

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

CASE No. 209/2001
(M/s. MODERN TERRY TOWELS LTD.)

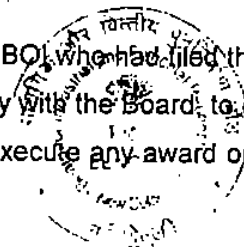
BENCH - II

SUMMARY RECORD OF THE PROCEEDINGS OF THE HEARING HELD ON 28.07.2016 BEFORE THE BENCH CONSISTING OF SHRI ASHISH KALIA, CHAIRMAN AND DR. SHASHANK SAKSENA, MEMBER.

PRESENT	S/Shri/Ms
Modern Terry Towels Ltd.	Vivek Sibal, Advocate H.R Sharma, President Alok Jain, Jt. Vice President
IFCI (OA)	Jyoti Gogoi, Manager-Law
DIT-(R)	D R Jain, Advocate
Clariant Chemicals	M L Rajora, Advocate

M/s. Modern Terry Towels Ltd. (MTTL) filed the reference u/s 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (hereinafter referred to as 'the Act'). In the hearing held on 9.8.2002, the Bench declared the company sick u/s 3(1)(o) of SICA and appointed IFCI as the Operating Agency (OA) u/s 17(3) of the Act. The company was directed to submit viable, acceptable proposal within six weeks time to the OA. The OA was directed to consider the same in a JM and if a viable proposal emerged and submit the same along with minutes of the JM to the Board within next four weeks with 31.12.2002 as COD.

1.2 The Board permitted OBC, ICICI Bank Ltd. and BOI who had filed their case in DRT before the reference was made by the company with the Board, to continue their suit subject to the condition that they would not execute any award of decree without the specific prior approval of the Board.



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1.3 The subsequent hearings were heard on 29.4.2003, 5.6.2003(Board's order), 18.3.2009, 5.8.2009, 27.10.2009, 17.3.2010, 19.7.2010 (MA-429/2010), 09.02.2011, 13.04.2011, 07.06.2011(MA No. 314/ 2011), 25.07.2011(MA No. 374/ 2011), 06.09.2011, 18.11.2011(MA No. 713/ 2011), 22.12.2011, 14.09.2012 (MA No.324/ 2012), 05.08.2013, 23.10.2013, 23.01.2014, 07.07.2014, and 22.12.2014.

1.4 In the hearing held on 22.12.2014, the Bench issued the following directions:

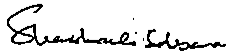
- (i) The COD be considered as on 31.03.2014.
- (ii) Board's office to examine the DRS received from IFCI (OA) for early circulation.
- (ii) The next date of hearing is fixed on 18.05.2015 and it may be cancelled, if the Board is able to circulate the DRS before this date.

1.5 The Board vide order dated 16.10.2015 has circulated the DRS to all the concerned for consent as required u/s 19(2) read with section 19(1) of the Act. As per DRS, the net worth of the company will become positive immediately and accumulated losses will also be wiped off immediately on merger. The Board would hear objections/suggestions with regard to the DRS at the hearing to be held on 12.01.2016 at 11.00 A.M.

Hearing fixed on 12.01.2016 was subsequently postponed and hearing was rescheduled on 19.07.2016.

1.6 In the hearing held on 19.07.2016, the Bench fixed the next date of hearing on 28.07.2016 for final argument.

2.0 In the hearing held today (28.07.2016), the Id Advocate of Clairant Chemicals stated that in the hearing held on 19.07.2016, it was erroneously recorded that they have agreed to accept 25% of principal amount outstanding as on 31.03.2014 as full and final settlement. He confirmed that they have not agreed to accept 25% of principal outstanding as proposed in the DRS. He will prefer to



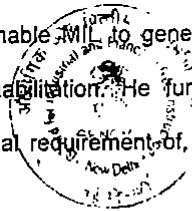


await till the end of the scheme and claim the entire amount after the scheme period is over.

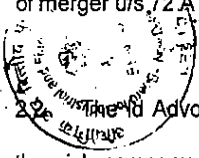
2.1. The Id Advocate of the company stated that the order passed by Hon'ble Supreme Court on 14.12.2015 in the case of M/s Orient Vegetexpro Ltd wherein Hon'ble Supreme Court allowed DIT to file an application for modification and BIFR was directed to consider the matter independently uninfluenced by the order passed by High Court and AAIFR since the period of eight years has now expired. He further stated that the company has sought relief u/s 72A of the Income Tax Act amounting to Rs. 17693.00 lakh on account of carry forward losses and brought forward depreciation of the company under the scheme of amalgamation which is inherent relief provided to the amalgamated company under the provisions of Income Tax Act. He further stated that commitment of amalgamated company MIL towards rehabilitation funding requirement of the company w.e.f. 01.01.2008 was based on certain conditions which inter-alia includes tax benefits on account of carry forward losses of the company. Since the commitment towards funding was made by MIL in FY 2007-08 itself, which was the fundamental and principal factor for arriving at settlement with secured creditors, the Board of MIL and shareholders had approved the amalgamation proposal looking into the tax benefits only. MTTL, being a sick company was unable to raise large resources on interest free basis to fund the requirement of rehabilitation. He also stated that the tax benefits u/s 72A of Income Tax Act under the proposed scheme would enable MIL to generate requisite cash surplus for infusion to MTTL for its rehabilitation. He further submitted that the contention of the Department that actual requirement of sick

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company to revive and smoothly run the company is around Rs. 18.00 crore only as on 31.03.2014 is factually incorrect as MIL has already given support of around Rs. 40.00 crore to the company upto 31.03.2015 which includes payment to lenders and working capital requirement which should be taken into consideration. He also added that the company is not taking any undue advantages by claiming carry forward losses of sick company as this the benefit is already provided under the Income Tax Act to the Amalgamated Company for revival of the company. The company is not seeking any additional relief or concession from the Income Tax Authorities other than or in excess of its entitlement under the provisions of the Income Tax Act. He also mentioned that the Department did not object to formulation of the DRS for revival of the company on merger basis at any stage before the BIFR or AAIFR. AAIFR decided in appeal No. 130/2011 filed by the company vide its order dated 03.06.2013, that the record date of merger of the company with MIL would be 01.01.2008. The Department has accepted the order of AAIFR which has attained finality. Further, it never raised any objection to revival of the company by its merger with MIL. The said exercise is in the domain of BIFR and of the Operating Agency which in this case have framed a merger based DRS for the sick company. He also clarified that the relief sought from the Department in the DRS is available to all companies in normal course on account of merger u/s 72 A of the Income Tax Act.

The Advocate of DIT stated that the present DRS envisages merger of the sick company M/s Modern Terry Towel Ltd with M/s Modern Insulators Ltd (MIL). The company is seeking only one relief u/s 72A of Income Tax Act, which is

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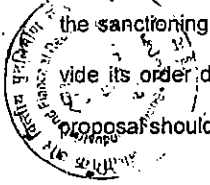
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estimated at Rs. 17,693.00 lakh as per the scheme of amalgamation. The DRS mentions that the company has suffered losses from 1998 onward till the current year. He further submitted that the cost of the scheme is Rs. 64.50 crore and the Department has to lose heavy revenue which may be more than Rs. 100.00 crore ultimately as Loss of Capital Gain Tax has benefits of Rs. 54.70 crore which is related to adjustment of Brought Forward Losses/ Depreciation of Rs. 176.93 crore available to the company as on 01.01.2008. Thus, it appears that instead of the company, the major funding for the scheme is being got done by the IT Department by way of surrendering the taxes already levied on the MIL. But due to retrospective date of merger being on 01.01.2008, the tax payable by MIL from AY 2008-09 will no more be payable by MIL. Therefore, the merger scheme proposed is highly prejudicial to the interest of Revenue due to the merger proposal and particularly retrospective date of merger of 01.01.2008. He further submitted that merger scheme should be the last resort, after all other measures provided in section 18(1) of SICA have been explored. It is the responsibility of the promoter of the company to arrange requisite funds to company to retain control on the management of the company. If promoter (s) fail to arrange such funds, then the other option available is that of change of management which should have also been explored before going for merger scheme. The main purpose of the proposed merger scheme is to evade tax payment by MIL. The assessing officer has intimated that MIL has been assessed on protective basis and demand of Rs. 44.60 crore has been raised against the transferee company MIL. If the merger is approved, the demand of Rs. 44.60 crore will become non-payable. He also referred to Hon'ble Supreme Court order dated 17.04.1985 in the case of

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McDowell & Co Ltd vs Commercial Tax wherein it has held that "Tax planning may be legitimate provided it is within the framework of the law. Colorable devices cannot be part of tax planning of tax planning and it is wrong to encourage or entertain the belief that it is honorable to avoid the payment of tax by dubious methods. It is the objection of every citizen to pay the taxes honestly without resorting to subterfuges". He further submitted that the company has filed an appeal before Hon'ble AAIFR for limited direction of changing the COD from 01.01.2008 to 31.03.2010 and Hon'ble AAIFR vide its order dated 03.06.2013 has disposed of the appeal with the clarification that the COD mentioned in the impugned order will apply only for date for merger of the company with MIL will continue to be treated as 01.01.2008 i.e. the date on which the merger was approved by the shareholders of the company. He contended that AAIFR considered the only issue i.e COD. The present DRS contemplating merger had neither been circulated nor approved by BiFR. Therefore, the issue of approving merger of the sick company with MIL could not have been raised by the company before AAIFR. The AAIFR did not go into the merits of the whole merger scheme except the 'date of merger'. Therefore, the impression being given with regard to approval of the scheme by AAIFR is a travesty of truth and completely false. The AAIFR may have allowed 01.01.2008 as the record date for proposed merger but the sanctioning of the merger scheme is still pending after the circulation by BIFR vide its order dated 02.11.2015. He further requested the Board that the merger proposal should not be approved in public interest.



