half-yearly progress reports on the implementation of the scheme and on the physical and financial performance of the company duly concurred by the concurrent auditors to the banks/institutions/State Government, and the OA (designated as the Monitoring Agency (MA) hereafter), within a period of one month of the end of the half-year. The MA shall submit the said reports along with its comments within one month to the BIFR;
- (viii) The MA shall conduct an annual review of the implementation of the scheme within 1 month of the end of each year and submit a report on the results thereof to the Bench within a period of one month from the date of review; and

29



(ix) The scheme shall be subject to annual review by the BIFR. A Special Review of implementation of the scheme would be conducted after 6 months of the date of sanction of the scheme. For this purpose, the MA shall submit a Status Report on implementation of the scheme within 4 months of the date of sanction of the scheme.

4. Viability:

The assumptions underlying the profitability projections, profitability statements, cash-flow, balance-sheet and DSCR statements of Binny Limited and the proposed two companies are enclosed as per Annexures I to XVI. The networth of the company would become positive in 1995-96 while the accumulated losses of the company would be wiped off in 1999-2000. The company would be able to repay its term liabilities with an average DSCR of 1.57 and to take up further modernisation of the Textile units after repayment of the institutional dues in 2-3 years.



Sd/-

(Ashim Chatterji)
Member

Sd/-

(M.M.S. Srivastava)
Member

Sd/-

(R.R. Gupta)
Chairman

certified to be True Copy

Subhash Chandra
Sub-Registrar (CHAND)

Bech Officer
Govt. of India

Board for Industrial &
Financial Reconstruction
Ministry of Finance
New Delhi

30

Ms Selhi;

30th March, 1994

BINNY LIMITED

MODERNISATION-CUM-REHABILITATION SCHEME

Assumptions underlying the profitability estimates

1. The mills will work for 354 days in a year on 3-shift basis.

2. Installed capacity

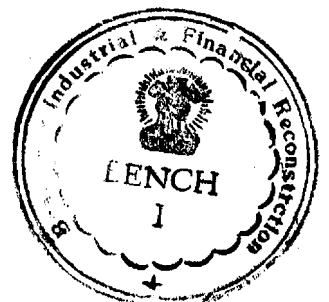
		<u>Existing</u>	<u>Proposed</u>
Spindles	- B&C	69024	51108
	- BWM	46500	-
Open end rotors-	BWM	2304	2304
Looms	- B&C	1816	808
	- BWM	742	288
	- Silk mill	76	76
Processing capacity in 10kh metres per day	- B&C	1.80	-
	- BWM	1.00	-

3. Capacity utilisation has been assumed at 95% for spinning and 95% for weaving from 1999-2000.

4. a) Sale Value for production

For B&C, ex-mill rates prevailing for the past one year (January-December 1993) has been adopted and the value loss has been adjusted to arrive at SVP per metre. For BWM, one year average sales realisation (January 1993 to December 1993) has been taken to arrive at SVP. Similarly the value loss has been adjusted to arrive at SVP per metre.

31

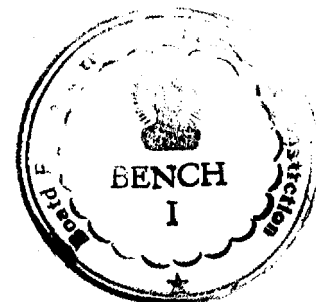


ANNEXURE-VI
SINNY LTD.

(Rs lakhs)

Estimates of cost of production and profitability projections for the year ending March 31.

