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LABOLA \& EMPLOMAHT DRPARTMEHT.
LLTTLT $1 . \ldots \nmid 1050 / A I / 91$ -
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TuIru M. Verkatachalam, I.A.S.,
secretery to gumarnmont,
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Bi gir Crurt, Madrca-600 104.

Bub: W.A.HPA. 530 and 531 or 1991, Higl Court, Kadras -
 Btwid of tiwe Btala cevormoent - Rogarding.
sichata
I win dirceted te recall tbo tolepbanic cenareation ywa had with the bacroticy t Gevernoont, Labour a rapleyment Dopartmont about the covamacnt's stand on the woport of one Muger comianion on $\& 6$ Mizle and to stato as follows-
2. The State geverament suppert the findings of the ase Member ceacissian tuat aifting of the precosing soction $t$ o blavanagiri will be dutriuntal totbe interest of $t$ be workarg, ar the sanc time, tbo st wo governoont aro intorosted in weoling that tho $M \leq 11$ is repence at two earliost. request you to
3. I an tharofors, tocesivey tuc abows starid of tbx Etate Governmont to the Uid) Court, Madres.

Yours ficitbrully,


Joint Secectary so Government Labour and Enip:ojes snt Diriartmeur


LABOUR AND EMIPLOMMINT DEPARTMENT
Letter No.26050/A.1/91=-

## From

ThiruR. Varadtarajalu, I.A.S., Secretary to government.

To
This W.R. Varadharajan,
A.E.113. 10th Main Road,

Anna Nagar.
Madras - 600 040. (wee. )
Fort. St. Georte_ Madras_= 600_0092 _dated 07:09:1991
Sir.
Sub t LaBOUR - B \& C Mills Limited, Madras Reopening of - Press release by Hon' bile Chief Minister.

I am enclosing a copy of the Press release issued by the Honourable Chief Minister regarding reopening of $B \& C M i l l s$ Lialted, Madras for your kind information.

Yours faithfully,




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Trom
Thiru A. Subr aman iam, B. Sc.B.L., Adaitional Secretary to Governmont.

## To

The General Secr otery, The Mondran Labour Union, 176 Str dhans Roat, Mats cs-12(w. a)
The Gener al Secretary, B\&CU111s Staff Union,
7- 60, Kr Lalmadars hont. Madras-12(w.e)


Six,
Sub: Liabour Diopute - B \& C Mill problen - Regar ding.
Refs lixom the InBI Tal ex Messenecr No. 1184812 dated 26.12.1991.

I am air ected to anclose n copy of the Tel ex Message received from the Industrial nevelopment Brak of India_ Bombay for information.

Tour s Pad theuliy:
 for Alditionnt suor vtix ${ }^{\prime}$ to dovernment.
$x$ dus. 26.12.

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FROR SBPREPART DEPT. OF LABDUR GOVI. OF TAMIL HADO MATRAS THX NO. 417400

FROM PL DAERAL GA RFD IDBI HOMBAY

REG. BINII L'D. () FURSUANT TO THB DIR DOTIVES OF HIGH COLRT,

 SULMISSION TO LABOUR COLAISSIONER () AFPLR FINDINGS OF THB STUDI
 REIORI WAS JENI IO LaHOUR COMISSIDIIER WHICH wAS COHSIDERED AT THK MLERING TAKLI BY HDI ON OCT. 3,1931 () DURTNG THB SAID MBETING LABOUR UNTON HAD SOUGHL CEITAIN CLARIPICAITIONS, NDD AS DIREDTED BI LABOUR COMMISSIONER, SAYB VERB FURNISHED IN THB FITSI WGR OT

 RAISED BY LMLOUR UNION ON FINMMGS OF RERORT () لUITHER AT THR MEETING CONVEIGO BY YDU ON TN. 13, 1991 OUR REARSEAMAIVE HAD AGAIN CLARIFIED THS ISSUBS RAISED BY LAJOUR UNTON () IN THIS






MSG MO.752 26/12/91

## 417357 IDBI IS

 1184812 IDBI II IN ACK MR NKD ND WAII DR./true copy/

DEMANDS OF THE WORKMEN
PENDING SETTLEMENT

1. The Unions have been demanding that the wage Revision effected for the workinen in the Textile Industry in Tamilnadu should periodically be extended to the B \& C Mills Workmen also.