Sushal Swami

2.3. The representative of IFCI (OA) stated that the present DRS has been recommended in terms of the approval of AAIFR.

3.0. Having considered the submission made during the hearing and material on record, besides, the DRS circulated on 02.11.2015 and the AAIFR's order dated 03.06.2013, the Bench inter alia observed that

(i) AAIFR vide its order dated 03.06.2013 held that " we are of the view that the record date of merger is the date on which the merger of the sick company with M/s Modern Insulators Ltd has been approved by the shareholders of the company and this date cannot be arbitrarily changed by the BIFR. As such, we disposed of the appeal with the clarification that the COD mentioned in the impugned order will apply only for date of merger of the appellant company with M/s MIL will continue to be treated as 01.01.2008 i.e. the dated on which the merger was approved by the shareholders of the company. The OA (IFCI) is directed to submit the DRS for consideration of BIFR accordingly, within four weeks".

(ii) The Bench has no option left but to follow the AAIFR's order dated 03.06.2013.

(iii) DRS envisages relief from Income Tax Department as per the terms and conditions of section 72 (A) of Income Tax Act.

3.1 The Bench noted that there is a general consensus on the provisions contained in the DRS circulated vide order dated 02.11.2015. Having regard to the facts that most of the parties concerned had given their consent u/s 19(2) of the Act to the various provisions of the DRS, the Bench in exercise of power conferred u/s 18(4) and 19(3) of SICA sanctioned the rehabilitation scheme hereinafter called as "Sanctioned Scheme (SS-16)", for the rehabilitation of the company with the following directions:

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(i) Promoter of the company to bring the required shortfall, if any, in case of any of the reliefs and concessions sought at 15 of SS-16 is not granted by concerned authority as confirmed during the hearing by the promoters.

(ii) IFCI is appointed as MA.

(iii) Board office to appoint a Special Director in the company with immediate effect.

3.2. The Sanctioned Scheme shall come into force with immediate effect. The sanctioned scheme be circulated to all concerned for its implementation.

Shashank Saxena
(DR.SHASHANK SAKSENA)
MEMBER

Ashish Kalia
(ASHISH KALIA)
CHAIRMAN

Enclosures: Sanctioned Scheme

DATE OF ISSUE
17 AUG 2016

Board for Industrial & Financial Reconstruction
BENCH-II
प्रमाणित सत्य प्रतिलिपि
Certified to be True Copy
Bhushan
Bench/ Section Officer



BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
MODERN TERRY TOWELS LIMITED(B.II)

(CASE NO.209 /2001)

SANCTIONED SCHEM- (SS-16)

1. BACKGROUND

Modern Terry Towels Limited (hereinafter referred to as "MTTL" or "Company") having its registered office at A-4, Vijay Path, Titak Nagar, Jaipur - 302 004, has been carrying on business of manufacturing and selling of Terry Towels. MTTL has its manufacturing facilities at Village Nidrad, Taluka Sanand, Ahmedabad in the state of Gujarat.

MTTL was originally incorporated in 1976 in the name of Modern Woollens Private Limited, which later on changed to Modern Woollens Limited. In 1992, the Company setup 100% Export Oriented Terry Towel plant in technical collaboration with Courtaulds of U.K. at Ahmedabad in Gujarat. It started commercial production in October, 1993. The woollen division was spun off to Modern Threads (India) Limited from April, 1994 under the scheme of arrangement approved by Rajasthan High Court. The name of Modern Woollens Limited was thereafter changed to Modern Terry Towels Limited (MTTL). The performance of the company was satisfactory till year 1998. Thereafter the performance was affected due to various reasons beyond control of the management, and the company suffered financial losses. The net-worth of the Company eroded by more than 50% as on March 31, 2000 and it filed a reference with BIFR first for potential sickness based on 31st March, 2000 audited accounts. The accumulated losses fully wiped out the net-worth of the company as on March 31, 2001 and therefore in line with statutory compliance the company made a reference to EIFR to register itself as a Sick Company based on the Audited Balance Sheet as on 31.03.2001.

2. REFERENCE TO BIFR

- 2.1 BIFR at its hearing held on the 09.08.2002 declared Modern Terry Towels Limited (MTTL), as a sick industrial company in terms of section 3(1)(O) of SICA and appointed IFCI as an Operating Agency, (OA) under section 17(3) of the Act to examine the viability of the Company and formulate a rehabilitation scheme for MTTL based on Company's proposals for revival.
- 2.2 On October 14, 2002, MTTL submitted its rehabilitation proposal to IFCI. Thereafter, IFCI convened a joint meeting of secured creditors on 29.1.2003

Arashant Saksena

to discuss the Rehabilitation scheme.

- 2.3 In April, 2003 a Shareholder of the Company filed an Application before Session Court, Kotputli stating that opportunity should be given to him before BIFR passes any order. The District & Session Judge, Kotputli also passed an order on 28th April, 2003 prohibiting any proceedings in the case before BIFR.
- 2.4 Hon'ble BIFR, vide order dated 5th June, 2003, decided that matter would be considered further on vacation of stay order dated 28/4/2003 passed by Hon'ble DSJ, Kotputli. Subsequently the Board vide its letter dated 10.06.2005 informed the Assistant Registrar, DSJ, Kotputli about provisions of section 26 of SICA regarding the bar on jurisdiction of civil courts.
- 2.5 The Hon'ble AAIFR vide its order dated 30/6/2008 set aside the certain directions contained in guidelines enclosed with the Summary of Proceedings of 9th August, 2002.
- 2.6 In the meanwhile, the company arrived at settlement of dues with most of its lenders. At the hearing of BIFR held on March 18, 2009, the company submitted that it had arrived at an amicable settlement with lenders to the extent of 78.41% and thereupon, the Hon'ble BIFR directed to submit a fully tied-up DRS within 4 months and fixed 05.08.2009 as the date of the next hearing for discussing the rehabilitation scheme of the company.
- 2.7 At the hearing held on 05.08.2009, Hon'ble BIFR noted the submission of the Company that it has arrived at settlement with 97.08% of secured creditors and accordingly directed IFCI (OA) to submit fully tied-up DRS within 45 days. The Bench further directed that OBC may take a pragmatic view with regard to OTS on the same lines as other secured creditors and communicate their decision to IFCI (OA) within one month, and further fixed 27.10.2009 as next date for the hearing to consider the DRS to be submitted by IFCI (OA).
- 2.8 At the hearing held on 20th August, 2009, the Bench considered the Misc. Application filed by M/s. Bayerische Hypo-und Vereinsbank AG (BHV) seeking permission of the Board under Section 22(1) of SICA for executing the decree passed against the Company and to treat the BHV as a preferred creditor while preparing DRS of the Sick Company and implead BHV in proceeding. After considering the reply filed by the Company, the Bench has not permitted execution of decree and also not treated BHV as a preferred creditor, while permitting impleadment of BHV as a party in the case of the Company.
- 2.9 BIFR had fixed the COD for the merger with MIL as 31.03.2010 instead of 01.01.2008 against which company had filed an appeal before AAIFR. In the final hearing held on 03.06.2013, the Hon'ble AAIFR has allowed the appeal and accordingly the appointed date for merger will continue be treated as 01.01.2008.

In the hearing held on 05.08.2013, after having considered the submissions made during the hearing and facts on record, Hon'ble BIFR directed the Company to submit DRS to IFCI (OA) within a period of four weeks; IFCI

Shashank Suresh



- (OA) to examine the said DRS and submit its report to the Bench within next four weeks for taking a final view on the DRS and COD by the Bench.
- 2.11 In the hearing held on 23.10.2013, after having considered the submissions made during the hearing and material on record, Hon'ble BIFR directed the Board's office to examine the DRS submitted by IFCI (OA); IFCI to update the status of settlement with GSFC and the next date of hearing was fixed on 23.01.2014.
- 2.12 Hon'ble BIFR sought certain clarifications and justification on the DRS from the Company and IFCI (OA) vide its letter no. 209/2001/B-II dated 12.12.2013.
- 2.13 In the hearing held on 23.01.2014, after having considered the submissions made during the hearing and facts on record, Hon'ble BIFR considered the COD as 31.03.2013 and directed Board's office to include the name of Govt of Gujarat as necessary party; IFCI (OA) to submit the DRS after examining the reply received from the Company and taking into account the views of GSFC with regard to de-rating; Board's office to examine the DRS after clarification received from IFCI (OA) and the next date of hearing was fixed tentatively on 15.04.2014, which may alter subject to date of circulation of DRS.
- 2.14 IFCI (OA) submitted its detailed reply/ submission to Hon'ble BIFR's letter no. 209/2001/B-II dated 12.12.2013 vide its letter dated 14.03.2014.
- 2.15 Hearing fixed on 15.04.2014 was subsequently postponed.
- 2.16 Hon'ble BIFR, after examining the reply/ submission dated 14.03.2014 of IFCI (OA), vide its letter dated 09.06.2014, again raised some objections and sought clarifications & justification from IFCI (OA) and advised IFCI (OA) that if the said objections of Hon'ble BIFR are not fully clarified, the reference of the Company is liable to be deregistered.
- 2.17 In the hearing held on 07.07.2014, after having considered the submissions made during the hearing and the material on record, Hon'ble BIFR directed the Company to submit the revised DRS after satisfactory response to clarification of all queries sought by Board's office with in a period of four weeks; IFCI (OA) to submit the fully tied up DRS after examining the clarification received from the company and taking into account the views of GSFC with regard to de-rating while formulating a fully tied up DRS with in a further period of four weeks; Board's office to examine the DRS after

clarification received from IFCI (OA) and the next date was fixed tentatively on 28.10.2014, which may alter subject to date of circulation of DRS.

