

LETTER REF: B&C/3MC/1

Dated. : 10/02/92

THIRU N. ADHIMOOLAM, I.A.S.,
Commissioner of Labour
Government of Tamil Nadu,
Madras 600 006.

Dear Sir,

B&C MILLS - 3 MEMBER COMMITTEE

1. I refer to your letter NA3/93073/91 dated 4/2/92 and to the discussions held in your office on 5/2/92.

I also refer to my copy of letter dated 5/2/92 from Mr.W.R.Varadarajan addressed to you.

2. As a member of the three member committee constituted in connection with the efforts for reopening of B&C Mills, Madras, I wish to recommend that the following course of action be adopted.

3. Choice of the Scheme.

a) In his letter dated 5/2/92, Mr.W.R.Varadarajan has suggested that it is open to the three member committee to consider any viable proposal with or without involving Bhuvanagiri project, as even the Bhuvanagiri scheme has now turned out to be unviable.

b) A number of alternative schemes were considered by IDBI in the recent past. Based on a directive from Madras High court, IDBI also carried out a re-appraisal of the scheme already approved by them earlier. In this context, IDBI also appraised a scheme providing for retaining the process house at its current location.

c) After careful re-appraisal of the different options considered, IDBI submitted a report stating that all options considered have become unviable due to cost escalation. However, IDBI feel that of the various alternative proposals considered, the one providing for shifting of process house to Bhuvanagiri is the least unviable.

d) IDBI also indicated that the schemes concerned with retaining the process house at its current location are fraught with high risk in view of non-availability of required quantity and quality of water and fuel. Thus the other schemes suffer from lack of technical feasibility, which is as important criterion as economic viability.

e) Alternative schemes have been analysed and reappraised by IDBI. Considerable deliberations and discussions have already



taken place between Management, Union and IDBI, in the presense of State Labour Commissioner and Labour Secretary. IDBI have also confirmed that clarification/information sought for by the Union were furnished.

f) In view of this, the committee should recommend to the management to re-work the scheme which involves shifting of the process house to Bhuvanagiri with suitable changes to make the scheme viable at the present cost structure. It is not advisable that the committee should spend its time on considering other options which are fraught with high risks. This becomes more important in view of the limited time available before the date of expected reopening of the Mills.

4) In his letter dated 5/2/92 Mr. W.R.Varadarajan has suggested that the re-opening of the mills on 13/4/92 has to be strictly adhered to, irrespective of the finalisation of report by the committee or clearance of the scheme by IDBI.

In this connection it must be noted that it is not practical to plan for a situation whereby the Mills will reopen without assured financial assistance from IDBI and SBI. The very fact that a period of roughly two months was given for the planned reopening of the mills is indicative of the fact that necessary formalities will have to be gone through and completed within this period of time.

5) In view of the limited time available for the Financial Institutions and bank to assess the revised proposal to be submitted by the management, it will be necessary for the management to buildin only acceptable constraints while preparing this package.

It will be necessary for the committee to give guidelines to the management so that the additional suffering, if any, on the part of the workmen is avoided. The following recommendations can be given.

a) Management to ensure that no permanent workmen on rolls are retrenched due to accepting the revised package.

b) Management to ensure that the trainees who have completed three years of service as on 31/3/91 are given continued job opportunities.

c) No wage freeze to be applied for workmen.

d) Management to continue to work the Northrop looms till they can be replaced with alternative looms. This recommendation is given in accordance with the wishes expressed by the workmen that no significant reduction in activity should be planned in areas other than process house and allied departments. However this is likely to result in selling problems since market demand for narrow width drills and casement is reducing. To overcome this, the committee should recommend to the Tamil Nadu Government to

resume placing bulk orders for uniform requirements on this mill, as was done during the period 1985/1988.

e) During September/December 91, a series of meetings were held between the management and the unions to improve the worknorms and reduce manpower employment per day. While the management indicated a scope for reduction in employment to the extent of about 1400 per day, the Union indicated an acceptance of reduction of around 650 men per day. The union further indicated that they will reconsider and examine the feasibility of effecting a reduction of 1000 men per day. In this connection, the union raised issues relating to revision of wages.

In view of the limited time available to prepare the package for assessment by IDBI and the fact that no agreement has yet been reached between the management and the unions on this issue, the committee can recommend to the management to adopt worknorms based on Kamalarathnam award (1981) as per 12(3) settlement Dt.6/6/81, while working labour requirements for the revised package.

6) Mr. W.R.Varadarajan in his letter dated 5/2/92 has suggested that the implementation of Varadan award and other demands of workmen will have to be dealt with by the committee.

a) Supreme court has held that Varadan award is not applicable to B&C Mills.

b) As per the recommendations given above, the management will be requested to rework the scheme without any additional sacrifice on the part of the workmen. In view of this and the limited time available for preparing and submitting the scheme to IDBI for approval, the committee should recommend that these issues should be referred to SITRA or SIMA for a detailed study after the mills reopen. The study should be completed in three to six months time.

c) It can be recommended that, after receipt of SITRA/SIMA report, management and the union should enter into a bilatera settlement on the modalities of sharing of benefits as a result of improved work norms.

d) This will help protect the interest of the workmen in the long run and also help avoid any delay in the planned re-opening of the Mills.

e) Work norms as per Kamalarathnam award (1981) to be practised after the Mills reopen, till a new settlement is reached.

7) High incidence of absenteeism has been one of the main factors resulting in loss of capacity utilisation. Incentive schemes, tried out, earlier did not help improve attendance. The committee can recommend a suitable incentive/penalty scheme to help curb absenteeism. As an alternative, this issue can also be referred to SITRA or SIMA for study.

8) It is recommended that the committee should confine itself to giving guidelines to the management on the above lines. It will be the responsibility of the management to prepare a revised scheme incorporating these guidelines and present the same to IDBI for appraisal in time.

9) The committee, in the interest of reopening the mills on the stipulated date, should recommend to the management and the union, to settle all other pending demands by conciliation before the State conciliation Officer and enter into a 12(3) settlement on those issues before reopening of the mills.

10) TIME SCHEDULE

The committee should take into account the fact that IDBI may require around seven weeks to complete assessment of the package to be submitted by the management. It will take about one week for the management to rework the scheme. It is therefore necessary for the committee to submit its recommendations to the management by mid February 1992.

If this time schedule cannot be met it may become impossible to adhere to the expected date for reopening of the Mills.

Yours Sincerely,



(T.K. VENKATARAMAN)

Copy to

✓ Thiru. W.R. VARADARAJAN
Member,
3 Member Committee.

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15 Feb 92

LETTER REF: B&C/SMC/2

Dt.18-2-1992

THIRU N. ADHIMOOLAM, I.A.S.,
Commissioner of Labour,
Government of Tamil Nadu,
Madras 600 006.

Dear Sir,

B&C MILLS - 3 MEMBER COMMITTEE

1) This has reference to earlier Note B&C/3MC/1 dated 10-2-1992 and subsequent discussions held in your office on 11th February 1992 and 14th February 1992.

2) Based on the guidelines mentioned in the earlier note under reference and to the subsequent discussions that took place in your office, the Management has now prepared a scheme for modernisation/rehabilitation of B&C Mills.

3) The approach adopted by Management in arriving at this scheme and the highlights of the scheme are listed below:

3.a.) Process House will be shifted from its present location to Bhuvanagiri. This is based on uncertain availability of required quality/quantity of water and fuel. Process house in the mills at Bangalore will also be shifted to Bhuvanagiri and the Company will work a centralised process house at Bhuvanagiri. This will help achieve optimum utilisation of machinery, materials and men. Mills will continue to work 7 day week, 24 hours per day as was obtaining prior to 1st April 1991.

3.b.) Provision has been made in the scheme to carry out required repairs/renovation works in spinning and weaving activity which will be continued at the current location in Madras.

3.c.) Provision has been made to improve the humidity control systems required in Carnatic Mill Spinning where bulk of the Polyester blends are worked.

3.d.) Provision has been made to carry out overhauling of the Ruti Looms.

3.e.) Provision has been made for co-generation of power at Bhuvanagiri to help contain costs.

3.f.) The Management has also taken care to ensure that workmen's interest are fully protected even after shifting of the process house to Bhuvanagiri.

3.g.) In this connection reference can be drawn to the memorandum dated 4th February 1992 submitted by the Madras Labour Union and the B. & C. Mills Staff Union to the Hon'ble Chief Minister of Tamil Nadu on 4th February 1992, copy of which was handed over by Thiru W.R.Varadarajan to the members of the Committee on the 14th February 1992.

JRM

3.h.) In this memorandum, the Unions have given expression to the areas where they feel the interest of workmen are likely to be adversely affected. They have made specific reference to these issues under points 15 to 18. It is mentioned that as per the scheme envisaging shifting of the process house to Bhuvanagiri, considerable reduction in the activity levels of Spinning and Weaving will result. It is also mentioned that there will be a steep drop in the number of workmen who are employed in Madras.

3.i.) The Management has taken these points into account while preparing their revised scheme. As per the revised scheme, no significant reduction is planned in spinning and weaving activities at the current location in Madras. The revised scheme is prepared on the assumption that the Northrop looms will continue to be worked in their current location till they are replaced by new looms in a phased manner.

3.j.) It is important that it must be brought to the attention of this committee that adoption of vendor operation by which the mills take advantage of decentralised power loom sector as a source of meeting their grey cloth requirements is being widely practised in the industry. The management has prepared the revised scheme without scrapping the Northrop looms only to help remove any doubts on the minds of the workmen on this approach. Because of this stand of workmen, it must be mentioned that the management is forced not to plan its activities in line with competitors in the industry.

3.k.) With respect to the fear expressed by the union on drastic reduction in employment in the current location, management has taken care to ensure that such a reduction will not take place. This is planned to be achieved in the revised package by taking steps in the following direction:

3.k.i.) Protect the activity levels of spinning and weaving and avoid inclusion of vendor operation in this scheme.