The last such revision was made by the Justice Varadan Award in the case of other workmen In Tamil Nadu Textile Industry.

The Varadan Award benefits should be extended with retrospective effect from list May 1986.

In case of revision of work norms also the pattern prescribed in Part 11 of Justice Varadan Award should be followed with the stipulation that (a) there should be ns compulsory retrenchment and (b) the gains should be shared with the workmen.

In case of future revisions in the textile industry, ber.eflts of the same should also be available to the Workmen of B\&C Mills.

## NOTE:

a) For the time rated operatives, those on running scales of pay annual increment to be settled.

1) For Picce-rated occupations, Dearness Allowance should not be merged with basic wages.
c) While implementing the Award, regarding Staff, revise the annual increament by it increase on the revised basic pay after merger and fix the running scale of pay and rearrange High cost Allowance in the same manner as had been done in the earlier settlement dated 6.6.1980.
2. Basing on our earlier discussion during November 1990, negotiate and settle the efficiency for Piecerated occupations and the incentives.

All piece-rated wages calculations should be based on 8 Hours.
3. Medical reimbursement for workmen who are not covered by E.S.I. Act, and their families and payment of wages during the period the workmen on sick leave, on production of $a$ Medical Certificate from a Registered Medical Practitioner.
4. Restore Night/'C' shift allowance, sick leave allowance and temporary war production allowance to all the workmen to the present and new entrants.
5. THE FOLLOWING PRIVILECES AND BENEFITS RESTRICTED/WITHDRAWN BE RESTORED.
a) Fraction of a day's leave
b) A month's wages on the date of retirement
c) rrain late permission
d) Cate entry timings
e) Absent couversion through petition
f) Absent withnist leave on a day precueding or following a non-scheduled festival holiday Automatic conversion to leave.
g) Off payment
h) Promotions
i) All kinds of incentives prevailing before 1980.
6. Supply of Uniform to all workmen

Supply of Soap to all workmen.
7. Trainees should be confirmed after the completion of two years.
8. Abolition of Contract system in Security Department.
9. Heat Allowance, Dust Allowance, Risk Allowance to be Introduced wherever applicable.
10. CANTEEN:
a) Full Meals
b) Marning tiffin
c) Tea supply in ' $B$ ' shift in first session also.

NOTE:
This is without prejudice to our right to add to amend or alter this list of demands.

EXTRACT FROM THE CRDERS OP THE DIVISION BENCH, MADAAS high court on the miscellaneous perimions in WRIT APPEAI NOS. 530 AND $531 / 91$

## DATED 19-6-1991 :

When this Court was confronted with the issue as to what may be done with respect to the emoluments of the workmen during the pendency of the appeals and the Writ Petitions and until the report of the Commission is received, it took into account the provisions of Section 25(0) of the Industrial Disputes Act, 1947 as well asthe challenge to its vires in one of the writ petitions, namely, N.P.No. 5103 of 1991. The Court is aware that so lone as the provisions of law is not declared ultra vires, it holds the field. In terms of What is provided in sub-section (6) of Section 25(0) of the act, where the permission for closure has been refused, the closure of the undertaking shall be deemed to be illegal from the date of closure and the workmen shall be entitled to all the benefits under any law for the time being in force as if no notice had been given to him. Ihis Court would have ordered for payment of all legal benefits by way of salary etc. to the workmen. Yet, in the interest of all concerned, particularly the financial constraints on the management with respect to which lengthy arguments were advenced, decided to go by

## : 2 :

consensus-more or less the consent of the parties, and accordingly ordered that all employees of the Mills shall receive 50 per cent of their respective gross emoluments for the month of April 1991, in the ilirst week of May, 1991 and for the month of May, 1991, in the first week of June, 1901 inclusive of the provisions in case of such persons tho receive provisions from the stores of the mills subject to the condition that no one shall be paid less than Rs. $400 /$ each month, viz., April and May, 1991, besides the provisions. The Court also took notice of the undertaking of the management and recorded thus:

We have already taken notice of the legal position in this behalf. Ihe management has been benefitted by our order to the extent of half of the emoluments which under the law they were obliged to pay to the workmen. The inadequacy of the funds to meet the legal oblipations to pay the employees cannot justify any order to the effect that the management would take its own time to per the emoluments to its employees as that would amount to denying to the employees such amount of money whion would be not only half, of the amount to which they are entitied to, b force them to suffer a total deprivation of any income in the month of June, 1991.