2.18 Aggrieved by the letter dated 09.06.2014 of Hon'ble BIFR, the Company filed an appeal before Hon'ble AAIFR on 25.07.2014. However, the same was withdrawn by the Company on 19.09.2014 avoiding litigation and to ensure speedy circulation of its DRS for its revival.

2.19 In the last hearing held on 22.12.2014, the Hon'ble Bench has directed to examine the DRS with cut off date as 31.03.2014.

3. SHARE CAPITAL AND SHAREHOLDERS

3.1 Share Capital:

As on 01.01.2008, i.e. the appointed date of amalgamation with MIL, the paid-up share capital of MTTL stood at Rs. 54.63 crores comprising paid-up equity share capital of Rs.43.63 crores and paid-up preference share capital of Rs.11 crores.

(Rs. In Lacs)

PARTICULARS	As on 1st January, 2008 (Appointed date)		As on 31 st March 2014 (Last FY closing)	
	Nos.	Amount	Nos.	Amount
SHARE CAPITAL				
Authorized Capital				
Equity Share of Rs. 10/- each	450,00,000	4500	450,00,000	4500
Cumulative Preference Shares of Rs. 100/-	20,00,000	2000	20,00,000	2000
Issued, Subscribed and Paid-up Capital				
Equity Shares of Rs. 10/- each	436,26,476	4363	436,26,476	4363
14% Cumulative Redeemable Preference Shares of Rs. 100/-	100,000	100	100,000	100
17.5% Cumulative Redeemable Preference Shares of Rs. 100/-	700,000	700	700,000	700
16% Cumulative Redeemable Preference Shares of Rs. 100/-	300,000	300	300,000	300
Share Application Money		1600		1625

3.2 As at financial year ended on 31.03.2014, 41.76% of the company's equity shares are held by promoters and their associates and balance 58.24% by Financial Institution/banks and the general public.



3.3 Pattern of Shareholding:

Particulars	As on 31st March, 2014	
	Amount (Rs. in lacs)	%age of total paid up capital

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Promoters & Associates	1822	41.76
Fis & banks	818	18.75
Public	1723	39.49
Total	4363	100.00%

4. **PROMOTERS**

The present promoter of MTTL is Shri Sachin Ranka. He is currently the Chairman of the company. Mr. Sachin Ranka, aged 51 years, is an MBA having vast experience of business of more than 25 years. He has been involved with MTTL since its inception and was actively associated in the implementation of the state of art plant at Sanand (Gujarat).

5. **BOARD OF DIRECTORS**

The present Board comprises of 5 members is as under:

Name	Designation	Experience
Shri Sachin Ranka	Chairman	25 years
Shri P. K. Rao	Director	50 years
Shri H. L. Sharma	Director	40 years
Shri S. K. Sharma	Director	45 years
Shri Sanjay Bajjal	Director	20 years

MTTL is a Board managed company. The day-to-day operations are looked after by Mr. Sanjay Bajjal, Director and President having more than 20 years of experience. He is supported by a team of well qualified and experienced professionals at the plant.

6. **TECHNICAL & PROFESSIONAL STAFF**

Following is list of key technical and professional staff:

Name	Designation	Experience
Shri Subhashi Sharma	President (Technical)	39 years
Shri P. K. Shrivastava	Sr. Vice president (HR & Admn)	27 years

Sanjay Bajjal

Shri D S Mandla	Vice President (Spinning)	30 years
Shri A K Adak	Vice President (Operations)	26 years
Shri P K Gupta	Vice President (Processing)	35 years
Shri V K Mangal	Vice President (Finance)	35 years

7. REASONS FOR SICKNESS

7.1 The performance of the Company was satisfactory till Financial Year 1998. Thereafter, the worldwide recession and overcapacity in the industry resulted in decline in sales volume as well as sales realizations. The abnormal increase in price of cotton in years 2000 and 2001 also resulted in higher material costs and erosion of manufacturing margins. The tight liquidity situation in the face of mounting losses affected the company's ability to increase capacity utilization due to paucity of working capital resources. The losses during above period also increased on account of reduction in valuation of inventories due to depressed market.

7.2 The Company's performance was affected on account of the following reasons:-

- a. Recession in industry in the late 90s and up to year 2002 resulted in squeezing of manufacturing margins, under-cutting of selling prices and sharp decline in the capacity utilization.
- b. The manufacturing losses eroded available working capital and the requisite support from the working capital banks was not provided. The liquidity constraints further reduced the level of operations and increased losses of the Company.
- c. High cost of interest on the borrowings of the Company further increased operating losses of the Company.
- d. The inability of promoters to induct resources coupled with non-availability of working capital from the banks led to acute paucity of working capital and drop in capacity utilization.

7.3 The debt burden of the company mounted to a very large level due to accumulation of interest liability. Due to continuous losses, the net-worth of the Company eroded by more than 50% as on March 31, 2000 and it filed a reference with BIFR first for potential sickness based on 31st March, 2000 audited accounts. The accumulated losses fully wiped out net-worth of the company as on March 31, 2001 and therefore in line with statutory compliance the company made a reference to BIFR to register itself as a Sick Company.

PERFORMANCE

A summary of the financial position and working results of MTTL on appointed date of the amalgamation with MIL i.e. 1st Jan. 2008 and thereafter up to 31/03/2014 is given hereunder: -

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8.1 Financial Position: (Rs. In lacs) Past Financial Position	Appointed date 01/01/08	30/09/09 (Audited)	31/03/11 (Audited)	31/03/12 (Audited)	31/03/13 (Audited)	31/3/2014 (Audited)
Net Block	8294	6390	4846	4022	3614	3304
Equity Share Capital	4363	4363	4363	4363	4363	4363
Share Application Money	1500	1625	1625	1625	1625	1625
Preference Share Capital	1100	1100	1100	1100	1100	1100
Reserves & Surplus	8194	8194	8194	8194	8194	8194
Less :Accumulated Losses	(23435)	(15882)	(16863)	(16257)	(16523)	(16903)
Net Worth	(8278)	(600)	(1581)	(975)	(1241)	(1621)
Secured Loans	14187	1718	1300	1300	1300	1300
Unsecured Loans	3751	4166	5973	4563	4574	5058
Current Assets	5333	2182	2357	2490	2521	2526
Current Liabilities including						
Bank Borrowing	3967	3268	1511	1624	1503	1093
Debt Equity Ratio	(1.71)	(2.86)	(0.82)	(1.33)	(1.05)	(0.80)
Current Ratio	1.33	0.66	1.56	1.53	1.68	2.31

Comments on variations: Accumulated losses increased by Rs. 280 lacs during the financial year 2013-14 consists PBIDT Rs. 4 lacs, Interest cost Rs. 70 lacs and Depreciation Rs. 314 lacs.

8.2. Working Results:

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(Rs.In lacs)

		2008-09	2009-11	2011-12	2012-13	2013-14
	01.01.08 to 31.03.08 (3 months)	(Apr'08 to Sept'09) 18 months	(Oct'09 to Mar'11) 18 months	(12 months)	(12 months)	(12 months)
Production (TPA)	665	2907	2980	1411	1537	1031
Net Sales	1927	8286	8968	4388	5595	3590
Gross Profit (EBIDTA)	9	13	18	5	11	4
Interest & Bank Charges	189	703	587	226	49	70
Depreciation	292	1638	1596	817	228	314
Operating Profit	(472)	(2328)	(2165)	(1038)	(266)	(380)
Taxes	1	5	-	-	-	-
Net Profit	(473)	(2333)	(2165)	(1038)	(266)	(380)
Net Cash Accrual	(181)	(695)	(569)	(221)	(38)	(38)



Comments on variations: Interest cost reduced during the financial year 2012-13 and 2013-14 due to settlement with lenders.

Current Status of MTTL:

During past couple of years, the entire textile industry suffered due to global recession and the lack of orders for exports coupled with depressed sales realization. Though the Company is dependent on the export market, the products have good market potential in India also. The economic downturn

Arashankh Kumar

and recession in the Western countries adversely affected volumes as well as realizations. However with the sign of recovery in USA and Europe, the export markets for the company are expected to improve over next few quarters. Further, the strengthening of US Dollar vis-à-vis Indian Rupee would also help in improving the realizations once the markets revive in USA & Europe. At the same time there are signs of improvement in domestic market and with the increased capacity utilization, the company is likely to perform better in coming years.

At present the paucity of working capital has restricted the capacity utilization of the plant. The augmenting of working capital resources would enable the company to ramp up the volumes.

9. **LOANS AND CREDIT FACILITIES**

9.1 **Details of Existing Credit Facilities:**

Secured Creditors (as on appointed date of amalgamation with MIL i.e. 01.01.2008 and as on last FY closing i.e. 31.03.2014)

(Rs. in lacs)

Sr. No.	Name of the Bank/FI's	As on 01.01.2008 (appointed date)	As on 31.03.2014 (Last FY Closing)
(A)	<u>TERM LOAN</u>		
1	IFCI / Assignee	3386	1300
2	UTI	1872*	
3	UTI - MF	178	
4	LIC	850	
	TOTAL (A)	6286	1300
(B)	<u>BANK BOROWINGS</u>		
1	OBC	497	
2	ARCIL	1480	
	TOTAL (B)	1977	
	GRAND TOTAL (A+B)	8263*	1300

* The accounts of the company as on 31.12.07 also include outstanding liabilities of ICICI (Rs. 628 lacs) and AFIC (Rs. 937 lacs) and corresponding payments made shown as advance paid to ICICI and AFIC against the outstanding loan amount.