3.k.ii) Adopt work norms as per Kamalaratnam Award that has been agreed to the 12(3) settlement dated 6.6.1981.

3.l.) As a result of the above, no significant reduction in terms of employment will take place either due to changes in activity level or due to revision in work norms. Due to shifting of the process house to Bhuvanagiri there will be surplus labour available in Madras if no workman volunteers to accept transfer to Bhuvanagiri. The Management, while preparing the revised scheme, has assumed that no permanent workmen will shift to Bhuvanagiri and all men will prefer to take alternative jobs in the current location. This will result in surplus labour becoming available immediately after the process house is shifted to Bhuvanagiri. The Management has planned to continue to retain these surplus men on roll and utilise them to meet the vacancies caused by leave and absence. This surplus strength, however, will come down over a period of two to three years time due to separation caused by retirement and other natural causes.

3.m.) While the Management has assumed the work norms based on Kamalaratnam Award for preparing the package, it proposes to refer revision of work norms to a study by SITRA/SIMA after the mills reopen. The study results are likely to be available within six months from the date of reopening.

The Management proposes that the recommendation of SITRA/SIMA with respect to the work norms must be accepted in toto for implementation. Sharing of any benefit that is likely to accrue from adoption of this work norms based on this study report can be bilaterally discussed between the management and unions and agreed upon at the time of implementation.

Since the management has made provisions to retain surplus men on roll till strength comes down to the required levels caused by retirement and separation due to other natural causes, the management will not fill up individual vacancies till the Study reports by SITRA/SIMA are taken up for implementation.

While preparing the revised package the management has also made provision to ensure continued training opportunities for such of those trainees on roll who have completed more than three years training as on 31.3.1991.

3.n.) The Unions have represented that they should be paid wages for the period of closure. They have further represented that in the scheme already re-appraised by IDBI and found unviable, provision was made for an amount as wages for closure period.

It must be mentioned here that while IDBI did provide for an amount and indicated it as wages for the closure period, it also found the scheme unviable and unserviceable. It had further mentioned that we may have to think in terms of wage freeze spread over the entire period of rehabilitation which may come to about ten years.

While preparing the revised scheme, management has taken note of the spirit of the discussions held in the presence of the Hon'ble Chief Minister on 4.2.1992 and have tried ways and means of protecting the interests of workmen and ensure that workmen will not be called upon to make any further sacrifices. This has been made by providing for the following in the scheme:

3.n.i.) Accept the work norms as per Kamalaratnam Award (12(3) Settlement dated 6.6.1981) has been used as the base for the working of the scheme.

3.n.ii.) Provision has been made to ensure that no permanent workman will be retrenched on account of acceptance of transfer of process house to Bhuvanagiri.

3.n.iii.) Permanent workmen will not be compelled to accept transfer to Bhuvanagiri.

3.n.iv.) All trainees on rolls who have completed three years of service as on 31.3.1991 will continue to receive training facilities as before.

3.n.v.) In spite of steep escalation in costs and inspite of the fact that IDBI had indicated that a ten year wage freeze may have to be considered, the revised scheme has been worked out on the assumption that no wage freeze will become applicable.

In view of the above, the management has not provided for any wages for closure period. Any such provision will adversely affect the viability of the scheme and will lead to sharing of significantly additional sacrifices

on the part of the workmen.

4) As per the terms of reference of this Committee, it is necessary to secure settlement under Section 12(3) of the Industrial Disputes Act 1947 confirming acceptance of labour to the revised scheme. In this connection, the management has come out with a charter of demands for arriving\concluding an agreement with Madras Labour Union and the B. & C.Mills Staff Union.

5. The following enclosures are attached to this Note:

5.a.) Highlights of the revised scheme.

5.b.) Estimated cost of the project for B.& C.Mills and process house at Bhuvanagiri.

5.c.) Note on planned labour deployment to take care of employment opportunities for surplus labour as a consequence of shifting the process house to Bhuvanagiri.

5.d.) Charter of demands from the management to Madras Labour Union and the B&C Mills Staff Union to enter into a 12(3) Settlement.

5.e.) Note on concessions sought from State Government with respect to this scheme.

6.) As per the terms of reference, 3 Member Committee has to submit its recommendations before 29-2-1992. It is also necessary that the Industrial Disputes Settlement under Section 12(3) must be reached between the management and the unions before 29/02/1992 to enable the management to forward the scheme to IDBI for approval and obtain release of money for reopening the mills on the planned date i.e., 13th April 1992, since IDBI has already indicated that the management should come forward with a scheme acceptable to both the management and the unions.

Yours sincerely,



(T.K. VENKATARAMAN)

Copy to:

Thiru.W.R.Varadarajan,
Member,
3 Member Committee.

ANNEXURE 1 : Highlights

- 2.1 : Project Cost Summary
- 2.2 : New Machines for B&C
- 2.3 : Maintenance Backlog (Spg., Prepn. & Wvg.)
- 2.4 : Maintenance Backlog (GWH/DH/Eng)
- 2.5 : Bhuvanagiri
- 2.6 : Building Cost at Bhuvanagiri
- 2.7 : Expenses already incurred
- 2.8/ : New Machinery for Dyehouse &
2.9 Maintenance Backlog
- 2.10 : Finished Warehouse
- 2.11 : Details of Start-up expenditure
- 3 : Manpower Deployment
- 4.1/ : Charter of Demands for Madras
4.2 Labour Union
- 4.3/ : Charter of Demands for Staff Union
4.4
- 5.1/ : Concessions sought from Tamil Nadu
5.6 Government



HIGH LIGHTS OF THE SCHEME - B & C MILLS, MADRAS.

Installed/Workable spindles		79088
Installed/Workable looms		1792
Average count		24.27
Average picks per inch		52
Sale value of production per day (Rs. in lakhs)		40.66
Average Yarn production per day in kgs. (at spinning)		
	Cotton	16574
	Blends	13151
	Total	29725
Average cloth production per day (grey) (Mtrs.)		
	Cotton	80112
	Blends	57183
	Total	137295
Average cloth processed) per day (Mtrs.)	B & C	-
	Bhuvanagiri	198914
	Total	198914

PROJECT COST SUMMARY (Amount - Rs. in Lacs)

Annexure 2-1

Sno	DEPARTMENT	BASIC COST	ED, TAXES ERECTION ETC.,	TOTAL COST
I	B & C MILLS			
A	NEW MACHINERIES			
	i) Spinning	47.40	12.33	59.73
	ii) Weaving	41.37	23.70	65.07
	iii) Grey warehouse	5.20	1.35	6.55
	iv) Testroom	64.00		64.00
	v) Engineering	259.21		259.21
	TOTAL - A	417.18	37.38	454.56
B	MAINTENANCE BACKLOG			
	i) Spinning	329.12		329.12
	ii) Weaving preparatory	47.40		47.40
	iii) Weaving	142.04		142.04
	iv) Grey warehouse	6.60		6.60
	v) Dyehouse	40.00		40.00
	vi) Engineering	116.40		116.40
	TOTAL - B	681.56		681.56
	TOTAL - A + B	1098.74	37.38	1136.12
	Contingencies @ 10%	109.87	3.74	113.61
	TOTAL - I	1208.61	41.12	1249.73
II	PROCESS HOUSE AT BHUVANAGIRI			
	i) Dyehouse	711.80	185.07	896.87
	ii) Finished warehouse	40.32	10.48	50.80
	iii) Land and site development	108.63		108.63
	iv) Building cost	935.31		935.31
	v) Resiting of Dyehouse M/Cs	50.00		50.00
	vi) Other items for Engineering	1491.80		1491.80
		3337.86	195.55	3533.41
	Contingencies @ 10%	333.79	19.56	353.35
	TOTAL - II	3671.65	215.11	3886.76
	TOTAL - I + II	4880.26	256.23	5136.49
III	Expenses already incurred			95.37
	Margin money for Working capital			474.00
	Re-opening expenses			1000.00
	GRAND TOTAL (I + II +III)			6705.86

S.NO.	DESCRIPTION	Being Implemented		To be Implemented			Total Value
		Nos	Value/M/C	Value	Nos	Value/M/C	
A	NEW MACHINERIES						
1	RING FRAME SECTION New LR Simplex (LF 1400)					47.40	47.40
2	WEAVING Little Uster Knotting machine					65.07	65.07
3	GREY WAREHOUSE Morrow 70 ABB Sewing machine					1.20	1.20
	Singer Sewing M/cs.(191 D 300A)-Industrial type					0.60	0.60
	Electric Car - (2 to 5T capacity)					3.15	3.15
	Plaiting machine Wide Width					0.25	0.25
	Sub Total					117.67	117.67
4	TEST ROOM Uster Classimat system					12.11	12.11
	Uster Evenness tester - 3 Model B/M					46.21	46.21
	Spinlab Model 154 Stelometer with balance					3.60	3.60
	State - SITRA Trash separator					1.08	1.08
	Microscope					1.00	1.00
	Sub Total					64.00	64.00
5	ENGINEERING 12 T FBC boiler for sizing and yarn dyeing.	1	109.02	109.02			109.02
	Sub Station for 33 / 11 KV					80.00	80.00
	Cell type Air Washer plant for Weaving Dept.					40.00	40.00
	Providing package type Humidifier for Autoconer area and package type H & V plant for doubling					13.69	13.69
	Providing additional H & V plants for India roll Cards & Synthetic Blow room in Carnatic mill area.					11.50	11.50
	Energy instrumentation					5.00	5.00
	Sub Total			109.02		150.19	259.21
	Total New machines			109.02		331.86	440.88
	Excise duty, taxes, freight, erection charges etc., at 26% (Excluding S.No. 2, 4 & 5)					13.68	13.68
	Total			109.02		345.54	454.56
	Contingencies @ 10%			10.90		34.55	45.45
	Total - A			119.92		380.09	500.01