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
SALES										
Sale of cloth	13721	13721	13721	13721	14528	16143	16143	16143	16143	16143
Yarn	0	0	0	0	1196	1329	1329	1329	1329	1329
Other op.inc./job-prcsq.B&C.BW	89	89	89	89	106	106	106	106	106	106
Total Income	13810	13810	13810	13810	15830	17578	17578	17578	17578	17578
Raw Material(Cotton & Fibre)	4666	4666	4666	4666	4940	5489	5489	5489	5489	5489
Raw Material(Purchased yarn)	0	0	0	0	1154	1282	1282	1282	1282	1282
Stores,spares,siz.& Pkg.matis	602	602	602	602	637	700	700	700	700	700
Dyes & Chemicals	1547	1547	1547	1547	0	0	0	0	0	0
Processing Charges	0	0	0	0	3456	3840	3840	3840	3840	3840
Yarn Duty	336	336	336	336	356	395	395	395	395	395
Power, Water & Fuel	1987	1987	1987	1987	955	1062	1062	1062	1062	1062
Wages & Salaries	2932	2077	2181	2290	1784	1873	1967	2065	2160	2277
Other mfg.&adn.exp.	1031	1031	1031	1031	1031	1031	1031	1031	1031	1031
Selling Expenses	861	861	861	861	861	861	861	861	861	861
COST OF PRODUCTION	13962	13187	13211	13320	15174	16541	16635	16733	16836	16945
GROSS PROFIT	-152	723	599	490	656	1037	943	845	742	633
G.P.outside Job-processg.	0	0	0	0	0	0	0	0	0	0
Total GROSS PROFIT	-152	723	599	490	656	1037	943	845	742	633
Interest for working capital	466	438	440	440	440	440	440	440	440	440
Interest on term loan	720	313	222	205	195	184	147	105	63	21
Prel.Exp. w/o Depreciation	120	120	120	249	378	378	378	378	378	378
Operating profit	-1458	-103	-183	-404	-357	35	-22	-78	-139	-206
Other Income	100	109	127	127	127	127	127	127	127	127
Profit- sale of real estate	-36	71	1146	1357	417	2192	1361	2234	535	1882
Profit- services	64	95	105	116	116	116	116	116	116	116
Profit before tax	-1304	107	1195	1196	303	2470	1582	2399	639	1919
Tax	0	0	0	0	0	726	791	1200	320	960
Net Profit	-1304	107	1195	1196	303	1744	791	1199	319	959
Cash Profit	-1184	227	1315	1445	681	2122	1169	1577	697	1337



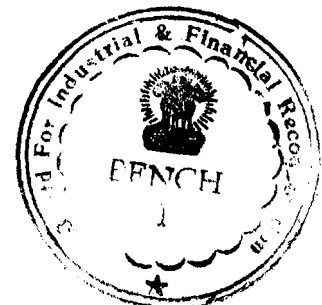
BINNY LTD.

Cash Flow Statement
For the year ending March 31,

(Rs lakhs)

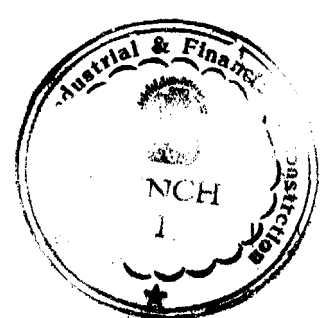
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Cash Profit	-1184	227	1315	1445	681	2122	1169	1577	697	1337
Increase in Term Loans/Debn.	0	0	0	0	0	0	0	0	0	0
Increase in excise loan	1500	700	0	0	0	0	0	0	0	0
Increase in Bank Borrowings	1398	0	19	0	380	526	0	0	0	0
Increase in Prom.Cont.(u/s loan)	0	0	0	500	658	0	0	0	0	0
U/s.loan for inv.in BEW,BPL(Proo)etc.	846			1100						
Incr. in Equity/Share prem	2954	0	0	0	0	0	0	0	0	0
Funds from NRF	2211	0	0	0	420	0	0	0	0	0
Increase in current liab.	0	0	0	0	407	89	0	0	0	0
Decrease in Current Assets	0	342	0	36	0	0	0	0	0	0
Decrease in Real Estate Stock	1691	186	633	372	833	0	0	36	123	936
Sale of surplus a/c	550	0	0	0	120					
Funding of int.	0									
Total	9966	1456	1967	3453	3491	2737	1169	1613	820	2273
Appin. of funds										
Capital Expenditure	0	0	0	1250	1250	0	0	0	0	0
Normal Capital Expenditure	50	50	50	0	0	350	350	350	350	350
Increase in current assets	1361	0	25	0	913	791	0	0	0	0
Decrease in current liab.	503	0	0	0	0	0	0	0	0	0
Decrease in Bank Borrqs.	0	160	0	27	0	0	0	0	0	0
Repayment of new term loans	0	0	0	0	0	0	0	0	0	0
Repayment of old term loans	2700	512	0	0	117	117	117	117	117	115
Rep. of part intt.dues	0	0	500	500	500	0	0	0	0	0
Repayment of excise loan	0	0	0	0	0	314	314	314	314	314
Repayment of NRF loan	0	0	0	316	316	316	421	421	421	420
Rep. of old T.L.from Exc.Loan	1500	700	0	0	0	0	0	0	0	0
Increase in real estate stock	500	0	0	0	0	0	0	0	0	0
Funds for VRS	2211	0	0	0	420	0	0	0	0	0
PreI. Expenses										
Inv. in BEW & BPL (proo)	600			3329						
	9425	1420	575	5422	3516	1888	1202	1202	1202	1199
Opening balance	74	615	648	2040	71	46	895	862	1273	891
Surplus/deficit	541	33	1392	-1969	-25	849	-33	411	-382	1074
Closing balance	615	648	2040	71	46	895	862	1273	891	1965