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*IFCI dues are assigned to M/s Motile Power Trade(P) Ltd. Of Rs. 1300 lac and duly incorporated in Cost of Scheme.

9.2 Details of One Time Settlement arrived at with the secured creditors:

(Rs. In lacs)

Name of FI/Bank	Total principal* Dues	OTS Amount	Waiver	Amount Paid	Date of settlement
CDC	2709.39	917.46	1791.93	917.46	17.05.2004
SCICI/ICICI	1531.00	832.00	699.00	832.00	24.09.2003
AFIC	2657.95	917.77	1740.18	917.77	20.12.2005
LIC	850.00	400.00	450.00	400.00	07.05.2009
UTI	1872.12	393.66	1478.46	393.66	20.03.2009
UTI-MF	177.88	40.00	137.88	40.00	07.07.2009
GIC	500.00	75.00	425.00	75.00	25.11.2011
IOB	388.17	291.31	96.86	291.31	21.10.2004
BOI & PSB (ARCIL)	1480.00	1055.00	425.00	1055.00	20.04.2009
OBC	496.96	90.00	406.96	90.00	06.11.2009
Total	12663.47	5012.20	7651.27	5012.20	

9.3 Details of Unsecured Creditors:

9.3.1 Loan from GSFC:

Loan from Gujarat State Financial Corporation (GSFC) as on appointed date of amalgamation and as on last FY closing i.e 31st March, 2014 stood at Rs. 150.00 lacs. The loan is considered to be settled as per OTS scheme of the Corporation, according to which 100% of the principal amount



Wadhvani Saurabh

outstanding to be paid within 6 months from sanction by the Corporation. Accumulated interest, penal interest and charges to be waived.

9.3.2 Unsecured Loans / Creditors:

The dues of unsecured loans / creditors of the company as on appointed date of amalgamation stood at Rs. 18.69 crores comprising Public Fixed Deposits of Rs.6.08 crores and other unsecured loan / creditors of Rs.12.61 crores. The dues as on last FY closing i.e 31st March, 2014 stood at Rs.12.41 crores comprising Public Fixed Deposits Rs.4.80 crores, unsecured loan Rs.7.21 crores and creditors under litigation Rs. 0.40 crores. The details of which are enclosed as per "Annexure- VI".

9.4 Details of Dues of the workers:

There are no overdue/disputed dues of workers. All the payments are being made on due dates. Please see "Annexure- IX".

9.5 Details of Statutory Liabilities:

There are no overdue/disputed dues towards statutory liability. All the payments are being made in regular course except there were delays in few cases of Provident fund, service tax and TDS.

10. MARKET REPORT / MARKETING ARRANGEMENT

10.1 MTTL manufactures terry towels which are sold mainly to the markets in USA and Europe. The towels market is broadly classified into two segments, terry towels and plain towels. In the domestic market, share of plain towel is higher due to lower prices. The plain towel market is dominated by small units. Large players dominate the market for terry towels.

10.2 Terry Towels (popularly known as Turkish Towels) are an integral part of textile industry in India and are used as Bath Towels, Beach Towels, Hospital Towels, Hand Towels, Kitchen Towels etc.

10.3 Terry-weave, the process used to produce terry towels, makes them softer, absorbent and long lasting. Terry towels are made from best quality 100% cotton yarn that is excellent absorbent of water. These towels are also made with polyester mixing or other applicable mixing with cotton yarn. In the developed countries, the market for towels is predominantly for terry towels. America and Europe are the largest market for terry towels. The manufacturers in the developed countries are closing down their production

Shashank Sharma



facilities due to high costs and the manufacturing has moved to low cost developing countries.

- 10.4 In the domestic market, demand for terry towel is expected to increase with higher per capita income and improvement in living standards which could result in a shift in demand from plain towels to terry towels.

11. **THE SCHEME**

The rehabilitation scheme envisages following strategy for revival of the company:

11.1 **Rehabilitation Strategy:**

The rehabilitation scheme envisages amalgamation of MTTL with Modern Insulators Limited (MIL), a group company with an objective of infusing interest free resources for repaying dues of settled creditors, urgent capital expenditure and for augmenting margin for working capital of MTTL and thereby increasing the capacity utilization of the plant and up-gradation of product mix towards value added varieties for increasing profitability of the terry towel operations.

11.2 **Amalgamation of MTTL with MIL:**

MTTL's performance over the years has suffered due to gross underutilization of facility on account of shortage of working capital resources. MTTL is unable to attract incremental equity / quasi equity resources and since its net-worth cannot be made positive on a stand-alone basis, it is proposed to amalgamate the undertaking of MTTL as a going concern with MIL, a listed group company. The amalgamation would enable infusion of the funds for meeting rehabilitation requirements of MTTL and to make its net-worth positive.

11.2.1 **Background of MIL:**

Modern Insulators Limited was incorporated as Public Ltd. Company on 1st May, 1982. It was established in collaboration of Siemens AG, Germany in joint venture with RIICO.

MIL is a leading manufacturer and supplier of high voltage porcelain insulators that are essential components of the global electrical infrastructure. The company's design and production technology in porcelain insulators makes it the preferred supplier of leading OEMs - ABB,



Erashankh Saha

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Alstom, Siemens, CGL and have long term understanding for supplies with these companies for their worldwide requirements.

MIL is the market leader for high voltage porcelain hollows, station posts and long rod Insulators in India as well as in the International markets of Europe, North America & Mexico.

MIL Insulator plant with its present operations is the largest plant at any single location in the world.

Established Customer Profile of MIL

MIL is one of the few manufacturers with the experience, capacity & technological know-how to produce highly engineered, very high voltage porcelain insulators.

The main clientele of MIL comprises major multinational OEMs for their worldwide requirement as well as major Transmission & Distribution companies including PGCIL & Indian Railway.

Long Term Contracts with main customers

MIL has long standing relationships with the world's leading OEM's including ABB, Alstom, Siemens and has all the necessary customer approvals for its products, which creates high barriers to entry for new entrants. MIL currently has a very strong order book.

Demerger of Yarn division from MIL

With a view to implement and develop the business plan of MIL as a focused entity, it has been decided by the Board of Directors of the MIL to demerge the Yarn division which had commenced operations in September, 2008, into a separate corporate entity by a scheme of arrangement under section 391 to 394 of the Companies Act 1956 w.e.f. 1st April, 2011. MIL has received approval from shareholders, secured and unsecured creditors for demerger and it would result in benefit to the shareholders, creditors, employees and general public. The matter will be heard by Hon'ble High Court in due course for approval of the scheme. Pending approval of the said scheme, the financials up to 31.3.2014 are provided inclusive of Yarn division.

Shashil Sinha

M/s Modern Insulators Ltd.(MIL) has a yarn division in Gujarat, with a capacity of 25000 tonnes per annum. It started its commercial production in September, 2008. The working of this unit was satisfactory till FY 2013-14. But, during the FY 2014-15, the performance of this unit was adversely affected due to adverse market condition. With a view to implement and develop the business plan of MIL to demerge this yarn unit into a separate entity by a scheme of arrangement under Section 391 to 394 of the Companies Act, w.e.f. 01.04.2011. The said scheme of arrangement is under consideration with the Hon'ble High Court of Rajasthan. The key financials and operating results of this unit for the last 5 years are as under:-

Financial Position:

(Rs. In lacs)

Particulars	31.03.11 (Audited)	31/03/12 (Audited)	31/03/13 (Audited)	31/03/14 (Audited)	31/03/15 (Audited)
Net Block	8737	8421	8191	7808	7373
Reserves & Surplus	-	-	-	-	-
Secured Loans	1184	1669	1757	2122	1782
Unsecured Loans	-	-	-	-	-
Current Assets	-	-	-	-	-
Current Liabilities	1531	1369	2362	3199	2874
	1147	982	804	926	548



Shashank Kumar

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Working Results:

Particulars	2009-11 (Oct'09 to Mar'11, 18 months)	2011-12 (12 months)	2012-13 (12 months)	2013-14 (12 months)	2014-15 (12 months)
Production (TPA)	22965	15723	13504	15835	12153
Net Sales	20569	16672	14896	18542	12925
Gross Profit (EBIDTA)	1318	925	539	820	182
Interest & Bank Charges	23	5	5	10	6
Depreciation	569	435	446	445	516
Operating Profit (loss)	726	485	88	365	(340)
Taxes	-	-	-	-	-
Net Cash Accrual	1295	920	534	810	176

Key Financials of MIL

(Rs. In lacs)

	2008-09 (April'08 to Sept' 09) 18 months	2009-11 (Oct'09 to Mar'11) 18 months	2011-12 (12 months)	2012-13 (12 months)	2013-14 (12 months)
Net Sales	42107	53974	38276	39162	45933
Profit before tax and depreciation	4925	4695	2989	2879	3436
Profit After Tax	4535	3402	2240	2143	2446

Past Financial Position as on	30/09/09	31/03/11	31/03/12	31/03/13	31/03/14

Shishu Lal

NET WORTH	12730	16133	18373	20486	21892
Net Fixed Assets/Net Block	10699	14136	13593	13371	13432
Secured Loans/ ZCDs	7517	10400	9132	7217	4895
Deferred Tax Liability	1189	1382	1352	1314	1479
Investments	117	122	972	953	1987
Loan to subsidiary	1300	4500	4200	3620	1300
Funds to MTTL	280	1946	2245	2245	2716
Net Current Assets	9040	7211	7847	8828	8631