S.NO.	DESCRIPTION	Being Implemented			To be Implemented			Total Value
		Nos	Value/M/C	Value	Nos	Value/M/C	Value	
B	MAINTENANCE BACKLOG							
1	RING FRAME SECTION							
	Buckingham Mill Spinning preparatory (Blowroom to Inters)						12.30	12.30
	Buckingham Mill Ring frames.						94.77	94.77
	Carnatic Mill Spinning preparatory (Blowroom to Simplex)						53.50	53.50
	Carnatic Mill Ring frames :							
	a) LR Ring frames.						46.12	46.12
	b) SKF frames.			6.60			90.50	97.10
	Doubling frames maintenance backlog.						25.33	25.33
	Sub Total			6.60			322.52	329.12
2	WEAVING PREPARATORY							
	a) Winding machines including yarn clearer.						14.40	14.40
	b) Warping section.						1.34	1.34
	c) For Sizing machines :							
	1) Drive conversion, sow box, etc.						22.43	22.43
	ii) Pressure Cooker Vessels				2	1.50	3.00	3.00
	iii) New Hoist for mounting Beams - 1 T capacity				1	0.48	0.48	0.48
	iv) Beam barrel and flanges (NR, RUTI & CIMMCO)						5.75	5.75
	Sub Total						47.40	47.40
3	WEAVING							
	Conversion of Side Weft Fork to Centre Weft Fork				100		2.52	2.52
	Overhauling of Ruti Looms (720 Looms)				sets		139.52	139.52
	Sub Total						142.04	142.04
	Page Total			6.60			511.96	518.56

S.NO.	DESCRIPTION	Being Implemented			To be Implemented			Total Value
		Nos	Value/M/C	Value	Nos	Value/M/C	Value	
B	MAINTENANCE BACKLOG Contd..							
4	GREY WAREHOUSE							
	Super Duplo M/C spare parts.						3.00	3.00
	Other spares						3.60	3.60
	Sub Total						6.60	6.60
5	DYEHOUSE						40.00	40.00
6	ENGINEERING							
	Roof repairs to Carnatic Mill carding, LR Simplex area, 124 Bays in C.M. Cdg. & Spg. area, Bale Godown and other areas in Carnatic Mill.			23.10				23.10
	Double roof for CM Cdg. & Spg. area (70950 Sq.Ft.) excluding SKF Ring frame section						28.80	28.80
	Providing effective return Air system in LR Spg. area.						2.40	2.40
	Replacing OH ducts of H&V plant in Ruti looms section.						7.20	7.20
	Replacement of outaged HT & LT isolaters, breakers, transformers, cables, capacitors, and modifications to the substations as required by electrical Inspectors.						18.00	18.00
	Replacement of outaged motors in looms, rotoconers control panels, starters, etc. and high efficiency motors, energy saving devices etc.,			3.30			20.40	23.70
	Improvements to fire fighting equipments						12.00	12.00
	Improvements for Engineering laboratory.						1.20	1.20
	Sub Total			26.40			90.00	116.40
	Total Maintenance backlog			33.00			648.56	681.56
	Contingencies @ 10%			3.30			64.86	68.16
	Total - B			36.30			713.42	749.72
	Total A + B			156.22			1093.50	1249.72

S.NO.	DESCRIPTION	Being Implemented			To be Impl	
		Nos	Value/M/C	Value	Nos	Value/M/
C	BHUVANAGIRI					
1	DYEHOUSE					
	New machines (given in annexure)					
2	FINISHED WAREHOUSE					
	New machines					
3	ENGINEERING					
	Land					
	Site Development					
	Building Cost (details given in the annexure)					
	FBC Boiler 12 T				3	199.02
	Gas Turbine of 3.2 MW and 8 T Waste Heat Boiler				1	150.00
	Sub station				1	63.20
	Resiting of Dyehouse Machinerics					
	Effluent Plant					134.63
	Water Softening Plant					18.00
	Demineralising Plant					32.00
	Bore Wells, Pumps, Reservoirs and Over head tank, etc.					
	Fire service, Sprinklers, Diesel pumps etc.,					
	Material Handling - Electrical Car.				3	3.97
	Total					
	Excise duty, taxes, freight, erection charges etc., at 26% for Dyehouse and Warehouse machines.					
	Total					
	Contingencies @ 10 %					
	Total - C					
	Total A+B+C			156.22		

DETAILS OF BUILDING COST AT BHUVANAGIRI

Annexure 2-G

S.NO.	ITEM	Area in SQ. FT.	Rate/Unit	Amount Rs. in Lakhs
1	MAIN FACTORY	264000	250	660.00
2	SITE DEVELOPMENT	2690000 C. FT.	1.25/C. FT.	33.63
3	ADMINISTRATIVE OFFICE	10000	270	27.00
4	GODOWNS	25000	200	50.00
5	BOILER HOUSE	31500	250	78.75
6	CANTEEN	4000	250	10.00
7	CYCLE SHED	2000	78	1.56
8	SECURITY & TIME OFFICE	500	250	1.25
9	COMPRESSOR ROOM	1500	250	3.75
10	QUARTERS & GUEST HOUSE			74.00
11	ROADS, DRAINS ETC. ,			15.00
12	WATER SUPPLY & DRAINAGE			4.00
13	FENCING GATE & COMP. WALL			10.00
	TOTAL			968.94

DETAILS OF EXPENSES ALREADY INCURRED

<u>Machinery</u>	<u>Value</u> <u>(Rs. in lakhs)</u>
1. L.R. Comber	6.57
2. Super Comber	5.46
3. Auto Coner	33.75
4. Stenter	38.82
5. Thermopack	6.34
6. Warp Tying Machine	4.43
TOTAL	<u>95.37</u>



List Of New Machines to be Purchased/Modification to Existing Machines.

S.No/	Description of Machines	Cost		Total Cost (In Lacs)
		New M/cs. To be Purchased	of New M/cs. (In Lacs)	
1	New Burner for Singeing Machine	-	1.50	1.50
2	Rope Washing Machine	1	2.15	2.15
3	Washing Machine-Wide Width	2	24.00	48.00
4	Hot Flue Drier with padding Mangle - Artos (Wide Width)	1	23.40	23.40
5	Kuster Padding Mangle--Wide Width	1	25.00	25.00
6	Super Jumbo--J T 10	2	5.25	10.50
7	Super Rapid Jet Dyeing Machine(150 KG)	4	8.50	34.00
8	Detwister	1	3.50	3.50
9	Merceriser--Wide Width	1	42.60	42.60
10	Quadruple Eff.Caustic Evaporator	1	14.30	14.30
11	Stenter--Wide Width (Thermic Fluid Heated)	4	48.70	194.80
12	Polymeriser (Thermic Fluid Heated)	1	14.50	14.50
13	Thermopack Unit--1500 u Oil/Gas fired	3	11.00	33.00
14	Drving Cvylinder--Wide Width	3	14.85	44.55
15	Continuous Decatising Machine	1	8.00	8.00
16	Terry Towel Drving Machine	1	12.00	12.00
17	Vaccum Extractor	2	3.00	6.00
18	Automatic Lacquering -- Rotary	1	3.50	3.50
19	Automatic Exposing Machine	1	6.50	6.50
20	Permutit Plant with filter	1	8.00	8.00
21	Dye Alkali Mixer with batching device	1	3.00	3.00
22	Batching Trolleys with rotation device	6	-	2.00
23	Tri Homogenisers	2	0.50	1.00

Centralised Process House At Bhuvanagiri.

Annexure 2-2

List Of New Machines to be Purchased/Modification to Existing Machines.

S.No	Description of Machines	New	Cost	Total
		M/cs. To be (Purchased)	of New M/cs. (In Lacs)	Cost (In Lacs)
24	Roberto rollers(2000 mm)	2	0.86	1.72
25	Roberto rollers(1800 mm)	1	0.86	0.86
26	Sewing Machines	20	0.10	2.00
27	F R P Handies- large	200	-	15.00
28	Batching Trolleys with handle --big	70	-	6.00
29	Meter Counters	40	-	1.00
30	Digital Electronic Balance	6	-	2.00
31	Lab Equipments	-	-	15.00
32	Battery Operated Trucks	2	0.60	1.20
33	Modification/Repairs For Sanforiser & Merceriser (Steam Jet Washing M/c..Chain .Bevel Gears & Sprocket Wheels etc.)	-	-	12.00
34	Air Compressor & Accessories	-	-	48.51
				647.09
	Accessories @ 10%			64.71
	Sub-Total			711.80
II.1	New ager and preheater -for carbonising range			20.00
2	New Ager for Pad Steam			15.00
3	Conversion Of Washing M/c.(4 to 6 Compart.)			5.00
	Total			751.80

SPARE PARTS / MACHINERY REQUIREMENTS
FINISHED WAREHOUSE

Annexure 2 - 10

SL. NO.	DESCRIPTION	QUANTITY	PRICE PER UNIT / M/c. (Rs.)	TOTAL VALUE (Rs. in lakhs)
1	Swastic Wide Width Plaiting Machine with Meter Indicator to handle increased Production of Wide Width Cloth with Double folding attachment.	4	62500	2.50
2	Swastic Narrow Width Plaiting Machine with Meter Indicator to replace old Machines, for better accuracy of Plaiting length etc.	2	50000	1.00
3	Double fold roll fold machines to meet increased wide-width production	4	37500	1.50
4	Wooden Inspection Tables to handle increased production and to replace broken and wornout ones.	35	9000	3.15
5	Roll folding / tube folding machines to handle increased production.	4	25000	1.00
6	Sample cutting M/cs to replace old M/cs	3	19000	0.57
7	Electric high speed baling presses to replace existing old Hydraulic type	4	450000	18.00
8	Avery Weighing Scales Dormant dial 500 kg. Capacity	6	125000	7.50
9	Batching machine to handle cloth upto 72" width for Export orders	1	150000	1.50
10	Towels high speed sewing machines - replacement to old machines	12	30000	3.60
TOTAL - FINISHED WAREHOUSE				40.32

DETAILS OF START UP EXPENDITURE

	<u>Rs. in lakhs</u>
1) Margin for Working Capital	385
2) Pressing Creditors	180
3) Bonus	85
4) Cash input for first 3 months of operation	350
	<u>1000</u>



MAN POWER DEPLOYMENT

Annexure 3.