## DATED 4-7-1291 :

So far as the petitions in CMP NOs. 7365 and 7370 of 1991 are concerned, the appellants have oonfined, in our opinion, reasonably, their olaim for the provisions only and for only those who received provialons for, according to them, provisions are received in advance to be adjusted in the salary payable for the following month. They have respected the spirit of our earlier orders with regard to the payment of fifty per cent of the gross emoluments in all respects except that they have come to say before us that if those who received provisions are not supplied with such essential provisions that are necessary for their subsistence they would go without any food or subsistence. Management, however, responded to the petitions with a stout opposition that they do not have the means to raise even such amount of money which would enable them to purchase essential provisions from the Civil Supplies Department of the 3tate Government as mell as from other sources. We are, however, informed at the Bar that while the Management maintained such a stand in repard to supply of essential protisions to the employees who have been depending solely upon the provisions supplied by the stores of the mills, while these petitions were in the course of hearine, they disbursed salary to the management staff worth about Re. 9 lakhs. While we do not see any reason to find fault
with the management paying to the managerial staff its due emoluments, we cannot understand how the management can adopt a dual policy one for the managerial staff and the other for the workmen. As managerial staff is entitled to receive emoluments the workmen are similarly entitled to receive emoluments. If there has been any decision to close the Mills that was entiroly of the management and not a doing of the workmen. Atleast that is so on the record of this case and if as a consequence of such a closure by the management statutorily the workmen become entitled to a right to receive the emoluments there is no reas on why the manapenent should not obey the statute and instead decide to pay those who do not have any statutory protection. DATED_7-8=1921 :

In the meanwhile, however, there is no control of the Court on the march of time and each day the workmen and the members of their family need food and other essential provisions. They are going without emoluments. The command of law in Section 25-0(6) is clear and categorical,
*Where no application for permission under subsection (1) is made, within the period specified therein, or where the permission for closure has been refused, the closure of the undertaking shall be deemed to be illegal from the date of closure and the workmen shall be entitled to all the benefits under any law for the time being in force as if the undertaking had not been closed down".

The obligation under Section 25-0(6) on the P acts of this case so long as the closure is not accepted as valid shall remain attached to the management and the management shall be bound by the command of law to continue payment of wages to the eraployees/workmen yet, the lianagement

## JUDGRIEIT DATUD 27-9-91 IN W.P. NO. $5102 / 91$

'Ihe order passed to-day will not prejudios the ripht of the employees to clatin their emoluments pending orders on the closure application.

MANAGENENT SLP NO. $16097 / 91$ IN THE SUPREME COURT OP INDIA GROUND 3 POR APPEAL - MANAGEMENE PAPER BOOR GROUND NO. 4

I'he petitioner submitg the remand order would involve multiplicity of proceedings and burden the Company to more loss to pay wages etc.

Whe order of High Court remanding the matter to the Comnissioner to reconsider the entire matter afresh is not just and proper and it would create burden and liability on the petitioner in addition to it will create new additional liability and burden on the Petitioner and particularly the directions given by the High Court in para 70 and 71. High Court having noted the Company has incurred heavy $10 s s$ in crores of rupees and this will further add to the $10 s s$ and therefore the order of remand will lead to miscarciage of justice and excessive, hardship. rhis will protract the litioation further.

Whe supeeme Court of India by its order dated 22-10-91 dismissed the Management's 8 peoial Leave Petition No. 16097/91.

### 3.5 Means of finance

3.5.1 Keeping in view the earlier financing plan, the revised cost of the scheme is proposed to be financed as under:

Detaila

I'otal Promoters Balance Contrib.