11.2.2 Rationale of the amalgamation:

It is proposed to amalgamate MTTL with MIL to facilitate the revival of MTTL. The amalgamation of MTTL will have following advantages:

- (a) MTTL has large accumulated losses and due to its inability to attract equity resources, it would not be able to make its net-worth positive on a stand-alone basis. The amalgamation with MIL, a group company, would result in positive net-worth for the merged entity upon the amalgamation/merger becoming effective.
- (b) MTTL's operations are suffering due to low capacity utilization of the plant on account of acute shortage of working capital resources. MTTL, on a stand-alone basis, is unable to raise the requisite resources for working capital. The amalgamation with MIL would enable infusion of resources from MIL's operations aided by tax savings u/s 72A and thereby increase the capacity utilization of terry towel plant above break-even levels.
- (c) The amalgamation with MIL would also facilitate infusion of resources for meeting the liabilities / obligations as per DRS as well as for other requirement of funds for the rehabilitation.
- (d) The tax benefits u/s 72A of Income Tax Act under the proposed Amalgamation Scheme will enable MIL to generate requisite cash surpluses for infusion to MTTL for its rehabilitation.
- (e) The amalgamation of MIL and MTTL will result in consolidation of two companies under management of Shri Sachin Ranka faction, and therefore the amalgamation will give rise to savings in the administrative costs.



Sachin Ranka

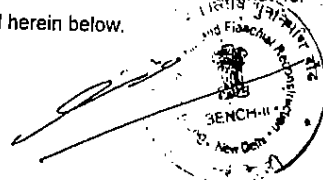
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11.3 Scheme and Terms of Amalgamation:

The terms of scheme of amalgamation of MTTL with MIL shall be as per enclosed "Annexure- I". The salient features are given below:

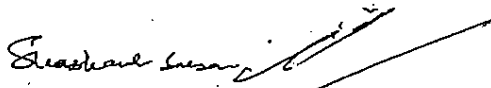
- 11.3.1 For the purpose of the scheme, the 'Appointed Date' of the amalgamation, i.e. the deemed date of amalgamation / merger is considered as 01.01.2008.
- 11.3.2 'Effective Date' of the amalgamation scheme shall be the date on which the certified true copy of the scheme sanctioned by BIFR is filed with Registrar of Companies (ROC).
- 11.3.3 Upon the Scheme coming into effect from the Appointed Date, the Undertaking of the MTTL with all assets and liabilities shall without any further act or deed, be transferred to and vested in MIL for all the estates, assets, rights and interests of MTTL therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and MTTL shall be deemed to have been amalgamated with MIL.
- 11.3.4 Upon the Scheme coming into effect from the Appointed Date, the Undertaking of the MTTL shall become a Division of MIL.
- 11.3.5 Protection of Employees of MTTL:
All permanent employee of MTTL shall become the employees of the merged entity from the effective date of the amalgamation without interruption in the services of such employees in any manner. The terms and conditions of services offered to such employees on the effective date of amalgamation will not in any way be less favorable than those applicable to them immediately before the transfer date.
- 11.3.6 Restructuring of Preference Share Capital of MTTL:
- a) The entire accumulated dividend on the Preference shares outstanding till sanction of the scheme shall be waived.
 - b) Upon sanction of the scheme, Cumulative Preference shares shall be converted to equity share capital at par, and thereafter the converted equity capital shall be restructured in line with that for equity shareholders as prescribed herein below.

Shashank Salun



11.3.7 Restructuring of Equity Share Capital of MTTL:

- a) The existing paid-up equity share capital shall be written down by 60% against the accumulated losses of the company.
- b) The issued, subscribed and paid-up equity capital of the company comprising 5,46,26,500 equity shares of Rs.10 each fully paid-up (including the converted preference shares as prescribed above) shall stand at 5,46,26,500 equity shares of Rs.4 each and thereafter every 2.5 equity shares of Rs.4 each will be consolidated to one equity share of Rs.10 each fully paid-up. Consequently the revised paid-up equity capital of the company shall comprise 218,50,600 equity shares of Rs.10 each fully paid-up, aggregating Rs.2185.06 lacs.
- c) In case of fractional shareholding subsequent to write down, such fractional shareholding shall be held in a Trust on behalf of the fractional shareholders. Thereafter the company shall appoint a SEBI approved Merchant Banker for valuing the shares of the company held in the said Trust, and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers.
- d) MTTL had raised advance equity subscription of Rs.1625 lacs for funding the payment of settlement dues of the secured creditors like ICICI, IOB, AFIC and ACTIS, who have been paid fully. MTTL shall allot 162.50 lac equity shares of Rs.10 each, fully paid-up, against the aforesaid advance equity subscription of Rs.1625 lacs brought in already. The said equity shares shall be allotted subsequent to write-down of the existing equity capital as per clause (b) above.
- e) Upon amalgamation of MTTL with MIL in terms of this scheme, the shareholders of MTTL shall be allotted 2 fully paid-up equity shares of Rs.10 each of MIL for every 3 equity shares of Rs.10 each fully paid-up held in MTTL subsequent to write-down and fresh allotment as per clause (b), (c) and (d) above.
- f) The proposed de-rating of shares by 60% and the share exchange terms, as stated above, have already been approved by the



shareholders of the Company by passing a Special resolution in their Annual General Meeting held on 27th September, 2014. Copies of the said Special Resolution passed at the AGM and the Explanatory Statement to the said Resolution are annexed as "Annexure- X" and "Annexure- XI".

11.4 Repayment to Secured Creditors:

The Company has already arrived at the settlement of liabilities with all the secured lenders. The status of settlement with lenders and that of repayment by the company is summarized below:

11.4.1 Creditors settled and fully paid:

The company has settled and paid the settlement amount towards outstanding dues in case of below mentioned Banks, Financial Institutions & Mutual Funds:-

- ICICI
- Indian Overseas bank
- Asian Finance and Investment Corporation (AFIC)
- Common Wealth Development Corporation (Now ACTIS)
- UTI (SUUTI)
- UTI Mutual Fund
- OBC
- LIC
- ARCIL (Assigned debts of BOI and Punjab and Sind Bank)

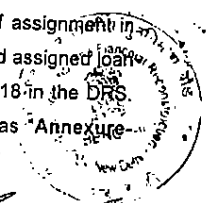
11.4.2 Creditors settled and partially paid:

All the secured creditors are fully paid except IFCI dues which are assigned to M/s Motile Power Trade(P) Ltd. of Rs.1300 lac and duly incorporated in Cost of Scheme.

11.4.3 Assigned Debts:

The outstanding dues of IFCI have been settled by way of assignment in favor of Motile Power Trade (P) Ltd. The payment of the said assigned loan of Rs. 1300 lacs has been considered in the year of 2017-18 in the DRS. The consent letter of the lender to this effect is annexed as "Annexure XIII".

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11.5 Repayment of Loan from GSFC:

The principal amount of loan of GSFC as on 31.03.2014 stood at Rs. 1.50 crores. To settle the said loan, the company has already applied for OTS under the Scheme of GSFC vide its letter dated 01.10.2014. As per the Scheme of GSFC, 100% of principal amount will be paid within 6 months from sanction by the Corporation. Vide letter dated 01.12.2014 (Annexure-XIV), GSFC has stated that MTTL's request under the scheme has been considered and requested the company to make a down payment of Rs.15,03,520/- being 10% of settlement amount of Rs.1,50,35,205/- latest by 10.12.2014 which the company has complied vide its letter dated 08.12.2014 (Annexure- XV). GSFC would also be communicating the schedule of balance settlement amount. Accordingly, the payment of Rs. 82.50 lacs and 67.50 lacs which have been considered in the DRS in the year 2014-15 and 2015-16 would be adjusted as per the GSFC schedule and payment already made .

11.6 Repayment of Fixed Deposits:

The principal amount outstanding to fixed deposit holders as on 31.03.2014 stood at Rs. 480 lacs. The dues of fixed deposit holders shall be settled against payment of 100% of principal amount outstanding as on 31.03.2014, payable over a period of 4 years (starting from 2014-15 till 2017-18) without any interest thereon and all the outstanding interest shall be waived.

11.7 Repayment of Unsecured Loans / Creditors:

The principal amount outstanding to unsecured creditors and creditors under litigation as on 31.03.2014 stood at Rs. 761 lacs. The outstanding dues of unsecured creditors and creditors under litigation, other than fixed deposit holders, are considered to be settled as full and final settlement by way of payment of 25% of principal amount outstanding, repayable in 4 years (starting from 2014-15 till 2017-18) without any interest thereon and all the outstanding interest/penalties/other charges shall be waived.



11.8 Settlement of liability of Guarantee to BHV Bank:

The company had given a Corporate Guarantee to BHV Bank (now UniCredit Bank AG) for loan taken by Modern Syntex (India) Ltd. from the said Bank. In pursuance to non-payment of the said loan by Modern Syntex (India) Ltd., the Bank had invoked the Guarantee and got an ex-parte decree against both Borrower and Guarantor. The Company, after negotiations with the Bank, has been able to arrive at a settlement with the Bank vide Settlement Agreement dated 29.7.2014. In terms of the said Settlement Agreement (copy enclosed as "Annexure- XVII"), the Company is to pay a total amount of Euro 24,00,000 to the Bank in installments ending on 31st December, 2015. The Company has already paid the 1st installment of Euro 6,00,000 to the Bank in August, 2014 (Copy enclosed as "Annexure- XVIII"). Upon payment of the full settlement amount in terms of the Settlement Agreement dated 29.7.2014, the liability of the Bank shall stand settled and fully paid.