Assumptions :

- 1) Implementation of the process house at Bhuvanagiri will be done during the I year.
- 2) Process house at Bhuvanagiri will start working from the second year.
- 3) No permanent workmen and trainees with more than 3 Years experience will be transferred to Bhuvanagiri / retrenched from B & C Mills.
- 4) Muster roll projected from the 2nd year and onwards is based on the actual retirement expected in each year. Separation due to natural/other causes is based on the last 5 Years actuals.
- 5) Provision of 20% for leave and absenteeism is based on the past performance

Strength available on muster	I YEAR	II YEAR	III YEAR	IV YEAR
Permanent as on 01.02.1992	5860	5614	5281	4883
Trainees with more than 3 years experience (on roll as on 31.03.1991)	422	422	422	422
Total	6282	6036	5703	5305
Provision for 7th day working (Total/7)	897	862	815	758
No. of Men who will report for work on daily basis after providing for 7th day	5385	5174	4888	4547
Provision of 20% for leave and absenteeism	1077	1035	978	910
No. of Men expected to report for work on daily basis after providing for leave and absenteeism	4308	4140	3911	3638
No. of Men required per day at B & C Mills, Madras.	5076	3858	3858	3858
Expected surplus (+) / Shortage (-) per day	(-)768	(+)282	(+)53	(-)220

MANAGEMENT CHARTER OF DEMANDS FOR SETTLEMENT BEFORE
RE-OPENING B. & C. MILLS

- 1) Acceptance for the shifting of Process House from Madras to Bhuvanagiri.
- 2) Immediately on re-opening the Mills, the workload/work norms prescribed/recommended in the Kamalaratnam Award and incorporated vide 12(3) settlement dated 6-6-1981 will be strictly adhered to and adopted. Revision of work norms/duties and piece-rate efficiency will be referred to SIMA/SITRA, with a request to give their report and recommendations within a period of 6 months. The recommendations so given will be final and binding on the Management and the Union. However, before actual implementation of revised work norms/workload duties, the Management and the Unions shall mutually discuss on the benefits to the workmen on account of the implementation of the revised workload/work norms. The Management would like to reiterate that there will be no scope for further discussion on the work norms/workload recommended by the Expert Body.
- 3) 60% of the existing D.A. will be merged with the basic.
- 4) A new Apprenticeship Scheme will be introduced.
- 5) Tea distribution during the shift will be made in such a manner that tea will be brought to the workspot. Workmen should not leave their workspot for taking tea.
- 6) Since high rate/incidence of absenteeism on the part of workmen has dwindled production and productivity of the Mills in the past, Management demand that for every day of unauthorised absenteeism without leave/prior permission, the employee concerned will stand to lose 1% of the D.A. payable to him and for every additional day of unauthorised absence, the employee will be losing additional 1% of the D.A. as penalty/deterrent to absenteeism. If a workman fails to work for 280 days of work in a year, he will not earn Gratuity, H.P. and annual increment for the year. Management is prepared to implement the Attendance Incentive Scheme introduced on trial basis in 1990 with suitable modification.



- 7) No Committee Member/Workman will leave the appointed place of work for whatsoever reason during working hours and those leaving the workspot will be treated as absent from duty and salary deducted for the duration. No pass-out will be given to any workman to leave the Mill premises under any circumstance with wages. However, any workman desires to leave the workspot on getting emergency messages of personal nature will be allowed to go with pass-out without wages.
- 8) All legal cases pending before various Courts to which the Union/members of the Union working in the Mills are parties will be withdrawn as not being pressed to avoid any further litigation between the parties.
- 9) No demand whatsoever either directly or indirectly involving financial commitment will be raised by the workmen during the period of operation of 5 year settlement including future Wage Board Award, if any. SIMA formula will not be adopted in the Mills for Bonus and the future annual bonus will be discussed between the parties mutually depending upon the financial position of the Mills and settlement arrived at on the quantum of bonus.
- 10) No wages for the period of closure from 1-4-1991 until the date of re-opening of the Mills on the principle of 'No Work' - 'No Pay'.
- 11) All other demands mentioned vide letter dated 23-6-1990 already served to the Union (copy enclosed) will be incorporated as part of 12(3) settlement on or before 29-2-1992.



MANAGEMENT CHARTER OF DEMANDS FROM STAFF UNION

- 1) Acceptance for the shifting of Process House from Madras to Bhuvanagiri.
- 2) Computerisation will be introduced in the Mills wherever feasible for cost reduction and improving efficiency and the Union shall co-operate.
- 3) Study regarding manning norms/duties/strength of clerical staff will be referred to SITRA/SIMA and their recommendation shall be final and binding as part of the settlement. However, before actual implementation of revised work norms/workload/strength of staff, the Management and Union shall mutually discuss on the benefits for implementation of the recommendation.
- 4) After receipt of the report from SITRA/SIMA, the surplus clerical staff, if any, will be rendered surplus and dealt with in accordance with law. However, the Management is agreeable not to render anybody surplus provided the Union agrees for transfer of surplus staff to other units/offices of Binny Limited anywhere in India existing or to be established and also to sister concerns coming under the group.
- 5) The clerical staff shall not refuse to do any work of clerical nature including cash loading, disbursement of salary etc. nor refuse to undergo training including computerisation.
- 6) No Committee Member/Staff will leave the appointed place of work for whatsoever reason during working hours and those leaving the workspot will be treated as absent from duty and salary deducted for the duration. No pass-out will be given to any staff to leave the Mill premises under any circumstances with wages. However, any staff desires to leave the workspot on getting emergency messages of personal nature will be allowed to go with pass-out without wages.



- 7) All legal cases pending before various Courts to which the Union/members of the Union working in the Mills are parties will be withdrawn as not being pressed to avoid any further litigation between the parties.
- 8) No demand whatsoever either directly or indirectly involving financial commitment will be raised by the staff during the period of operation of 5 year settlement including future Wage Board Award, if any. SIMA formula will not be adopted in the Mills for Bonus and the future annual bonus will be discussed between the parties mutually depending upon the financial position of the Mills and settlement arrived at on the quantum of bonus.
- 9) No wages for the period of closure from 1-4-1991 until the date of re-opening of the Mills on the principle of 'No Work' - 'No Pay'.
- 10) All other demands mentioned vide letter dated 26-11-1990 already served to the Union (copy enclosed) will be incorporated as part of 12(3) settlement on or before 29-2-1992.

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be written in a cursive or semi-cursive script.

CONCESSIONS SOUGHT FROM THE GOVERNMENT OF TAMIL NADU

- 1) The Government of Tamil Nadu has already communicated, vide letter dated 6-8-1991, that the demand of the B & C Mills for supply of water of 4,000 KL per day could be supplied from the date of re-opening of the Mills till end of November 1991 and therefore the assured daily supply of 4,000 KL of Metro Water may be continued for a further period of one year from the date of re-opening the Mills.
- 2) In case of shortage of coal due to delay in wagon allotment, State Government to help out by diverting from their stock at cost for one more year from the date of re-opening/ till the shifting of the Process House to Bhuvanagiri is completed.
- 3) Continue the power cut exemption and exemption from peak load restriction for a further period of 10 years for B & C Mills and to Binny Processing House at Bhuvanagiri.
- 4) T.N.E.B. to give exemption from the need to install 33 KV transformer and waive charging of 3 Paise penalty per unit on this account.
- 5) (a) Rate difference due to change from H.T. Tariff I to H.T. Tariff VII works out to 10 Paise per unit. T.N.E.B. to reverse this decision and continue to charge at H.T. Tariff I.
(b) We have been paying only at H.T. Tariff I until December 1987 and the Government claimed the rate difference with retrospective effect from 1-12-1982 claiming an amount of Rs.157.45 lakhs being the rate difference. A letter giving the details of the facts of the case has already been submitted to the T.N.E.B., a copy of which is enclosed for your ready reference. It will be clear from the letter that our request for waiving the claim is justified.



- 6) In view of the proposal to shift the Process House to Bhuvanagiri, State Government to allow the Mills to continue with the existing arrangement for disposing of effluents till the Process House is shifted.
- 7) Continue the renewal of drawal of water from OTTERI NULLAH pending with P.W.D. This has to be renewed for a further period till the shifting of Process House to Bhuvanagiri is completed.
- 8) Tamil Nadu Government was placing orders during 1985-88 with B & C Mills to meet part of their requirements for uniform to School children and also requirement of Tamil Nadu Police, Hospitals and other State Government undertakings. State Government has stopped placing orders since 1989 on B & C Mills. Tamil Nadu Government to issue orders and to resume treating B & C Mills on par with other sources of supply while placing bulk orders to meet the cloth requirements.
- 9) The existing exemption for disposal of surplus lands of B & C Mills should be continued.
- 10) The interest subventions already agreed and being extended are to be continued until repayment. The relevant Government letter No.Ms.No.367 dated 31-12-1987 issued in this connection is enclosed.
- 11) Tamil Nadu Government to preferentially use surplus processing house capacity available at Bhuvanagiri. The cloth sent outside the State for processing, if any, by the Tamil Nadu Government Textile Mills, Co-optex etc. can be given and diverted to Binny Processing House at Bhuvanagiri.
- 12) Subvention of interest on the re-opening loan of B & C Mills may be paid by the Government of Tamil Nadu for a period of two years, as has been done in the case of Bangalore Woollen Mills of the Company by the Government of Karnataka at the time of re-opening.