(Rs. Lakha)
C. B \& C RE-OPENING EXPENSES
$\begin{array}{llllll}\text { (iii) Wages during } & 430.00 & 86.00 & 344.00 & 172.00 & 172.00 \\ \text { olosure }\end{array}$

## THE MADRAS LABOUR UNION

President: W. R. VARADA RAJAN, B.Com.. C.A.I.I.B, Ex. M.L.A.

Date.. 8.12 .91

Thiru T.V. VENKATARAMAN, I.A.S..
Chiel Secretary
Government of Tamil Nadu
MADRAS 600009.
Dear Sir,

BINNY LIMITED, MADRAS.

Please refer to my letter dated 4th October 1991, on the BIFR Special Bench directive to the Government of Tamil Nadu to furnish their views on whether Binny Limited had fulfilled all the terms and conditions stipulated while granting approvals for sale of land and buldings. I am yet to recelve any response to this as well as other communications to the Government.

In this regard $I$ wish to invite the Government's attention to the further additional information/data/clarification submitted to the Commissioner of Labour, by the Industrial Development Bank of India on 15th November 1991. This additional information, inter-alia, comprise the details of sale proceeds of surplus assets/real estate properties, aggregating to Re.64.16 crores, Of these assets, detalls of properties at Madras are given in the Appendix to Annexure 1 of the IDBI data. I briefly summarise the information as under :

## THE MADRAS LABOUR UNION

# B \& C MILLS STAFF UNION 

Location of property 8 other details

1. Cooks Road - Area 134 Grounds

Total realisable value (Net)
Re. 543 lakhs
2. Armenian Road property - Head Oifice
premises proposed to be converted
into a commercial complex - Area
37 grounds Rs. 1154 lakhs
3. Boat Club - Adyar - Posh, luxuries Guest Houses - Area 22 Grounds

Rs. 475 lakhs
4. Buckingham Garden - Perambur Area 353 grounds Rs. 350 lakhs
5. Carnatic Garden - Perambur Area 246 grounds" Rs.415 lakhe
6. Ashwell Maidan - Perambur

Area 287 grounds
Rs. 181 lakhs
7. Joint School compound - Perambur

Area 194 grounds

Total
Re.32.80 Crores

Ii may please be noted that the IDBI in its another report submitted
to the Commissioner of Labour had also stated as follows:

# B \& C MILLS STAFFUNION 

President : W. R. VARADA RAJAN, B.Com., C.A.I.I.B., Ex. M.L.A.

Date. $\qquad$
"In view of the present sluggish market conditions for real estate properties and as some of the properties of the company are in low lying areas, initial developmental work will need to be taken up to take full advantage of the floor space index (FSI) and realise better sale value. If the assets are to be sold on 'as is where is' basis, these will not fetch remunerative amount and institutions/banks are not likely to support the proposal".

The IDBI representative Thiru M.T. PALRECHA clamfied that the developmental work proposed to be taken up wes building up of flate/complexes.

Thus, the whole venture is one of making profits out of real estate business. And the realisation value in some case are as abysmally low as 60000 Rs. per ground. Even the cumulative amount of proceeds realisation for 1273 grounds (with the Head Office Complex at Armenian Street and Adyar Boat Club palacial guest houses) is only Rs. 3280 lakhs - an average yield of Rs. 2.5 lakhs per ground only.

Thus, the proposed real estate bysiness by the management of Binny Limited, (precisely the present promoters - Udayar Group) is not only a violation of the conditions stipulated, i.e. going into real estate business as critised by the BIFR, but also a gross underestimation misleading the Government authorities in this regard. It should also be noted that these estimates of realisation of sale proceeds of real estate relate to the period from 1994 to 19981

# THE MADRAS LABOUR UNION 

# B\& C MILLS STAFF UNION 

(Reng. No. 2399)
60, KRISHNADASS ROAD, MADRAS-12.
Plown ind
Gimeral sememiry N. SRIRAMULU
Pre:ident W. R. VARADA RAJAN, Bron CAllB.1.M:A

Full information in the matter is available with the Commissioner ul Labour, before whom the IDBI filed all its reports.