11.9 Mobilization of funds:

Details in this regards are shown under sub para no. 12.2 of "Means of Finance" of the DRS.

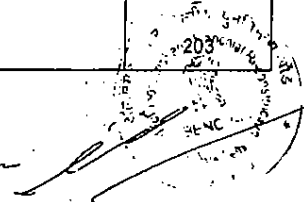
11.10 Modernization & Expansion:

A sum of Rs. 750 lacs have been planned for Capital Expenditure to be incurred during the period of rehabilitation. The said Capital Expenditure will be incurred for import of new Sulzer looms; for purchasing of new Yarn Dyeing Machines and new balancing machines, which are required to replace the damaged and old looms/ machines. Besides, this will also improve the overall efficiency of the plant. The said Capital Expenditure will be incurred over a period of 4 years starting from 2014-15 to 2017-18 and is provided in Cost of Scheme. The details of the same are annexed as "Annexure- XVI".

COST OF SCHEME AND MEANS OF FINANCE

Particulars	Rs. In lacs
Settlement with Secured Lenders :	
- Already paid (Upto 31/03/2014) *	2174
- Proposed to be paid during rehabilitation period	1300
Payment of Unsecured Loans (Public Fixed Deposits, Other unsecured loans / creditors and Liability towards Corporate Guarantee) :	
- Already paid (Upto 31/03/2014) *	

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- Proposed to be paid during rehabilitation period	820
Capital Expenditure :	
- Already spent (Upto 31/03/2014) *	124
- Proposed to be incurred during rehabilitation period	750
Working Capital requirement (During rehabilitation period)	1079
Total Cost of Scheme	6450

12.2 MEANS OF FINANCE:

The Rehabilitation cost is proposed to be financed as follows:

Particulars	Rs. in lacs
Contribution from promoters/associates (Already brought in)	1625
Funds from MIL :	
- Already received (Upto 31/03/2014)	2716
- Proposed to be received during rehabilitation period	2100
Internal accruals	9
Total	6450

The amalgamation scheme envisages tax benefits under Section 72A of the Income Tax Act 1961 to the MIL. The benefits under Section 72A are based on the accumulated business losses and unabsorbed depreciation which is estimated of about Rs.17693 lacs and the amalgamated entity would be eligible for allowable tax benefit of about Rs.5740 lacs under Section 72A of the Income Tax Act, 1961.



Shareholding pattern before & after sanction of the scheme:
Please refer "Annexure- VIII".

Shashank Sarda

13. **MANUFACTURING FACILITIES & INFRASTRUCTURE**

13.1 **Installed Capacity**

The company has installed capacity of 60 nos. weaving looms to manufacture terry towels. The company manufactures Terry Towels of different categories namely Plain Dyed Dobbies (in pastel, medium and dark shades), Yarn-Dyed Dobbies (in stripes & checks), Loom and wash finished both sheared and un-sheared Jacquards made from carded and combed ring spun yarn. The product range consists of face towels, hand towels, bath towels, bath sheets, beach towels, bath mats etc.

13.2 **Location**

The Plant is located in the village Nidrad near Sanand in Gujarat which is around 20 kilometers away from Ahmedabad city. The plant has proximity to the raw material as well as to the Kandla Port. It is well connected by Road (city highway), Rail (1 km from Sanand Station) and Air (Ahmedabad).

13.3 **Technical Arrangements**

MTTL acquired technical know-how from Ashton (The new name is Christy), a division of Courtaulds Textiles (Holding) Ltd. UK for the manufacture of towels. The Collaborator also assisted MTTL to sell its products in international market.

13.4 **Plant & Machinery**

The Plant is equipped with good configuration of machines – Electronic jacquard looms and dyeing equipment capable of producing globally acceptable qualities in different sizes and varieties. The Plant is capable of producing various designs through CAD/CAM and has flexibility in product mix between yarn dyed towels and piece dyed towels. The unit has the capacity to operate 3 shifts, 24 hours a day for 7 days a week throughout the year.

13.5 **Power**

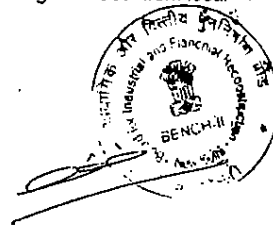
The company's plant has a sanctioned load of 25 MW from Uttar Gujarat Vij Company Limited (UGVCL) and the company is not facing any problems for power supply. The company also has DG set of 860 KVA as standby source of power supply.

13.6 **Fuel**

MTTL requires Lignite / Coal as fuel for operating boilers to meet its heating and steam requirements. The company procures Lignite / Coal from local suppliers.

13.7 **Effluent treatment**

Sanjay Kumar



The company has valid consents from GPCB for its manufacturing activities.

13.8 Water

The requirement of water for the manufacturing is met through bore-wells at the site.

13.9 Manpower

The company has adequate manpower to take care of its operations at optimum capacity utilization.

14. APPOINTED DATE

The appointed date for amalgamation/merger of MTTL with MIL is taken as 01.01.2008.

14.1 CUT-OFF DATE (COD)

The Cut-off Date (COD) is taken as 31.03.2014

15. DETAILS OF RELIEF AND CONCESSIONS

A. Secured Creditors

All secured Creditors have already settled / sanctioned the settlement of their liabilities in MTTL.

B. Public Fixed Deposits

Public deposit holders to accept 100% of the principal amount outstanding as on 31.03.2014 as full & final settlement of their entire outstanding dues. The said amount of 100% shall be repaid fully over a period of 4 years (starting from 2014-2015 till 2017-18), without any interest thereon, as projected in the cash-flow statement. All arrears of Interest (due and payable) to the public fixed deposit holders shall be waived entirely.

Repayment of Public fixed Deposits amount as provided in the Projected Cash Flow of the Company is annexed as "Annexure- III C".

C. Unsecured Loan / Creditors

i. To accept 25% of principal amount outstanding as on 31.03.2014 as full and final settlement, repayable in 4 years (starting from 2014-15 till 2017-18) without any interest. All arrears of Interest (due and



Shradha Suman

payable)/ penalties & other charges shall be waived entirely. Those creditor, who do not want to accept this settlement can wait till the end of the scheme and have the right to get it their full claim amount.

- ii. Upon receipt of the payment towards settlement as mentioned above, the creditors shall issue No dues certificate to the company, release guarantees/pledge of securities, if any, and withdraw all pending Suits, if any, filed before any Courts / Tribunals.
- iii. Details of the unsecured dues are enclosed as per "Annexure- VI".

D. Ministry of Corporate Affairs, Govt. of India

To exempt the company from applicability of section 81A of the Companies Act, 1956 with respect to fresh issue of capital as envisaged under the scheme.

It is submitted that the Ministry of Corporate Affairs has already conveyed its no objection to the above said exemption vide its letter dated 3rd October, 2013. Please see "Annexure-XIX".

E. Income Tax / CBDT : TO CONSIDER

To allow the benefits u/s 72A of the Income Tax Act 1961 estimated at Rs. 17693 lacs, as per the Scheme of amalgamation, in terms of the AAIFR's order dated 3.6.2013. It is submitted that Company does not seek any other relief other than under section 72A of the Income Tax Act, 1961.

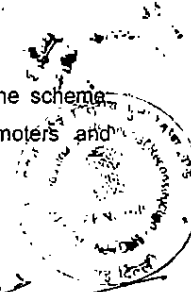
If any relief and concession will not be granted by the concerned authority, then promoter will bring the shortfall.

16. SACRIFICE FROM EXISTING SHAREHOLDERS

Both equity and preference share capital shall be restructured as envisaged under the scheme.

17. SACRIFICE/OBLIGATIONS OF PROMOTERS

- i) To restructure the share capital as envisaged under the scheme. With the de-rating of equity capital by 60%; promoters and associates sacrifice comes to Rs. 1276 lac.



- ii) To Induct funds as support to the scheme (Rs.1625 lacs already brought in).
- iii) To implement the said amalgamation upon sanction of the scheme.
- iv) Undisclosed liabilities, if any, would be met by the promoters by way of infusion of interest free unsecured loans or from accruals of the Transferee Company, i.e. MIL.
- v) Thus, total sacrifice by the promoters and associates comes to Rs.2901 lac in the scheme.

18. FINANANCIAL VIABILITY

(Rs. in lacs)

As on March 31,	2014 Audited	2015 Projected	2016 Projected	2017 Projected	2018 Projected
Installed Capacity (no. of looms)	60	60	60	60	60
Production	1031	1500	1750	2000	2000
Net Sales	3590	5425	6572	7813	7813
% Growth	-36%	51%	21%	19%	-
Other Income	88	100	125	150	150
Total Income	3678	5525	6697	7963	7963
Manufacturing & Other Expenses	3674	5233	6220	7269	7269
PBDIT	4	292	477	694	694
Interest	70	50	60	70	70
Depreciation	314	296	269	244	244
Profit before Exceptional Items and Tax	(380)	(54)	149	381	381
Exceptional Items	-	-	448	-	1074
Less Tax	-	-	-	-	-
Profit after exceptional items and tax	(380)	(54)	597	381	1455
Share Capital	7088	3810	3810	3810	3810

Swashankh Suman

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Free Reserves & Surplus	8194	8194	8194	8194	8194
Accumulated Losses	(16903)	(13679)	(13082)	(12701)	(11247)
Net Worth	(1621)	(1675)	(1078)	(697)	757

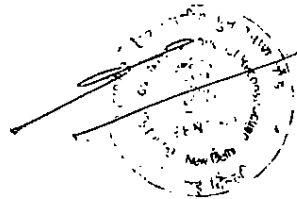
Note: Figures of MTTL division is given as above. For MIL division and merged entity, please refer to relevant ANNEXURES.