33



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
NUMERATOR											
PROFIT AFTER TAX	-1384	107	1195	1196	303	1744	791	1199	319	959	6589
ADD: DEPRECIATION	120	120	120	249	378	378	378	378	378	378	2877
PROM. CONTR.	2700	0	0	500	650	0	0	0	0	0	3850
REAL ESTATE PROCEEDS	1191	186	633	372	833	0	0	36	123	936	4310
INT. ON TERM LIAB.	720	313	222	205	195	184	147	105	63	21	2175
EXCISE LOAN	1500	700	0	0	0	0	0	0	0	0	2200
	4927	1426	2170	2522	2359	2306	1316	1718	803	2294	21921
DENOMINATOR											
INTEREST ON TERM LIAB.	720	313	222	205	195	184	147	105	63	21	2175
REPAYMENT OF TERM LIAB.	4200	1213	500	500	617	117	117	117	117	115	7613
REPAYMENT OF EXC. LOAN	0	0	0	0	0	314	314	314	314	314	1570
REPAYMENT OF NRF	0	0	0	316	316	316	421	421	421	420	2631
	4920	1526	722	1021	1120	931	999	957	915	870	13989
	1.00	0.93	3.01	2.47	2.09	2.48	1.32	1.00	0.97	2.64	1.57

34

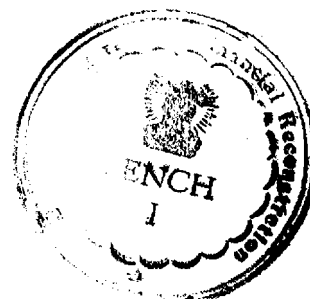


Projected Balance Sheets as at March 31,

(Rs lakhs)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Share Capital:											
Equity	1341	2185	2185	2185	2185	2185	2185	2185	2185	2185	2185
Preference	26	26	26	26	26	26	26	26	26	26	26
Reserves & Surplus	15	0	0	0	0	0	725	1516	2715	3045	4043
Capital Reserves	2386	2386	1953	1753	1635	1372	1372	1372	1372	1361	1322
Share Prem./c		2110	2110	2110	2110	2110	2110	2110	2110	2110	2110
Unsecured loans by promoters	264	1110	1110	1110	2710	3360	3360	3360	3360	3360	3360
Bank borrowing for Working cap	2447	3845	3685	3704	3677	4057	4583	4583	4583	4583	4583
Term loans (old)	6113	1913	700	700	700	503	466	349	232	115	0
WCTL	0	0	0	0	0	0	0	0	0	0	0
Overdue Funded Interest	1500	1500	1500	1000	500	0	0	0	0	0	0
Funded interest new	0	0	0	0	0	0	0	0	0	0	0
Inter-unit Balance	0	0	0	0	0	0	0	0	0	0	0
New Loans	0	0	0	0	0	0	0	0	0	0	0
Excise Loans	0	1500	2200	2200	2200	2200	1886	1572	1258	944	630
Loan from NFF	0	2211	2211	2211	1895	1999	1683	1262	841	420	0
Current Liabilities	3089	2586	2586	2586	2586	2993	3082	3082	3082	3082	3082
Other Non-C.L.	189	189	189	189	189	189	189	189	189	189	189
Total	17370	21563	20455	19774	20413	21074	21667	21606	21953	21420	21530
Net Fixed Assets	1112	842	772	702	1783	2455	2427	2399	2371	2343	2315
Investments	5	5	5	5	5	5	5	5	5	5	5
Inv. in BEN/BPL (Prod.)		600	600	600	3929	3929	3929	3929	3929	3929	3929
Current Assets	7089	8450	8107	8132	8096	9009	9800	9800	9800	9800	9800
Other Current Assets	278	278	278	278	278	278	278	278	278	278	278
Inter-unit balance	0	0	0	0	0	0	0	0	0	0	0
Stock-in-trade	5352	6357	6171	5538	5166	4333	4333	4333	4297	4174	3239
Cash Balance	74	615	648	2040	71	46	895	862	1273	891	1965
Deficit in P & L Account	3460	4416	3874	2479	1165	1019	0	0	0	0	0
Total	17370	21563	20455	19774	20413	21074	21667	21606	21953	21420	21530

35



BINNY ENGINEERING WORKS LTD. (PROPOSED)

Assumptions underlying profitability projections

1. The plant will work for 354 days in a year on three shift-basis.
2. Power and water charges are assumed at 10%/ 20%/10% higher than actual in 1992-93 in the Harbour, Structural and Foundry shops respectively. Suitable percentage increase proportionate to increase in volumes of production have been taken upto 1997-98.
3. Repairs/maintenance charges assumed (shop-wise) at actual in 1992-93 with suitable increase of 10%/5%/20% in subsequent years upto 1997-98.