No. of 31st October 1991

Annexure 5-3
Binny Limited

Corporate Office —

DEPT.

The Chairman
Tamilnadu Electricity Board
91, Anna Salai
MADRAS - 600 002

65, Armenian Street,
Post Box No. 66
Madras - 600 001.

Fax : (044) 589034
Telex : 41-8302 BINY-IN
Telegrams: Binny Madras
Telephone:

Dear Sir,

Arrears due from Binny Ltd., B&C
Mills, Madras - H.T. A/c. 2132

We wish to submit for your favourable consideration the following facts:-

1. Binny Limited (Buckingham & Carnatic Mills) has been having an integrated supply of electricity from TNEB, perhaps for nearly 50 years, under which the permissible lighting and non-industrial load was 15% of connected power load, as per the position prevailing earlier to 1.12.82 and this was being fully complied with. The Mill has re-distributed power and lighting on an integrated system in accordance with 15% of the connected load which was in vogue when the captive power generation of 8 MW and 2 new Weaving Sheds were installed and commissioned in the year 1954-55.
2. The Government under G.O.Ms.No.2341 dated 29.11.82 issued an amendment to the tariff, reducing the quantum of permissible 'Lighting and non-industrial Load' to various categories of HT consumers. Further, it was stated that these HT consumers who cannot keep the lighting and non-industrial load within the prescribed limits should possess a separate circuit with meter provided. The consumption in this meter should be charged under a separate HT tariff namely, HT tariff No.VI intended for commercial purposes. If the excess load is not segregated, the whole consumption will be charged under HT tariff VI (from April '89 revised to Tariff HT.VII).
3. At the point when the notification dated 29.11.82 was issued, there was no clarification to define what constituted 'Lighting and non-industrial loads' and what load comes under 'Industrial Load'. Various representations were made by the Chambers of Commerce and also individual representations from industries during various interactions TNEB officials had with the consumers. It was against this background, a Committee was set up by TNEB in the year 1988 and based on the findings of this Committee, definitions were spelt out indicating what constituted 'Lighting and non-Industrial loads' and 'Industrial Load'. In the TNEB Board proceedings BPN 35 Administrative Branch dated

(2)

22nd July 1988, necessary guidelines were issued and also it has directed that the concerned Distribution Circles to arrange immediate inspection of all those HT consumers who were affected by the Notification of 29th November 1982. This inspection has not taken place so far in our case

4. On the basis of a clarification given now, if there is excess over permissible limits and if this excess is not brought in a separate circuit and metered, then the whole consumption will be charged under HT Tariff VI. The difference between HT tariff VI and HT Tariff I will be claimed from 1-12-82, which in our case amounts to Rs.117.50 lakhs for the period ending upto 31.12.1987. In this connection, the Company has already made a representation to the Regional Chief Engineer vide our letter dated 4.4.1989, (photo copy enclosed), who is an Appellate Authority, under H.T. Agreement we have with you. We are informed our representation is receiving their active consideration and so far no definite order had been issued on our appeal.
5. The definition and clarification given now was not known to HT consumers like us on 1.12.82. In fact, this was not known or clear even to TNEB as the definition was evolved after the Committee appointed by them recently. In the absence of this definition, HT industries could not make out on 1.12.82 what were the loads that come under the category of 'Lighting and Non-Industrial loads'. Without such an assessment, it would not have been probably possible for the industry to define whether their loads were within the prescribed limits and if there was any excess to bring them out on a separate circuit and provide metres. In issuing the definition and clarification in July 1988 and applying it on 1.12.82 retrospectively to HT industries and claim the difference in tariff rates right from 1.12.82, we feel, this is highly unjustified and against principles of natural justice. We, therefore, request you to waive the claim made on us.
6. It may be of interest, in this connection to inform you that in current programme of purchase of capital items we are inducting into the organisation latest equipment with integrated lighting on the machine in preparatory machinery. But this facility cannot be adopted technically on conventional looms which are highly vibrating in nature and on process machinery because chemical vapours and open injected steam will interfere in the proper working of lamps and its line. Hence it is imperative in such areas of operations roof lighting is a must and this should be considered as 'Industrial loads'
7. Effective from 1st January 1988, the period from when TNEB started billing us under HT tariff Schedule VI (since April 1986 revised to Tariff VII) we have been paying higher rates instead of under Tariff H.T.I applicable to textiles.

Binny Limited

(3)

8. Even during the inspection of TNEB official on 23/24-2-1988, we have checked the connected load details and found that the load coming strictly under 'lighting and industrial load' is only 499.069 KVA which is within 5% of sanctioned demand, namely 505 KVA. The Break up load details are furnished below:-

Load assessed by TNEB officials as non-industrial load : 1013.82 KW
(or 1192.73 KVA at PF 0.85)

Load, assessed by Binny relating to lighting and the industrial lighting load over the plant & machinery : 1434.227 KVA

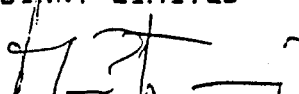
Lighting load over plant & machinery and other statutory requirements such as Exhaust fans, etc. to be treated as Industrial load. : 935.158 KVA

Balance load in non-industrial lighting 499.069 KVA

Hence we would request you to kindly consider the entire issue afresh and pass early orders for rendering the bills for current consumption charges of B&C Mills, Madras, under H.T. Tariff I applicable for textiles and waive/withdraw the demand for the arrears amount of Rs. 117,50,174/- and subsequent claim for Rs. 39,95,059.10 towards belated surcharges.

Thanking you,

Yours faithfully,
BINNY LIMITED.


EXECUTIVE CHAIRMAN

H.T. SUPPLY - A/c. No.2132

1) Sanctioned Demand	:	10,100 KVA
2) Total connected Load	:	23,495.597 HP
3) Permissible non-industrial load - 5% of the sanctioned demand)	505 KVA
4) Date of inspection of B&C Mills by TNEB officials)	23-2-1988 and 24-2-1988
5) Load assessed by TNEB officials as non-industrial load)	1013.82 KW (or 1192.73 KVA at PF 0.85)
6) Load assessed by Binny relating to lighting and the industrial lighting load over the plant and machinery)	1434.227 KVA
7) Lighting load over plant and machinery and other statutory requirements such as Exhaust fans, etc. to be treated as industrial load)	935.158 KVA
Balance load in non-industrial lighting)	499.069 KVA

It may be observed that this is less than 505 KVA which is prescribed limit of 5% of permitted demand.

The reason for difference in the assessment between TNEB official and Binny is on account of the following:-

- 1) Buckingham & Carnatic Mills have been in existence for a very long period with the existing integrated lighting and industrial load and have been billed under H.T. Tariff I upto December 1987.
- 2) As the Mill was constructed 112 years before, North roof lighting has not been provided and hence, totally depending on illumination, which also adds to the total light load in Production departments.
- 3) Being a Textile Mill, adequate lighting is essential to production not only to maintain quality but to the process itself such as knotting of yarn, twisting and drawing, inspection for shade and colour matching, safety etc.
- 4) The Mill functions in three shifts and lighting is essential for production.
- 5) Certain auxiliary loads such as exhaust fans are required for air changes to remove fumes and to clear dusty atmosphere as per statutory rules, etc.
- 6) The lighting load over the machinery cannot be fixed on them (i.e. looms and spindles) in view of their vibratory nature.

In view of the facts presented above, we request for the following:

- (a) To waive arrears claimed from 1-12-82 to 31-12-82 amounting to Rs.1,17,50,174/- and the subsequent demand of Rs.39,95,059.10 towards belated surcharge payment - in all totalling to Rs.1,57,45,233.00
- (b) To charge us on H.T. Tariff I which is applicable to Textile Industry from 1-1-1988 onwards.

30-10-1991


CONSULTING ENGINEER



Letter No. (Ms.) No. 367

Dated 31.12.87

FR5B

Thiru N. Ahmed, I.A.S.,
Commissioner & Secretary to Government.

To

The Secretary to Government of India,
Ministry of Commerce,
Department of Textiles,
New Delhi - 110011.

Sir,

Sub: Textile Mills - Buckingham & Carnatic
Mills - Continuance of payment of
interest on the flood loan of Rs. 4 crores
sanctioned to the Mills - Further loan
of Rs. 3 crores - Interest subvention
Regarding.

Ref: From the Government of India, Ministry
of Finance, Department of Economic
Affairs (Banking Division) Ir.No.
10(54)/20-IF-I dt. 28.4.86.

I am directed to invite your attention to the
reference cited.

I am to state that this Government agree to
continue payment of interest on behalf of the Buckingham
and Carnatic Mills due on the flood loan of Rs. 4 crores
(Rupees four crores only) first sanctioned to the Mills
during 1977 by the Industrial Development Bank of India
and State Bank of India for a further period of 5 years
from 1.4.86 on the existing terms, namely the interest
liability will be borne by the Government of India and the
State Government on 50:50 basis.

3. This Government have also decided to sanction
the payment of interest on the second loan of Rs. 3 crores
sanctioned by the Industrial Development Bank of India and State
Bank of India during 1984 on a 50 : 50 basis between Government
of Tamil Nadu and the Government of India provided the Government
of India agree to pay the interest on the above 50 per cent
basis on behalf of the Mills. I am therefore to request that
the Government of India, may kindly be moved in the matter
and the decision taken thereon by the Government of India
communicated to this Government urgently.

(COPY)

587536

The President
Madras Labour Union
Strahans Road
MADRAS 600012

23rd June 1990

Dear Sir,

As informed to you at the meeting held on 1st June 1990, we give below our proposals:

- 1) Proposals regarding revised workload and duties in respect of operative workmen are enclosed.
- 2) Work assignment, duties, jobs will be allotted as per Management's requirement from time to time subject to workload not exceeding 85% based on scientific norms and on the prevailing conditions of the machinery.
- 3) Workmen shall keep the machines allotted to them and the area around the machines in a clean condition.
- 4) As long as the machine allocation/workload remains as per settlement, the Union/workmen will not object to change in speed, machine, settings, product mix etc. Management will have the discretion to make necessary alterations as decided upon by technical personnel depending upon the parameters of quality/production etc.
- 5) Management reserves the right for resiting of the machinery/departments for the efficient running of the Mills.