I trust that the Government will examino these detailed information. and take appropriate actions to stop the plunder of the properties of the company by the present promoters, taking advantage of the exemption from the Urban Land Ceiling Act and permission to dispose of surplus assets. The intentions of the promoters are crystal clear amass wealth through real estate business either by shifting process house to Bhuvanagiri or by closing the mills and go in for liquidation.

These matters involve scrutiny and investlpation in public interest as wel: Hence my request to the Governmont 10 urpently indiate atitull in this regard.

Awaiting to hear from you.

Yours sincerely,

W.R. VARADA IKAJAN

PRESTIOENT
MADIRAS LABUUR UNION
$t$
B \& C MILLS STAFF UNION.

# THE MADRAS LABCURUNION 

BiC VILLI - A BF UNION
(E \& C Mills) 60 . (rishma vas Road, Mantras 1 (Registered Under the Indian Trade Union Act. 1926) INDIA'S FIRST LABOUR UNION

Etd. 1818
Reg. Mo. 722
176. STRAHANS ROAD. MADRAS -600 012.

President
W. R. VARADA RAJAN B Com., C A.I.I B. Ex. M.L.A

General Secretary
G. matigava rad

Thiru.T.V.VENKATARAMAN, IAS,
Daro.........10.....9............
Chief Secretary.
Government of Tamil Nadu,
MADRAS. $600 \quad 009$.
Dear Sir.

## B G C M111s, Madras $^{\text {C }}$

This I am writing in continuation of my letter dated 26 th September. 1991 , addressed to you.
2. The Division Bench of the Madras High Court has on 27.9.5i passed orders on the writ petitions filed by the Management. The court has quashed the order passed by the Commissioner of Labour on $\theta .2 .1991$ and the case has been remitted back to him for a re-haering and disposal in accordance with law.
3. The court has also directed the IDEI to submit its report to the Commissioner of Labour.
4. In the $i$ light of the Court order and the necessity to feed the IDBI with appropriate inputs for working out the revised rehabilitation package, certain urger steps are called for. I briefly narrate some of the steps to be taken by the Government of 'Tamil Nadu.
5. It has been reported in the press (Vide xerox copy of Economic Times report dated 29.9.91, enclosed) that the Management is likely to file a special leave petition in the Supreme Court. This again will be an exercise to delay the matters. The\& Government of Tamil Nadu may take immediate action to file appropriate petitions in the supreme court to ensure that no exparte injunction is obtained by the management, against the High Court orders.

# THEMADRASLABOURLUION <br> ( E \& C M1la) <br> (Registorad Undor the ladian Irade Union Act, 1926) imdia's first labour union <br> Estd. 1914 

176. STRAHANS ROAD. MADRAS-600 012.

President
W. R. VARADA RAJAN 8.Com., C A.I.I.B., Ex. M.L.A.

Date...4-10-1991....
6. The Government of Tamil Nadu has accepted the report of the one man (K.H.N.Singh) conmission that shifting of the procesa house will be prejudicial to the interests of the workmen. The Government should not only convey thia etand to the 1 DBI and SBI but also impress upon the IDBI to work out a revised package without involving shifting to Bhuvanagiri.
7. The Government may also ensure that the commasioner of labour, issues'notice to the parties and commences imnediately the statutory re-hearing on the managenent application for closure.
8. In Hine with the sand taken by the Government opposing the shifting of process house to Bhuvanagiri, the Governmant may take the following steps?
(a) With-draw the exemption granted to the proposed process house at Ehuvanagiri from power cut and peak hour restrictions.
(b) Issue orderg refusing permission for shifting of Madras process house to Bhuvanagiri.
(c) Iasue orders dis-approving conversion of agricultural land at Bhuvanagiri for liddustrial use.
(d) Isste orders with-drawing the exemption given to binny Ltd, under Urban Land Ceiling Act for sale of surplus assets, ur. ss. the company honours the Government order not to close the mills at Madras and givesmup the proposal for shifting

# THEMADRASLABOURUNION 

( B \& C mills)
(Registered Under the Indian Irade Union Act, 1926) INDIA'S FIRST LABOUR UNION

Hate. 1918
176, STRAHANS ROAD. MADRAS -600 012.
W. R. VARADA RAJAN B.Com., C A.II.B., Ex. M.L.A.