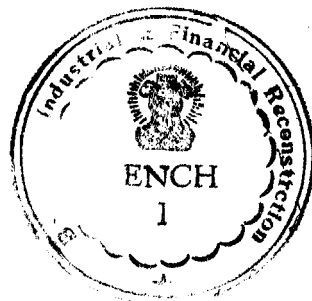
4. Salaries and wages

The actual wage bill for 1992-93 and additional cost for recruiting 30 skilled workers for operating new machinery is taken for computing the wage cost. Average wage per month per skilled worker works out to Rs.2500/-. A 5% increase in salaries and wages every year is assumed for projections. Fringe benefits are included in salaries & wages.

5. Interest

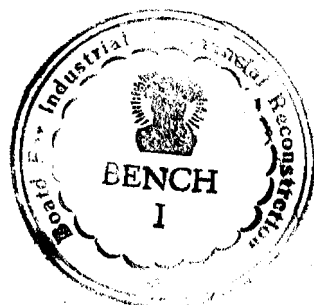
- a) The interest on working capital facility is taken at the rate of 17.5%.
- b) The interest on term loan is taken at 17%.

36



6. Depreciation

Depreciation has been applied at the rate of 10.34%
on Straight Line Method.



ANNEXURE - VII

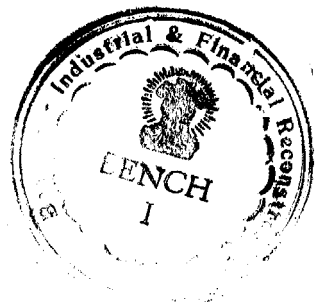
BINNY ENGINEERING WORKS LTD. (Proposed)

PROJECTED PRODUCT-WISE SALES

VALUE (RS. LAKHS)
QTY. (INDS.)

PRODUCT	1995		1996		1997		1998		1999	
	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
SUGAR PLANT	1	2300	1	2300	1	2300	1	2300	1	2300
GRANITE MACHINE	4	200	5	250	5	250	6	300	7	350
GRANITE POLISHING	1	0	1	75	1	75	1	75	1	75
TOWER CRANE	0	0	20	160	40	320	40	320	40	320
MLC BRIDGE	1	400	1	400	1	400	1	400	1	400
RICE MILL		360		360		360		360		360
PAPER PLANT M/C		60		60		60		60		60
WAGONS	0	0	158	1200	225	1800	300	2400	300	2400
CMS CROSSINGS	100	80	100	80	120	96	120	96	146	112
MACHINING ITEMS		460		460		460		460		460
CASTINGS		511		511		511		511		511
HARBOUR		132		132		132		132		132
TOTAL SALES		4503		5900		6764		7414		7400

37



Estimates of cost of production and profitability projections for the year ending March 31

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
SALES										
Sale	4583	5999	6764	7414	7488	7488	7488	7488	7488	7488
Other operative income										
Total	4583	5988	6764	7414	7488	7488	7488	7488	7488	7488
COST OF PRODUCTION										
Raw Material	3897	3747	4857	4329	4373	4373	4373	4373	4373	4373
Raw Material(Bought-out)										
Stores&spares	37	48	54	58	59	59	59	59	59	59
Exp. on Contract	318	862	1182	1421	1426	1426	1426	1426	1426	1426
Repairs & Maintenance	54	68	59	62	64	64	64	64	64	64
Power, Water & Fuel	39	48	41	41	43	43	43	43	43	43
Wages & Salaries	258	271	292	387	322	338	355	373	392	412
Other mfg. & admn. exp.	375	378	356	331	387	266	249	249	249	249
Selling Expenses	18	19	19	19	19	19	19	19	19	19
	4188	5445	6868	6568	6613	6588	6588	6686	6625	6645
GROSS PROFIT	315	543	784	846	867	892	892	874	855	835
Other Income										
Total GROSS PROFIT	315	543	784	846	867	892	892	874	855	835
Interest for working capital	148	198	223	245	246	246	246	246	246	246
Interest on term loan	145	218	218	195	165	135	185	74	45	15
Depreciation	183	184	187	118	122	135	148	145	158	131
Profit before tax	-81	31	164	288	334	376	481	489	414	443
Tax	0	0	27	144	167	188	281	285	287	222
Net Profit	-81	31	137	144	167	188	200	204	207	221
Cash Profit	22	135	244	262	289	323	348	349	357	352