With a view to contain cost and also taking into account the availability of natural gas and water, Process House, Finished Warehouse and allied departments will be shifted to Bhuvanagiri.
- 6) Promotions from one occupation to another will be on the basis of suitability/merit. Other things being equal seniority will be given as weightage.
- 7) Workmen can be transferred from one occupation to another or from one section to another section within the department or from one department to another department within the Mills and from one unit to another unit existing or to be established.

(contd.)

4. I would further request that the modality of recovering /treating the amounts of interest paid may also kindly be communicated to this Government if a decision has been taken on that point in pursuance of the meeting held on 18.4.86.

Yours faithfully,

B. Rajaram

31.12.87
For Commissioner & Secretary to
Government.

Copy to:

The Director of Handlooms & Textiles,
Madras-108

The Managing Director, Mills Ltd,
65, Armenian Street, Madras.1

The Accountant-General, Madras.10

The Accountant General (by memo) Madras.19

The Executive Director, Industrial Development

Bank of India, Jolly Market Complex,

No.227, Back Bay, Reclaim Scheme, RCMDA-21.

The Chief Manager, State Bank of India,

North Beach Road, Madras.1

The Deputy Manager, I. E. I., 400, Anna Salai,

Madras.35

Finance Department, Madras.5

E.I.B. (A) Dept., Madras.9

(COPY)

587536

The President
Madras Labour Union
Strahans Road
MADRAS 600012

23rd June 1990

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4) As long as the machine allocation/workload remains as per settlement, the Union/workmen will not object to change in speed, machine, settings, product mix etc. Management will have the discretion to make necessary alterations as decided upon by technical personnel depending upon the parameters of quality/production etc.

5) Management reserves the right for resiting of the machinery/departments for the efficient running of the Mills.

With a view to contain cost and also taking into account the availability of natural gas and water, Process House, Finished Warehouse and allied departments will be shifted to Bhuvanagiri.

6) Promotions from one occupation to another will be on the basis of suitability/merit. Other things being equal seniority will be given as weightage.

7) Workmen can be transferred from one occupation to another or from one section to another section within the department or from one department to another department within the Mills and from one unit to another unit existing or to be established.

(contd.)

8) For the purpose of filling up vacancies for new occupations that may be created in any department or for any existing vacancy, the Management reserves the right to fit in any worker found appropriate on evaluation of suitable candidate without involving seniority or any other basis.

9) Time rated occupations in B.C. Spooler, Autoconer and Twisting & Drawing Sections will be converted to piece-rated occupation.

10) All workmen shall report at the respective work spots not less than 15 minutes before the commencement of respective shifts.

11) Both Wages and D.A. will be linked to efficiency/productivity in various occupations.

12) On Modernisation work assignment duties and jobs will be on the basis of the scientific industrial engineering norms subject to workload not exceeding 85%. As the modernisation will cost a heavy burden both by way of return of loan and interest to the Management, the workmen shall not claim any additional monetary benefit pursuant to the modernisation.

13) All Office bearers shall be provided work only in the day shift and all meetings of the Union with the Management shall take place at the end of the Day shift.

14) Work that is being carried on in Cotton Godown, Waste Control, Towel Sections in Grey Warehouse and Finished Warehouse will be given on contract.

15) Abnormal absenteeism has been the bane of the Mills. Services of the chronic absentees who absent themselves unauthorisedly and under the E.S.I. medical certificates put together for 75 days and above in a period of 12 months shall be discharged without any compensation. Workmen shall cooperate to maintain discipline and reduce absenteeism.

16) National and Festival Holidays will be granted as per the Act.

17) Leave with wages shall be granted as per the Factories Act.

18) All payments to employees shall be made by cheque through Bank.

- 19) There shall be ceiling of D.A. at the current level.
- 20) All special allowances/privileges which are peculiar to the Bucingham & Carnatic Mills such as 'C' shift/Night shift allowance, Temporary war Production allowance, Sickness allowance, Good turn-out allowance, Brief Emergency leave, Service Percentage etc. shall stand withdrawn.
- 21) The Settlement will be in force for a period of 5 years.
- 22) The Management reserves the right to add/amend the proposals given herein.

If the Management and the Union are unable to arrive at an agreement on any of these proposals, the same will be referred to expert bodies like SITRA, ATIRA, BIRA whose decision will be final and binding on both the parties.

Yours faithfully,
BINNY LIMITED

Sd/-

General Manager - Pers. & Adm.

cc: Mill Manager

cc: I.R.M.

B. & C. Mills Staff Union,
60, Krishnadoss Road,
MADRAS-600012

26th November 1990

Sir,

Sub: Management proposals

You are aware that the B. & C. Mills has been consistently incurring losses, despite the boom in the industry and the accumulated loss as on 30-6-1990 being Rs.56.15 crores. It is, therefore, imperative that the costs should be reduced considerably, labour productivity improved and automation/computerisation be introduced wherever possible to arrest further losses and to achieve viability in the near future.

Keeping the above in view as also the alarming financial conditions, surplus manpower and low productivity, we give below our proposals:

- 1) Revised manning pattern and work norms.
- 2) The Management will have the freedom to fix the strength of clerical and other categories of employees depending on the need of each department/exigencies of work.
- 3) No employee shall refuse to attend to any work of similar nature/skill either in the same department/different department even on temporary/hourly basis and allotment of duties shall be the discretion of the Management.
- 4) The employees shall attend Training programmes inclusive of Computer/Automation orientation programmes and shall make use of such machines for computerisation/automation as may be directed by the Departmental Head/Management.
- 5) The facility for attending Committee Meeting during working hours and Executive Committee/Office-bearers leaving their appointed place of work for Union work shall stand withdrawn. The Staff members found leaving the appointed place will not earn any salary on the principle of 'No work - No pay' and will be liable for disciplinary action under Standing Orders.
- 6) The Management's proposal enclosed herewith only represents their immediate proposal for re-assignment of works/increased labour productivity for viability. The Management will be submitting further proposals from time to time for employees consequent on computerisation of activities/work, wherever possible in the Company.

7) With a view to contain cost and also taking into account the availability of natural gas and water, Process House, Finished Warehouse and all departments will be shifted to Bhuvanagiri.

8) Promotions from one occupation to another will be on the basis of suitability/merit. Other things being equal, seniority will be given weightage.

9) Employees can be transferred from one occupation to another or from one section to another section within the department or from one department to another department within the Mills and from one unit to another unit existing or to be established anywhere in India.

10) For the purpose of filling up vacancies for new occupations that may be created in any department or for any existing vacancy, the Management reserves the right to fit in any staff found suitable on evaluation of their candidature without involving seniority or any other basis.

11) All employees shall report at the respective workspots not less than 15 minutes before the commencement of respective shifts.

12) On Modernisation work assignment, duties and jobs will be on the basis of the Scientific Industrial Engineering norms. As the modernisation will cost a heavy burden both by way of return of loan and interest to the Management, the employees shall not claim any additional monetary benefits pursuant to the modernisation.

13) All Office bearers shall be provided work and they shall discharge normal duties. All meetings of the Union with the Management shall take place at the end of the Day Shift. They shall not leave appointed place without prior permission of Departmental head.

14) National and Festival Holidays will be granted as per the Act.

15) Leave with wages shall be granted as per the Factorises Act.

16) All payments to employees shall be made by cheque through Bank.

17) There shall be ceiling of Dearness Allowance at the current level.

18) All special allowances/privileges which are peculiar to the Buckingham & Carnatic Mills such as 'C' shift/Night shift allowance, Temporary War Production allowance, Sickness allowance, Good turn-out allowance, Brief Emergency Leave, Service Percentage etc. shall stand withdrawn.

19) The Settlement will be in force for a period of 5 years and will take effect prospectively only (from the date of signing).

Yours faithfully,
BINNY LIMITED

2k

General Manager -
Personnel & Administration

Letter Ref: B&C/ 3MC/3

Dated 24-2-1992

Thiru N. Adhimoolam, I.A.S.,
Commissioner of Labour,
Government of Tamil Nadu,
Madras 600 006.

Dear Sir,

B&C MILLS - 3 MEMBER COMMITTEE

This has reference to the details of the revised scheme submitted to the 3 Member Committee on 18th February 1992 and to further discussions held on 21st February 1992.

Papers relating to working of Debt Service Coverage Ratio (D.S.C.R.) are enclosed for your perusal.

Yours sincerely,



(T.K. VENKATARAMAN)

Copy to:
Thiru W.R. Varadarajan,
Member,
3 Member Committee.

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BINNY LIMITED (B&C MILLS, with process house at Bhuvanagiri)

MAIN ASSUMPTIONS FOR DSCR CALCULATIONS

1. All Unpaid Interest as on 31/03/92 and interest accruing for April/June 1992 of State Bank of India and Financial Institutions will be funded with no interest thereon
2. The excess borrowings as on 31/03/92 would be converted into WCTL with interest at 15.5%, ~~provided~~.
3. Interest on Reopening loan of Rs.800 Lacs (after promoter's contribution of Rs.200 Lakhs) works out to Rs.127 Lakhs p.a. Subvention of interest on this loan for two years sought from Government of Tamil Nadu (Impact Rs.254 Lakhs).
4. Interest on new Modn.Loan at an average of 14.6%.
5. Real estate proceeds Rs.3400 lakhs utilisation is towards paying off old loans.
6. Interest on working capital at 17%.
7. Interest subvention on Rehabilitation 1984 loan (Rs.265 Lakhs) originally agreed to by Government of Tamil Nadu on the condition that Government of India also agrees. Since Government of India did not agree this has been taken up again. The impact of this would be Rs. 70 Lakhs.
8. All the other interest concessions enjoyed by the company at present are assumed to continue.
9. Interest frozen loan of Rs.300 Lakhs of SBI will be interest free thro' out and would be paid after the rehabilitation period.