19. D S C R (Merged Entity)

(Rs. in lacs)

Year	2014-15	2015-16	2016-17	2017-18	Total
EBIDTA	4096	4416	4633	4633	17779
Recovery of Guarantee Obligation payment	-	-	-	1920	1920
Recovery of loan from subsidiary	-	-	-	1300	1300
Availability for Servicing	4096	4416	4633	7853	20999
Interest & Bank charges	1355	1435	1445	1445	5680
Repayment of Secured Loans	7	7	7	1300	1321
Repayment of GSFC loan	83	68	-	-	150
Repayment of Public Fixed Deposit	120	120	120	120	480
Repayment of Unsecured Loan	47	47	48	48	190
Payment towards Guarantee Obligation	960	960	-	-	1920
Capital Expenditure	850	900	1000	1000	3750
Outflows	3422	3537	2620	3913	13491
DSCR	1.20	1.25	1.77	2.01	1.56

Sushant Kumar 35



20 D S C R without relief & Concessions

Not applicable in view of merger with other company.

21. Summary of Cash flow projections

(Rs. in lacs)

Year Ending	31.3.15 Projected	31.3.16 Projected	31.3.17 Projected	31.3.18 Projected
Total Source of Funds	1849	1992	999	1644
Total Disposition	1766	1999	993	1668
Surplus	83	(7)	6	(24)
Opening Balance	21	104	98	104
Closing Balance	104	98	104	80

Note: Figures of MTTL division is given as above. For MIL division and merged entity, please refer to relevant ANNEXURES.

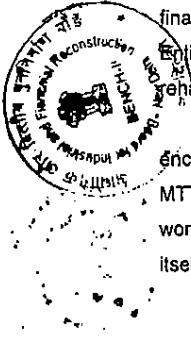
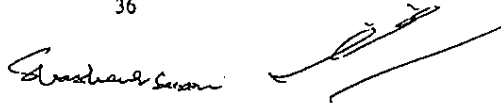
22. Other Information (Other than above)

All the required information has been covered under abovementioned heads.

23 CONCLUSION

The rehabilitation strategy envisages amalgamation/merger of the Company (MTTL) with MIL besides relief and concessions by the Central & State Government and also induction of fresh funds by the promoters/associates to finance the cost of the Scheme. The financials projections of MTTL & the Merged Entity for the Financial Year 2014-15, 2015-16, 2016-17 and 2017-18 as per the rehabilitation scheme are

enclosed. Since it is an amalgamation case, the entire accumulated losses of MTTL will be completely wiped out immediately on merger with MIL and the net worth of the merged entity will be positive at Rs. 181.49 crores as on 31.03.2014 itself. As on 31.03.2015, 31.03.2016, 31.03.2017 & 31.03.2018, the net worth shall



be at Rs. 113.54 crores, Rs.131.09, Rs. 143.31 crores & Rs. 161.21 crores respectively. The average overall DSCR of the merged entity works out to Rs. 1.56 times, which is satisfactory. The copies of Projected Profitability Statement, Cash Flow Statements, and Projected Balance Sheets etc are annexed as per the List/Index of relevant Annexures along with the DRS.

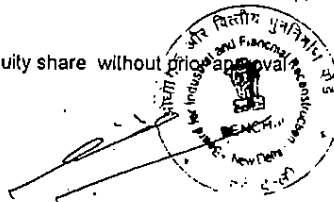
Therefore, the DRS can be considered to be commercially and techno-economically viable.

24. GENERAL TERMS AND CONDITIONS

- i) IFCI is appointed as the Monitoring Agency (MA). The company shall pay the MA fees to IFCI in consultation with the Board from COD.
- ii) The company shall constitute a Management Committee (MC) consisting of CEO of the company, Special Director of BIFR, if any and MA. The MC will review, on a monthly basis, the operations of the company in all aspects & closely monitor the implementation of the revival scheme.
- iii) The company shall appoint a reputed Chartered Accountant's firm as Concurrent Auditors with direct reporting relationship to MA with copy to the CEO of the company on terms satisfactory to it. The BOD shall review the Concurrent Auditor's Report and take needful corrective steps immediately thereof.
- iv) The company shall satisfy MA that the physical progress and all aspects of cost of the scheme/means of finance of the scheme is complied with as per the original schedule. To this end, the company shall furnish to MA such information and data as may be required by it at intervals stipulated by it. Any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by the company/promoters without any recourse to FIs/Banks or seeking any further reliefs/concessions from them than what has already been provided for in the Scheme within a period not exceeding three months.
- v) The company shall not undertake any new project or expansion or make any investment or obtain any asset on lease/hire without the prior approval of BIFR during the currency of the Scheme except to the extent of 5% of its paid up capital or as provided in the scheme, whichever is hire.

vi) The company shall not declare any dividend on Equity share without prior approval of BIFR & MA during the rehabilitation period.

Sudhanshu Suman



vii) The Banks/FIs shall retain the right to appoint their nominee (s) on the company's Board of Directors at any time during the currency of their loan(s).

viii) The company shall continue to submit its audited balance sheets (ABSs) from cut off date onwards at the end of each financial year within one month of the finalisation thereof to the Monitoring Agency (MA)/secured and main creditors and BIFR. It shall ensure finalisation of ABS in terms of provisions of Companies Act, 1956 without fail and the BOD must-ensure to avoid any delay.

ix) In addition to meticulous compliance with the schedules of payments covered under the scheme, the company shall ensure timely payment of all dues accruing after the cut off date and/or date of sanction of scheme to Banks, FIs, Central and State Governments and Statutory Authorities in normal course, failing which the concerned parties would be free to withdraw the reliefs and concessions granted by them subject to prior approval of BIFR.

x) In the event of default in payment of principal or interest on due dates, such defaults shall carry as and by way of liquidated damages, extra interest @2% p.a. over and above the lending rates of the banks as may be prevailing at the time of such default, for the period of such default.

xi) The company shall submit progress reports (PR) regarding the implementation of the scheme to MA on quarterly basis within one month following the end of the quarter during the first two years of the scheme and on half-yearly basis thereafter till full implementation if the progress has been satisfactory in terms

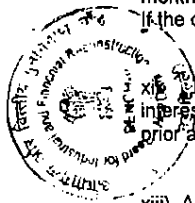
of projections. MA shall monitor the implementation of the scheme in all its aspects and shall submit a review of the implementation of the scheme to BIFR within a month of receipt of such PR with copies to BOD of the company and to all concerned. If the company defaults to submit the PR, OA must report to the Board also.

xii) The loans inducted / to be inducted by the promoters shall be subordinated and interest-free and shall not be withdrawn during the rehabilitation period without the prior approval of BIFR/MA.

xiii) Any shortfall in the means of finance will be brought in by the promoters.

xiv) All current dues arising after cut-off date to be paid by the company in the normal course and no special protection of the Act would be available for this purpose.

xv) Dues upto cut-off date not disclosed/covered in the DRS and any shortfall in performance or any other activity and the contingent liability as & when any such



Shri. S. S. S. S.

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liability falls due shall be met by the company/promoters/co-promoters by bringing in additional interest free funds from outside sources, upfront.

xvi) The company/promoters are directed u/s 22A of SICA not to dispose of, sell or lease or encumber in any manner whatsoever any part of land, building, plant & machinery or equipments or any of its fixed assets without the Board's prior permission. The current assets, however, can be drawn to the extent required for day-to-day operations and proper account of which would be maintained.

xvii) Any disputed liability shall be paid by the company as per the dues crystallized by the competent court of appeal in finality.

xviii) The provisions of the scheme shall have effect notwithstanding anything inconsistent therewith contained in any other Act except the provisions of the foreign Exchange Management Act, 1999 and the Urban Land (Ceiling and Regulation) Act, 1976 for the time being in force or in the Memorandum and Articles of Association of the company or in any other instrument having effect by virtue of any Act other than Sick Industrial Companies (Special Provisions) Act, 1985 as amended or re-enacted from time to time or any Act passed in replacement thereof.

xix) Any disputed liability shall be paid by the company as per the dues crystallized by the competent court of appeal in finality.

xx) The scheme shall come into force with immediate effect and shall be implemented by all concerned as per the time frame stipulated/or envisaged in the Scheme and in the annexures hereto.

xxi) The following annexures would form an integral part of the DRS.