38

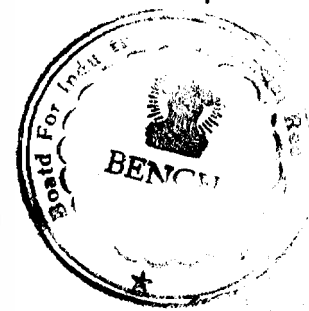


ANNEXURE VIII
Cash Flow Statement
Binny Engg. Works Ltd.
For the year ending March 31,

(Rs lakhs)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Cash Profit	22	135	244	262	289	323	340	349	357	352
Increase in Term Loans	1225	0	0							
Increase in excise loan	0									
Increase in Bank Borrowings	529	285	145	123	10					
Increase in Prom. Cont. (Loan)	0	0								
Incr. in Equity	600		0							
Funds from NRF	0									
Increase in current liab.	0	01	39	34	6					
Decrease in Real Estate Stock										
Total	2376	501	420	419	305	323	340	349	357	352
Appln. of funds										
Capital Expenditure	774	0	0							
Normal Capital Expenditure		20	30	105	35	130	50	50	50	50
Increase in current assets	414	488	246	209	22					
Decrease in current liab.	07	0	0	0	0					
Decrease in other curr. liab.	399	0	0	0	0	0	0	0	0	0
Repayment of new term loans	0	0	0	175	175	175	175	175	175	175
Repayment of old term loans	302	2	2	2	2	2	2	2	0	
Rep. of WCTL	0	0	0	0	0	0	0	0	0	
Rep. of funded int.	196	0	0	0	0	0	0	0	0	0
Repayment of excise loan	0	0	0	0	0	0	0	0	0	
Repayment of NRF loan	0	0	0	0	0	0	0	0	0	
Rep. of old T.L. from Exc. L	0									
Funds for VRS	60		0							
	2232	510	278	491	234	307	227	227	225	225
Opening balance	119	263	254	404	332	403	419	532	654	786
Surplus/deficit	144	-9	150	-72	71	16	113	122	132	127
Closing balance	263	254	404	332	403	419	532	654	786	913

39



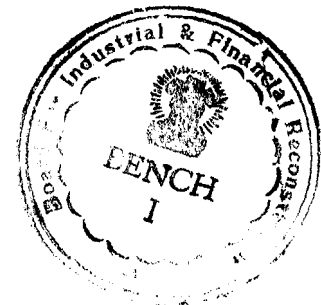
ANNEXURE-XV

DSCR Binny Engg. Works Ltd.

(Rs lakhs)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Total
NUMERATOR											
PROFIT AFTER TAX	101	31	137	144	167	188	200	204	207	221	1418
ADD: DEPRECIATION	103	104	107	116	122	135	140	145	150	131	1255
REAL ESTATE PROCEEDS											
ADD: INTEREST ON TERM LIAB.	145	210	210	195	165	135	105	74	45	15	1299
	167	345	454	457	454	458	445	423	402	367	3972
DENOMINATOR											
INTEREST ON TERM LIAB.	145	210	210	175	165	135	105	74	45	15	1299
REPAYMENT OF TERM LIAB.	0	2	2	177	177	177	177	177	175	175	1239
	145	212	212	372	342	312	282	251	220	190	2538
	1.15	1.63	2.14	1.27	1.33	1.47	1.56	1.69	1.83	1.93	1.57