1984

BINNY LIMITED (B&C MILLS, with process house at Bhuvanagiri)

PROJECT COST DETAILS

Machinery cost	5232
Margin for working capital	474
Reopening Loan (B&C)	1000

	6706
	=====

FINANCED BY

-----	Interest		
	%	Rs. Lacs	
Promoters contribution.	770	Nil	Nil
Excise Loan.	1170	Nil	Nil
Textile Monetary Fund.	570	9	51
Re-opening Loan (IDBI)	694	15.5	108
Re-opening Loan (SBI).	106	18	19
Institutional Modernisation Loan . .	3396	Avg. 14.8	503
	-----		-----
	6706		681
	=====		=====

LETTER REF: B&C/3MC/4

Dt. 25/02/1992

THIRU N. ADHIMOOLAM, I.A.S.,
Commissioner of Labour
Government of Tamil Nadu.
Madras 600 006.

Dear Sir.

B&C MILLS - 3 MEMBER COMMITTEE

1. This has reference to earlier Note B&C/3MC/3 Dated 24-2-1992 and the discussions held in your office on 24-2-1992.

2. As requested by you during the above cited discussions, the following statements are enclosed for your kind perusal.

- Annexure 1 - Balance sheet as on 30th June 1989, 1990 and 1991.
- Annexure 2 - Working capital calculations
- Annexure 3 - Assumptions underlying the profitability estimates
- Annexure 4 - Profitability statement
- Annexure 5 - Cash flow statement

Yours sincerely,



(T.K. VENKATARAMAN)

Copy to :

- Thiru. W.R. Varadarajan,
Member,
3 member committee.

Annexure I
BINNY LIMITED

(Rs. Lakhs)

Summary of Balance Sheets as at

	June 30 1989	1990	1991 (Prov)
Net fixed Assets	822	825	1272
Investments	3	3	3
Total (I) Current Assets	825	828	1275
Land & Bldgs(held as stock- in-trade for estate divn)	3499	4728	4753
Stock of Raw materials	973	1412	469
Finished Goods	723	728	2130
Work in Progress	1137	1132	1186
Stores & Spares	477	650	652
Receivables	1968	1411	3061
Other Current Assets	1095	1025	1298
Total II	9872	11086	13547
<u>CURRENT LIABILITIES</u>			
OTHER CURRENT LIAB.(III)	6255	6354	7646
SURPLUS OF CURRENT ASSETS OVER CURRENT LIABILITIES (II-III) (IV)	3617	4732	5903
NET TANGIBLE ASSETS (VI)	4442	5560	7178
Term Loans (VII)	5276	6153	7825
NET WORTH(VI-VII) (VIII)	-834	-593	-647
NET WORTH REPRESENTED BY			
SHARE CAPITAL-EQUITY	680	680	680
-PREFERENCE	26	26	26
Unsecured Loan from Promoters	313	600	600
<u>RESERVES</u>			
Capital Reserves	2388	2388	2388
Investment allowance res.	193	136	67
TOTAL	3600	3832	3761
Less DEFICIT IN P L ACCT	4434	4425	4408
	(6,822)	(6,813)	(8,168)
TOTAL	-834	-593	-647
Note:-	(-3222)	(-2981)	(-3035)

The figures in parenthesis indicate values without taking in account capital reserve

Sales	11892	14537	14829
GROSS PROFIT(IX-X) XI	-502	-340	681
INTEREST CHARGES	573	789	857
DEPRECIATION	148	163	197
MANAGEMENT REMUNERATION	2	2	2
TOTAL (XII)	723	954	1056
OPERATING PROFIT/LOSS (XI -XII)	-1225	-1294	-375
OTHER INCOME	144	132	197
EVALUATION OF CURRENT ASSETS	1047	1229	25
TR FROM INVTNT ALL RES	28	55	71
ADJ. REL TO PRIOR PERIOD	0	-114	99
PROFIT BEFORE TAXATION	-6	8	17
TAXATION	0	0	0
NET PROFIT/LOSS	-6	8	17
CASH PROFIT/LOSS	142	171	214
Cash Profit/(Loss) if revaluation of current assets not taken	(905)	(1,058)	189
	RATIOS		
DEBT EQUITY RATIO	-ve	-ve	-ve
RATIO OF NET WORTH PLUS LONG TERM LIABILITIES TO FIXED ASSETS	1.06	0.94	0.18
RATIO OF CURRENT ASSETS TO CURRENT LIABILITIES	1.02	1.04	1.15
% OF FINISHED GOODS TO ANNUAL SALES	6.08	5.01	14.36
%OF RECEIVABLES TO ANNUAL SALES	16.55	9.71	20.64
% OF GROSS PROFIT TO SALES	-4.22	-2.34	4.59
% OF OPERATING PROFIT TO SALES	-10.3	-8.9	-2.53
% OF NET PROFIT (AFTER TAXATION) TO SALES	-8.85	-8.4	0.11

<-----Estimate----->

	Norms	31/03/92	30/06/92 Before Modernisation	1993-84 After Modernisation
1. Raw Materials	2 Months	89	820	820
2. Process, Finished goods & Book debts	4.5 Months	1212	3298	5946
		1301	4118	6766
3. Dyes & Chemicals) Stores & spares)	1.5 Months 2.0 Months	310	356	450
4. Other current assets		456	450	450
		2067	4924	7666
5. Sundry Creditors & Other Liabilities		856	842	1692
		1211	4082	5974
6. 25% Margin		303	1020	1494
7. Permissible Bank borrowings		908	3062	4480
8. Actual bank borrowings under I method of lending (rounded off to for projections)		1239	3100	4500
9. Excess borrowings (WCTL)		330	-	-
10. Creditors Polyester - 60 days Dyes & chemicals - 15 days Stores & Spares - 90 days				

Assumptions underlying the profitability estimates

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

2. Installed Capacity	7/90 TO 3/91	1992-93	1993-94	1996-97
2.1. Installed spindles	88208	88208	88208	88208
2.2. Workable spindles	79088	79088	79088	79088
2.3. Installed Looms	2074	2074	2074	2074
2.4. Workable looms	1816	1792	1792	1792
2.3. Processing Capacity				
Lakh Mtrs per day	1.8	1.8	2.0	2.0
(Centralised process house from the year 1993-94)				

3. Production

3.1 Yarn in Lakh kgs.	55.87	103.74	103.74	105.23
3.2 Weaving production Lac Mtrs	306.24	479.67	479.67	486.02
3.3 Processing Lakh Metres	481.86	468.20	702.18	704.16

4.1. Capacity utilisation has been assumed at 95%

4.2. Product mix in finished metres would be as under in Lakh Metres

	1992-96	1996-2002
4.2.1. Cotton	277.86	279.76
4.2.2. Poly shirting etc.	60.02	61.13
4.2.3. Poly suiting	135.47	138.81
4.2.4. Towels	13.30	13.30

4.3. Details of other income in Rs. Lakhs are as under

	1992-93	1993-96	1996-2002
4.3.1. Proposed Rental Income	-	78	78
4.3.2. Premium on exin scrips	18	18	18
4.3.3. Sale of waste	189	189	183
4.3.4. Other Misc Income	99	99	99

5.1. Qualitywise prices is based on January 1992 price lists.

5.2. Yield percentage of raw materials is based on average for the period July 1990 to March 1991.

6. It has been assumed that B&C Mills at perambur and process house at Bhuvanagiri would be exempt from power cuts and peak hour restrictions during the entire period of rehabilitation. Power tariff prevailing during February 1992 has been taken for calculations.

7. Cost of water and fuel is based on current rates.

Salaries and wages have been increased every year after 1992_93 by 5%.

Freight and insurance charges (1% of SVP), selling commission (1% to 3% for cloth). Selling expenses, administration and miscellaneous expenses have been taken on the basis of 1990_91 provisional figures.

Interest on term loan/working capital has been taken as under

1. Existing term Loans

Institution	Amount Outstanding Rs. Lacs	Percentage
DBI		
Modernisation Loan (1978)	400	7.5
Rehabilitation loan (1981).	456	12.5
ICI		
Modernisation Loan (1978)	80	8.1
ICI		
Modernisation Loan (1978).	80	11.0
SI		
Medium term Loan	163	12.5
Rehabilitation Loan.	402	14.0

2. Proposed funded interest will not carry any interest. Existing funded interest will continue to be interest free. Working capital term loan will carry interest at 15.5%.

3. Modernisation-cum-rehabilitation term loan.

	Rs. Lacs	Interest Percentage
DBI		
Modernisation loan	400	11.5
On balance.	2000	14.0

4. Debentures 7.75

5. Working Capital. 17.0

6. Fresh additional term loans

Institutions		
Modernisation Loan	996	18.0
Rehabilitation Loan.	696	15.5
Special Loan.	570	9.0
SBI	104	18.0

7. It has been assumed that for the following loans, interest subvention

will continue to be provided by Government of India/Government of Tamil Nadu on 50:50 basis.

	Rs. Lacs	Percentage
11.7.1. Flood Loan		
IDBI	300	11.0
SBI	100	12.5
Rehabilitation Loan		
Institutions.	130	12.5
SBI.	135	12.5

11.8. It has been assumed that unsecured loan of Rs.450 lakhs ^{of Rs. mills} (out of Rs.70 lakhs provided by Government of India) would be interest-free throughout the rehabilitation period.