Date.

..3..
process house to Bhuvanagiri.
(f) Communicate these orders/decisions to IDEI to enable them to work out a revised package for reopening and running of the composite mills at Madras.
9. It may be pertinent to point out that the Government of Karnataka, while granting approval for sale of lands in Bangalore, stipulated that any proceeds thereof should be invested only in Karnataya. The management have refused to accept this stipulation even.
io. In view of the facts that the present management has effected an illegal closure despite statutory orders rejecting the application for closure, indulged in protracted litigation as a dilatory tactics and refused to accept the findings of the oneman commission presided over by a former Chief Justice of Madras High Court, the Government must come forward to take stringent measures to comped the management to respect the keenness of the Government to reopen the B $\&$ CHills.

## THEMADRASLABOURUNION

( B \& C Mills)
Registered Under the Indian Trade Union Act, 1926) INDIA'S FIRST LABOUR UNION

Enid. 1818
176. STRAHANS ROAD. MADRAS-600 012.
W. R. VARADA RAJAN B.Com., C.A.II B., Ex. M.L.A.

Dato...4-10-19a1
..4..
11. I shall be glad if you will please apprise the Hon'ble Chief Minister of these ration and secure an opportunity for a further meeting with her.

Thanking you.

$$
\begin{aligned}
& \text { Yours Sincerely, } \\
& \text { CIRE } \\
& \text { (W. RHARADA RANAN) } \\
& \text { PRESIDENT } \\
& \text { MADRAS LABOUR UNION } \\
& \text { \& C MILLS STAFF UNI ON. }
\end{aligned}
$$

1. Binny Limited
2. I.D.B.I. (Le ga)
3. I.P.C.I.
4. 3tate Bank of India(Lead)
5. C.nara Bank
6. Lakshmi Vilas Bank Lta.
7. Govt. of llamil Nadu
8. Fraser and Ross (Auditor of the Co.)
9. I'he Institute of Chartered Accountants of India

## SEECIAL BENOH - II

Present : Shri R. Ganapati, Ghairman Shri N.O. Banerjee, Kember Shri B.D. Gupta, Member Shri Badal Roy, Member

The following are present at the hearing:
Name \& Designation
$\frac{\text { of the Representatives }}{\mathrm{S}} / \mathrm{Shri}$
S. Natarajan, Director
R.R. Ramamani, Advocate M. Ethurajan, Executive Chairman
Md. Zakir, DGM
T.M. Nagar ajan, DGM

Sunil Kapoor, Manager
J.P. Varma
C. Paranasivam, Manager

Capt. K. Raman, Asstt. G.M.
L. Balasubramanian, Manager
R. Chakrapani, Dy. Sedretary
P.3. Swaminathan, Partner

Kamal Gupta, Iechnioal Direotor
10. The Madras Labour Minion)
11. $B$ \& $C$ Milis Staff Union)
9. Shri Ethurajan said that, according to him the steps taken by the Company and the intention of the manageraent to go in for real estate business wers sufficient. and the presentation of the accounts was in order. the Bench pointed out that the permisgions for sale of some fixed assets obtained by the Company from PIs/banks/State Govts. were for the express purpose of raising resources for financing its rehabilitation costs as the Company could not generate ajequate cash surpluses from its unsatisfactory operations. the conditions stipulated were not for enabling the Company to go into real estate business. In other words, it appears that on the one hand the Company approached the FIs/Bank/State Govts. for permission to raise resources for finanelng the oost of rehabilitation from the sale procerds of real estate and on the other, the transactions have been shown in the books of accounts as "real estate business". the 'lax authorities have also been misled in the matter. In this connection, the Bench desired the concerned state Govts. to examine whether the Company had fulfilled all the terms and conditions stipulated by them while granting approvals for sale of lands and buildings and to furnish their views to the Board within 15 days.