40



ANNEXURE-XIV

Projected Balance Sheets as at March 31, Binny Engg. Works Ltd. (Rs lakhs)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
(Prov.)											
Share Capital											
Equity	0	600	600	600	600	600	600	600	600	600	600
Preference											
Reserves & Surplus	0	0	0	27	171	338	526	726	930	1137	1358
Unsecured loans by promoters	0	0	0	0	0	0	0	0	0	0	0
Bank borrowing for Working cap	316	845	1130	1275	1390	1400	1400	1400	1400	1400	1400
Term loans(old)	316	14	12	10	0	6	4	2	0	0	0
MCTL	0	0	0	0	0	0	0	0	0	0	0
Loan from Binny Ltd.	0	0	0	0	0	0	0	0	0	0	0
Funded interest old(F-1)	0										
Funded interest new	196	0	0	0	0	0	0	0	0	0	0
Modernisation Loan											
New Loans	0	1225	1225	1225	1050	875	700	525	350	175	0
Excise Loans											
Loan from NRF	0	0	0	0	0	0	0	0	0	0	0
Current Liabilities	474	387	466	507	541	547	547	547	547	547	547
Other Current Liab.	599	200	200	200	200	200	200	200	200	200	200
Total	1901	3271	3635	3844	3968	3974	3985	4000	4035	4067	4113
Fixed Assets	387	1058	974	897	884	757	792	702	607	507	426
Investments	0	0	0	0	0	0	0	0	0	0	0
Current Assets	1295	1709	2197	2443	2652	2674	2674	2674	2674	2674	2674
Other Current Assets	100	100	100	100	100	100	100	100	100	100	100
Cash Balance	119	263	334	404	332	403	419	532	654	786	913
Deficit in P & L Account	0	141	110	0	0	0	0	0	0	0	0
Total	1901	3271	3635	3844	3968	3974	3985	4000	4035	4067	4113



BINNY PROCESSORS LTD. (PROPOSED)

Assumptions underlying profitability estimates

1. The process house will work for 302 days a year on 3-shift basis.
2. The unit will have an installed capacity of 1.70 lakh metres per day.
3. Capacity utilisation is assumed at 85% from 2000-01.
4. Processing charges are taken at an average of Rs.9/- per metre which is the prevailing market rate.
5. Consumable dyes and chemicals cost per kg. of cloth are taken at 25% below prevailing rates in view of the modern plant and machinery.
6. Wages cost is based on daily requirement of 847 workers (565 trained workers and 282 new workers). Wages per day is taken at Rs.135/- and Rs.35/- respectively for trained/new worker respectively.
7. Power rate is taken at Rs.2.01 per unit.
8. Water charges are taken at Rs.2.56 per KL.
9. Gas charges are taken at Rs.2.40 per cubic metre.
10. Cost of lignite is taken at Rs.550/- per tonne.
11. Depreciation is provided on Straight Line Method.



Estimates of cost of production and profitability projections for the year ending

	1998	1999	2000	2001	2002	2003	2004	2005
SALES								
Sale of cloth	0	0	0	0	0	0	0	0
Yarn	0	0	0	0	0	0	0	0
Other op. inc./job-procsg. B&C, BW	0	2177	3110	3456	3456	3456	3456	3456
Total Income	0	2177	3110	3456	3456	3456	3456	3456
Raw Material (Cotton & Fibre)								
Raw Material (Purchased yarn)	0	0	0	0	0	0	0	0
Stores, spares, siz. & Pkg. matls	0	127	182	202	202	202	202	202
Dyes & Chemicals	0	859	1284	1427	1427	1427	1427	1427
Processing Charges	0	2	0	0	0	0	0	0
Yarn Duty	0	0	0	0	0	0	0	0
Power, water & Fuel	0	300	460	511	511	511	511	511
Wages & Salaries	0	292	294	309	324	340	357	375
Other mg. & adm. exp.	0	50	50	50	50	50	50	50
Selling Expenses	0	1675	2270	2499	2514	2530	2547	2565
COST OF PRODUCTION	0	1675	2270	2499	2514	2530	2547	2565
GROSS PROFIT	0	499	840	957	942	926	909	891
G.P. outside Job-processg.	0	0	105	105	105	105	105	105
Total GROSS PROFIT	0	499	945	1062	1047	1031	1014	996
Interest for working capital								
Interest on term loan	213	425	425	383	298	213	120	43
Prel. Exp. w/o								
Depreciation	0	52	50	50	51	595	595	595
Operating profit	-213	-276	-125	34	103	223	291	350
Other Income								
Profit- sale of real estate	0	0	0	0	0	0	0	0
Profit- services	0	0	0	0	0	0	0	0
Profit before tax	-213	-276	-125	34	103	223	291	350
Tax								
	0	0	0	0	0	0	125	179
Net Profit	-213	-276	-125	34	103	223	166	179
Cash Profit	-213	0	520	679	749	818	761	774