11.9. Stake of institutions, bank, Government of India and debentureholders towards B&C as on 30/06/92 would be as under : (Excluding project cost)

	Rs. Lacs
Institutions	
Loan	1454
Funded Interest.	900
SBI	
Loan	1138
Funded interest.	1552
Government of India.	450
Debentures.	110

	5604
	=====

Rs. in lacs

Year June ending----> Particulars	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Sale value of production	14228	14228	14228	14228	14472	14472	14472	14472	14472	14472
Income from Job Processing		1408	1408	1408	1435	1435	1435	1435	1435	1435
Total Income	14228	15636	15636	15636	15907	15907	15907	15907	15907	15907
COST OF PRODUCTION										
Raw materials	5652	5652	5652	5652	5753	5753	5753	5753	5753	5753
Blazing materials	75	75	75	75	76	76	76	76	76	76
Tare duty	312	312	312	312	320	320	320	320	320	320
Dyes & Chemicals	1752	2393	2393	2393	2435	2435	2435	2435	2435	2435
Packing materials	148	192	192	192	196	196	196	196	196	196
Dealer's commission	249	249	249	249	253	253	253	253	253	253
Freight & Insurance	115	115	115	115	118	118	118	118	118	118
TOTAL DIRECT COST (A)	8303	8988	8988	8988	9151	9151	9151	9151	9151	9151
CONTRIBUTION	5925	6648	6648	6648	6756	6756	6756	6756	6756	6756
FIXED EXPENSES										
Wages & salaries	1924	2010	2022	2045	2064	2113	2421	2542	2669	2802
Stores & spares	577	570	570	570	577	577	577	577	577	577
Power, water and fuel	1841	1444	1444	1444	1454	1454	1454	1454	1454	1454
Sub-total (B)	4342	4033	4036	4059	4095	4144	4452	4573	4700	4833
Net contribution	1583	2615	2612	2589	2661	2612	2304	2183	2056	1923
Mill overheads	229	273	273	273	273	273	273	273	273	273
H.O. Overheads	111	141	141	141	141	141	141	141	141	141
Selling expenses	580	580	580	580	589	589	589	589	589	589
Sub-total (C)	920	994	994	994	1003	1003	1003	1003	1003	1003
Total Expenses (A+B+C)	13565	14015	14018	14041	14249	14298	14606	14727	14854	14907
Operating profit	663	1621	1618	1595	1658	1609	1301	1180	1053	920
Other Income	306	384	384	384	388	388	388	388	388	388
GROSS PROFIT	969	2005	2002	1979	2046	1997	1689	1568	1441	1308
Potential savings due to reduction in value loss		142	142	142	145	145	145	145	145	145
Profit before Int. & Dep.	969	2147	2144	2121	2191	2142	1834	1713	1586	1453
Interest on working capital	969	425	425	425	425	425	425	425	425	425
Interest on term loans		778	717	384	147	51	51	47	38	30
Total Interest	969	1203	1142	809	572	476	476	472	463	455
Depreciation	600	600	600	600	600	600	600	600	600	600
Net Profit	-600	344	402	712	1019	1066	758	641	523	398
Cash Profit	0	944	1002	1312	1619	1666	1358	1241	1123	998

BINNEY LIMITED (Buckingham & Carnatic Mills)
Cash flow Statement

ANNEXURE V
Rs. Lakhs

Year ending June --->	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
SOURCES OF FUNDS											
Profit after tax with depreciation added back	869	2147	2144	2121	2191	2142	1834	1713	1586	1453	18300
Decrease in Real/estate Scrap		459	1886	1268	586						3490
Excise loan	1170										1170
Special Loan	570										570
Re-opening Loan	800										800
Modernisation Loan/Re-opening	4566										4566
Promoters contribution	770										770
	8845	2606	3230	3390	2777	2142	1834	1713	1586	1453	29576
APPLICATION OF FUNDS											
Increase in capital expenditure	5232				100	100	100	100	100	100	5832
Interest on term loans		778	717	384	147	51	51	47	38	30	2243
Interest on working capital	969	425	425	425	425	425	425	425	425	425	4794
Net working capital	474										474
Repayment of funded interest		156	368	431	203	14					1173
Repayment of Old loans		259	613	717	836	256	280	280	280	280	3881
Repayment of NCTPL		44	104	121	57	4					338
Reopening Loan ^{EXP}	1000										1000
Repayment of excise loan	1170										1170
modernisation Loan (New) (Including Excise Loan/TMF)			1896	1359	750	200	167	262	262	262	5149
	8845	1662	4124	3428	2518	1050	1023	1114	1105	1097	25866
Opening cash & Bank Balance	33	33	977	83	45	304	1396	2207	2806	3287	33
Surplus/Deficit		944	-894	-38	259	1092	811	598	481	356	3610
Closing cash and Bank Balance	33	977	83	45	304	1396	2207	2806	3287	3643	3643

JRM

Thiru N. Adhimoolam, I.A.S.,
Commissioner of Labour,
Government of Tamil Nadu,
Madras 600 006.

Dear Sir,

B&C MILLS - 3 MEMBER COMMITTEE

1. This has reference to our earlier Note B&C/3MC/4 dated 25/2/1992 and subsequent discussions held in your office on 25/2/1992.

2. Thiru W.R. Varadarajan sought clarification regarding the basis for assumption of average interest of 14.8% on institutional loan of Rs.3396 lakhs assumed in the Note B&C/3MC/3 dated 24-2-1992.

In this connection reference is drawn to item 11.2 (Page 6) of our Note B&C/3MC/4 dated 25-2-1992.

The figures given there may be regrouped as shown below to arrive at the average interest rate of 14.8%

Item		Interest %
Modernisation Loan - First Rs.400 lakhs		11.5
Balance amount	2000 "	14.0
Additional fresh loan	996 "	18.0
	----	----
Total:	3396 "	14.8
	----	----

The bifurcation of Rs.3396 lakhs into various interest components has been done on the basis of loan for B&C Mills/process house provided in the package already re-appraised by IDBI. As per the assumption made in the re-appraisal note by IDBI the additional loan of Rs.996 lakhs for B&C Mills/Process House as compared with original proposal has been assumed at interest rate of 18%.

2. Thiru W.R. Varadarajan requested for yearwise breakup details for sale proceeds of real estates and repayment of old and new term loans. These figures are already provided in the Note B&C/3MC/4 dated 25-2-1992 in Annexure 5. Sale proceeds from real estates is given in item 'Decrease in real estate/scrap.

Planned repayment of old term loans is given under item 'Repayment of funded interest' (Total Rs.1173 lakhs), 'Repayment of old loans' (Total Rs.3801 lakhs), and 'Repayment of WCTL' (Total Rs.330 lakhs).

Repayment against new term loans is given under the item 'Modernisation Loan (New) including Excise Loan/TMF' for a total amount of Rs.5149 lakhs).

3. Thiru W.R. Varadarajan wanted Annexure 4 attached to the Note B&C/3MC/4 dated 25-2-1992 to be reformatod to tally with the DSCR workings shown in the Note B&C/3MC/3 dated 24-2-1992 with respect to the following items:-

a) Total Income b) Direct cost and c) Fixed expenses.

The reformatod statement is enclosed.

Yours sincerely,



(T.K. VENKATARAMAN)

Copyto:
Thiru W.R. Varadarajan,
Member,
3 Member Committee.

BINNY LIMITED

Buckingham & Carnatic Mills and BHUVANAGIRI Combined.

Rs. in lacs

Year ending June----> Particulars	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
Sale value of production	14370	14370	14370	14617	14617	14617	14617	14617	14617	130812
Income from Job Processing	1408	1408	1408	1435	1435	1435	1435	1435	1435	12834
Other Income	384	384	384	388	388	388	383	388	388	3480
Total Income	16162	16162	16162	16440	16440	16440	16443	16440	16440	147126
Raw materials	5652	5652	5652	5753	5753	5753	5753	5753	5753	51474
Sizing materials	75	75	75	76	76	76	76	76	76	681
Yarn duty	312	312	312	320	320	320	320	320	320	2856
Dyes & Chemicals	2393	2393	2393	2435	2435	2435	2435	2435	2435	21789
Packing materials	192	192	192	196	196	196	196	196	196	1752
Dealer's commission	249	249	249	253	253	253	253	253	253	2265
Freight & insurance	115	115	115	118	118	118	118	118	118	1053
TOTAL DIRECT COST	8988	8988	8988	9151	9151	9151	9151	9151	9151	81870
CONTRIBUTION	7174	7174	7174	7289	7289	7289	7289	7289	7289	65256
FIXED EXPENSES										
Wages & salaries	2019	2022	2045	2064	2113	2421	2542	2669	2802	20697
Stores & spares	570	570	570	577	577	577	577	577	577	5172
Power	1444	1444	1444	1454	1454	1454	1454	1454	1454	13056
Sub-total	4033	4036	4059	4095	4144	4452	4573	4700	4833	38925
Net contribution	3141	3138	3115	3194	3145	2837	2715	2589	2456	26331
Mill overheads	273	273	273	273	273	273	273	273	273	2457
H.O. Overheads	141	141	141	141	141	141	141	141	141	1269
Selling expenses	580	580	580	589	589	589	589	589	589	5274
Sub-total	994	994	994	1003	1003	1003	1003	1003	1003	9000
Total fixed overheads	5027	5030	5053	5098	5147	5455	5575	5703	5836	47925
P B I Y D	2147	2144	2121	2191	2142	1834	1712	1586	1453	17331
Interest on working capital	425	425	425	425	425	425	425	425	425	3825
Interest on Old loans	224	170	88	24						506
Interest on New loans	554	547	298	123	51	51	47	38	30	1737
Total interest on term loans	778	717	384	147	51	51	47	38	30	2243
Total Interest	1203	1142	809	572	476	476	472	463	455	6068
Depreciation	600	600	600	600	600	600	600	600	600	5400
Net profit	344	402	712	1019	1066	758	641	523	398	5863
Cash profit	944	1002	1312	1619	1666	1358	1241	1123	998	11263