43



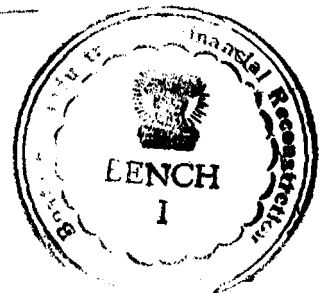
Annexure-VI
Binny Processors Ltd. (Proposed)

Cash Flow Statement
For the year ending March 31,

(Rs lakhs)

	1998	1999	2000	2001	2002	2003	2004	2005
Cash Profit	-213	74	520	679	749	818	761	774
Increase in Term Loans/Debn.	2500							
Increase in excise loan	0							
Increase in Bank Borrowings	0	190	63	30	0	0	0	
Increase in Prom.Cont.(u/s loan)	2629	0		0				
u/s loan for inv.in BEW,BPL(Freeze)etc.								
Incr. in Equity/Share prem	1200		2	0		0		
Funds from NRF								
Increase in current liab.	0	102	43	17	0	0	0	
Decrease in Current Assets	0	0	0	0	0	0	0	
Decrease in Real Estate Stock								
Sale of surplus w/c								
Funding of int.								
Total	6116	366	640	726	749	818	761	774
Appln. of funds								
Capital Expenditure	2900	2660		0	0			
Normal Capital Expenditure	0	0	50	50	50	50	50	50
Increase in current assets	0	390	167	63	0	0	0	
Decrease in current liab.	0	0	2	0	0	0	0	
Decrease in Bank Borrows.	0	0	0	0	0	0	0	
Repayment of new term loans	0	0	0	500	500	500	500	500
Repayment of old term loans	0	0	0	0	0	0	0	0
Rep. of part intt.dues	0	0	0	0	0	0	0	0
Repayment of excise loan	0	0	0	0	0	0	0	0
Repayment of NRF loan	0	0	0	0	0	0	0	0
Rep. of old T.C.from Exc.Loan	0							
Increase in real estate stock								
Funds for VRS								
Preli. Expenses	201			0				
Inv. in BEW & BPL (prop)								
	3101	3250	317	613	550	550	550	550
Opening balance	0	3015	131	560	673	872	1140	1351
Surplus/deficit	3015	-2984	429	113	199	268	211	224
Closing balance	3015	131	560	673	872	1140	1351	1575

44



ANNEXURE-IV

DSCR

Term Processors Ltd. (Proposed)

	1998	1999	2000	2001	2002	2003	2004	2005	Total
NUMERATOR									
PROFIT AFTER TAX	-213	-374	-122	74	103	223	166	179	384
ADD: DEPRECIATION	0	300	595	595	595	595	595	595	3870
FROM CONTR.	213								
REAL ESTATE PROCEEDS									
INT. ON TERM LIAB.	213	425	425	387	298	213	128	43	1915
EXCISE LOAN									
	213	449	595	1012	795	1031	889	817	6089
DENOMINATOR									
INTEREST ON TERM LIAB.	213	425	425	387	298	213	128	43	1915
REPAYMENT OF TERM LIAS.	0	0	0	500	500	500	500	500	2500
REPAYMENT OF EXC. LOAN									
REPAYMENT OF NRE									
	213	425	425	887	798	713	628	543	4415
DSCR	1.00	1.06	1.41	1.15	1.25	1.45	1.42	1.58	1.38

4.5

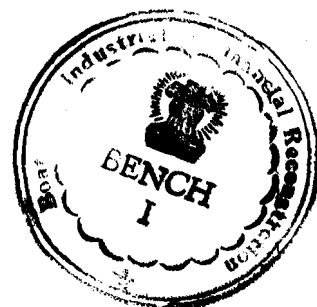


Annexure-VI
 Binny Processors Ltd. (Proposed)
 Projected Balance Sheets as at March 31.

(Rs lakhs)

	1998	1999	2000	2001	2002	2003	2004	2005
Share Capital								
Equity	1200	1200	1200	1200	1200	1200	1200	1200
Preference								
Reserves & Surplus	0	0	0	0	0	0	125	304
Capital Reserves								
Share Prem./rc								
Unsecured loans by promoters	2629	2629	2629	2629	2629	2629	2629	2629
Bank borrowing for Working cap	0	192	272	303	303	303	303	303
Term loans (old)	0	0	0	0	0	0	0	0
MCTL	0	0	0	0	0	0	0	0
Overdue Funded interest								
Funded interest new								
Inter-unit Balance								
New Loans	2500	2500	2300	2000	1500	1000	500	0
Excise Loans								
Loan from NRF	0	0	0	0	0	0	0	0
Current liabilities	0	122	145	162	162	162	162	162
Other Non-C.L.								
Total	5329	5521	5747	5794	5794	5294	4919	4598
Net Fixed Assets	3113	3673	3128	4583	4038	3493	2948	2403
Investments	0	0	0	0	0	0	0	0
Inv. in BEW/BPL (Proo.)								
Current Assets	0	350	557	620	620	620	620	620
Other Current Assets	201	151	101	51	0	0	0	0
Inter-unit balance								
Stock-in-trade								
Cash Balance	3015	131	562	673	872	1140	1351	1575
Deficit in F & L Account	0	276	401	367	264	41	0	0
Total	5329	5521	5747	5794	5794	5294	4919	4598

46



1. The Chairman & MD.
Binny Limited,
55, Armenian Street,
Post Box No. 55,
Madras-600 001.
2. The General Manager,
State Bank of India,
Central Office,
Post Box No. 12,
Madame Cama Road,
Bombay-400 021.
3. The Manager,
Credit Wing, Canara bank,
Head Office, 112, J.C. Road,
Bangalore-560 002.
4. The Asstt. General Manager,
Indian Bank,
31, Rajaji Salai,
Madras-600 001.
5. The Chairman & MD.
Lakshmi Vilas Bank Ltd.,
Administrative Office,
Post Box No. 42,
7/3, A. Ramakrishnapuram,
Karur-639 001.
6. The Chairman & MD.
Industrial Development
Bank of India,
IDBI Tower, Cuffe Parade,
Bombay-400 005.
7. The Chairman & MD.
Industrial Finance Corpn.
of India,
Bank of Baroda Building,
16, Sansad Marg,
New Delhi-110001.
8. The Chairman & MD.
Industrial Credit & Investment
Corporation of India,
163, Backbay Reclamation,
Bombay-400 020.
9. Secretary to Government
Handlooms,
Handicrafts Textiles Khadi Deptt.
Secretariat, Madras-600 009.
10. Joint Secy. to Govt.
Industries & Commerce Deptt.
Govt. of Andhra Pradesh,
Hyderabad.
11. Joint Secy. to Govt.
of Karnataka,
Commerce & Industries Deptt.
III Stage, Multy Storeyed Bldg.,
Sachivalaya-II,
Dr. Ambedkar Veedhi,
Bangalore-560 001.
12. The Secretary
Deptt. of Textiles
Govt of India
Udyog Bhavan,
New Delhi.

Copy to:-

1. The Dy. General Manager,
State Bank of India,
Local Head Office,
Post Box No. 398,
11, Sansad Marg,
New Delhi-110001.
2. The Asstt. General Mgr.
Canara Bank,
Prakash Deep Building,
4th Floor, No. 7,
Tolstoy Marg,
New Delhi-110001.
3. The Chief Officer,
Indian Bank,
Zonal Office, Upper-
Ground Floor, World-
Trade Centre,
Babar Road,
New Delhi-110001.
4. The Dy. General Manager,
Industrial Development
Bank of India,
Indian Red Cross Socy.
Bldg., Red Cross Road,
New Delhi-110001.
5. The Dy. General Manager,
Industrial Credit &
Investment Corpn. of
India, 6th Floor,
Jeevan Bharti Building,
Tower-2, New Delhi-1.
13. Shri C. Venkataraman,
Flat B, First Floor,
SRIJI Apartments,
25, Rajasekaran Street,
Mylapore, Madras-600 001.
(For Information Only)
14. The president/Gen. Secretary,
Buckingham & Carnatic Mills
Staff Union, No. 60,
Krishnadev Road, Madras-600012.
15. The President/Gen. Secretary,
The Madras Labour Union, (B&C Mill)
176, Strahans Road, Madras-60001
16. The President,
Binny Employees Unions,
177, Thambur chetty street,
Madras-600 001.
17. The President,
The Binny Beach Engg. Anna
The Children Sangam,
5/100, Subalar Gardens,
Choolaimedu High Road,
Madras-600 079.

18. The President,
The Binny Mills Labours Association
13/14, Madhurai Mudaliar Road
Jolly Mohalla,
Cottonpet,
Bangalore-560053
19. M/s. Southern Alkalies And Matine
Products Pvt. Ltd.
59, Prince Market
Uthasagar- 420003
20. The President
Binny Beach Engg. Workers Union
2/83 GST Road
Megnambakkam
Madras-600 027
21. Additional Chief Officer
Reserve Bank of India
Industrial Expert Credit Deptt
Central Office Bldg., 12, Floor
Bombay-400 023