Shashank Sakseena
(DR, SHASHANK SAKSENA)
MEMBER

Ashish Kalia
(ASHISH KALIA)
CHAIRMAN

DATE OF ISSUE
17 AUG 2016

Board for Industrial & Financial Reconstruct. Corp
BENCH-II
प्रमाणित सत्य प्रतिलिपि
Certified to be True Copy
B. B. Bishu
Bench/ Section Officer

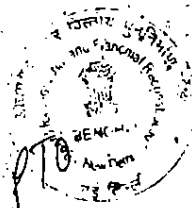
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CASE NO; 209/2001, M/S. MODERN TERRY TOWELS LIMITED

1. THE CHAIRMAN & M.D.,
M/S. MODERN TERRY TOWELS
LIMITED.,
A/4, VIJAY PATH,
TILAK NAGAR, JAIPUR - 302004
FAX NO: 0141-621382
2. THE CHAIRMAN & M.D.,
I.F.C.I.,
IFCI TOWER, 10TH FLOOR,
P.B.NO: 4499,
61, NEHRU PLACE,
N.DELH-110019.
FAX NO: 6488471.
3. THE CMD,
ICICI BANK LTD.,
ICICI TOWER,
BANDRA-KURLA COMPLEX
MUMBAI - 400005
FAX NO: 6531122
4. THE CMD,
UNIT TRUST OF INDIA,
MAKER TOWERS, 'F',
13TH FLOOR,
COFFE PARADE, COLABA,
MUMBAI - 400022.
5. THE CMD,
LIC,
H.O. "YOGAKSHEMA"
JEEVAN BIMA MARG,
NARIMAN POINT,
MUMBAI - 400021
6. THE CMD,
BANK OF INDIA,
EXEPRESS TOWER, CHURCH GATE,
NARIMAN POINT,
MUMBAI - 400021.
7. THE CMD G.I.C.,
INDL. INSURANCE BLDG.,
MUMBAI - 400 021
FAX NO: 2028835
8. THE CMD,
PUNJAB & SIND BANK,
H.O.: BANK HOUSE,
21, RAJENDRA PLACE
NEW DELHI - 110008
9. THE COLLECTOR,
CENTRAL EXCISE & CUSTOMS
CUSTOM HOUSE
NAVRANGPURA,
ASHRAM ROAD,
AHMEDABAD-380101
10. THE SECRETARY,
DEPT. OF INDUSTRIES,
GOVT. OF RAJASTHAN,
JAIPUR-302004



11. THE DIRECTOR OF INCOME TAX (R)
Mayur Bhawan, Connaught Place,
New Delhi-110001.
Fax. 341 1335.
12. THE CPEC,
Hudco Vishala,
14, Bhikaji Cama Place,
R.K. Puram,
New Delhi- 110 066.
13. The Director General,
ESIC,
ESIC Regional Office,
Rajendra Bhawan,
Rajendra Place,
NEW DELHI-110008.
14. The CMD,
CDA Advisory Pvt. Ltd.,
11, Golf Links,
New Delhi - 110003.
15. The Director,
Asian Finance and Investment
Corporation Limited,
19th Floor, Wynsum Corporate Plaza,
Emerald Avenue, Ortigas Center,
P.O. Box 13746, Pasig City 1605,
Metro Manila, Philippines.
Fax No. (632) 6353689 - 90.
16. The Regional Head
(Alternate Investment Group)
Standard Chartered Bank,
Forbes Building, 5th Floor,
Charanjeet Rai Marg,
Opposite Mtnl Building,
Fort, Mumbai-400 001.
Fax- 022-5637 2350.
17. THE CMD,
ARCIL,
17TH Floor, Express Tower,
Naxiaman Point, Mumbai-400 021.
Fax-5658 1313/14.
18. M/s. Clarigan Chemicals (India) Ltd.
Kolsheer Road
P.O. Sandoz/Baug
Chane-400 607
19. The Secretary
Ministry of Corporate Affairs
A-Wing Shastri Bhavan
Dr. Rajendra Prasad Road
New Delhi-110001

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ANNEXURE-1

TERMS OF THE SCHEME OF AMALGAMATION OF MTTL WITH MIL

Part I. - Definitions

In the scheme, unless the contents otherwise require the following expressions shall have the following meaning: -

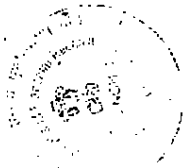
- i) "Act" means the Sick Companies (Special Provision) Act (SICA)
- ii) "Appointed Date" and /or "Transfer Date" means January 1, 2008.
- iii) "Scheme" means the Scheme of Rehabilitation of MTTL which envisages amalgamation of MTTL with MIL.
- iv) "Sanction Date" means date of sanction of the scheme by BIFR
- v) "Effective Date" means the date on which certified true copy of the Order of BIFR for sanction of the Scheme is filed with the Registrar of Companies. This Scheme although effective from the appointed date, shall become operative from the Effective Date.
- vi) "MTTL" and / or "Transferor Company" means Modern Terry Towels Limited, a company registered under the company's Act 1956 and having its registered office at A-4 Vijaypath Tilak Nagar Jaipur - 302004
- vii) "MIL" and / or "Transferee Company" means Modern Insulators Limited, a company registered under the company's Act 1956 and having its registered office at A-4 Vijaypath Tilak Nagar Jaipur - 302004
- viii) "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom equity shares of the Transferee Company will be allotted pursuant to this Scheme.
- ix) "Secured Creditors" of the Transferor Company / Transferee Company means the creditors having security by way of charge on respective company's assets and/or properties
- x) "Unsecured Creditors" of the Transferor Company or Transferee Company means the creditors other than secured creditors

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Part II - Terms of Amalgamation

Upon the Scheme coming into effect from the Appointed Date, the Undertaking of the Transferor Company with all assets and liabilities shall, without any further act or deed, be transferred to and vested in the Transferee Company including all the estates, assets, rights and interests of the Transferor Company therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.

1. For the purpose of the scheme, the undertakings of the Transferor Company shall include:
 - i) All properties and assets (leased or otherwise), movable and immovable, real and personal, corporeal and incorporeal, in possession, present and contingent of whatsoever nature, wherever situated, as on the Appointed Date, and such additional assets pertaining to the Transferor Company acquired since the Appointed Date
 - ii) All permits, quotas including import quotas, rights, industrial and other licenses, tenancies, offices and depots, trade marks, patents, copy rights, privileges and benefits of all contracts including the rights of agreements and all other rights including leases, leave and licenses, and/or other licenses, process and facilities of every kind, nature and description whatsoever of and pertaining to the Transferor Company
 - iii) All registrations and entitlements like electricity, water, gas connections, other fuel and power, leases of land properties, plant and machinery, vehicles etc and like sales tax and excise duty licenses, and also with export-import authority including advance licenses, duty entitlement pass books, duty refund against export obligations there under of and pertaining to the Transferor Company
 - iv) All necessary records, files, papers, engineering information, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records, telephone / facsimile / telex and other communication facilities, equipments including computers, hardware, software and other electronic equipment and instruments, systems of any kind whatsoever of the Transferor Company



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- v) Rights and benefits of all agreements and other interest, including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Transferor Company, authorized share capital of the Transferor Company
- vi) All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date as appearing in the books of the Transferor Company including liabilities on account of loans and advances from secured creditors, unsecured creditors, preference shareholders and contingent liabilities not provided in the books of the Transferor Company, and such additional liabilities pertaining to the Transferor Company incurred since the Appointed Date. The liabilities of the secured creditors of the Transferor Company being represented in any manner including the preference shares, if any shall be settled by the Transferee Company as envisaged under the rehabilitation scheme.
- vii) All obligations of whatsoever kind including liabilities for payment of gratuity, pension benefits, provident fund or compensation in the event of retrenchment. Provided always that the scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective or otherwise

2. LEGAL PROCEEDINGS:

If any suit or appeal or other proceedings of whatsoever nature hereinafter called the proceedings) by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company to the Transferee Company or of anything contained in the scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as if this scheme has not been made.

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3. **CONTRACT, DEEDS, BONDS AND OTHER INSTRUMENTS:**

- (i) The transfer and vesting of the property and liabilities under Clauses 1 & 2 hereof and the continuance of the proceedings by the Transferor Company under Clause 3 hereof shall not affect any transactions or proceedings already concluded by the Transferor Company in the ordinary course of business on or after the transfer date to the end and intent that the Transferee Company accepts on behalf of itself all acts, deeds and thing done lawfully and executed by the Transferor Company.
- (ii) Subject to the other provisions contained in this scheme all lawful contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Transferor Company is a party subsisting or having effect immediately before the amalgamation shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. However, the clauses relating to convertibility of defaulted amounts into equity, appointment of one or more Directors, Director / Manager, Key Officials, Technical Consultants, Chartered Accountants, declaration and / or payment of dividends, raising, borrowing and / or redeeming of loans, credits and investments creation of debentures and fresh capital, appointment of agents or distributors, management take over by the lender, right sale of assets by the Lender and such other restrictive covenants contained in the Agreements with or correspondence exchanged between the Transferor Company and its banks and / or financial institutions shall be relaxed, subject to no incidence of default by the Transferee Company to the secured lender(s).

CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE:

- (i) As from the transfer date, the Transferor Company shall be deemed to have carried on and to be carrying on its business on behalf of and on account of and in trust for the Transferee Company until such time as the amalgamation becomes effective in terms of this scheme.



- (ii) As from the transfer date, the Transferor Company shall carry on business of the Transferor Company until the amalgamation becomes effective with utmost prudence and shall not without the concurrence of the Transferee Company alienate, charge or otherwise deal with the property or assets of the Transferor Company or any part thereof except in the ordinary course of business.
- (iii) All the profits accruing to the Transferor Company or losses arising or incurred (including the effect of taxes, if any, thereon) by it shall, for all purposes, be treated as the profits or losses of the Transferee Company as the case may be.
- (iv) The Transferor Company hereby undertakes to carry on its business until the Effective Date with reasonable diligence and shall not, without the written consent of the Transferee Company, alienate, charge or encumber or otherwise deal with the assets or any part thereof except in the ordinary course of its business.
- (v) The Transferor Company shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure without the written consent of the Transferee Company, except in the ordinary course of business.
- (vi) The Transferor Company shall not, without the written consent of the Transferee Company, undertake any new business.
- (vii) Save as specifically provided in this Scheme, neither the Transferor Company nor the Transferee Company shall make any change in their capital structure by way of increase (whether by a rights issue, issue of equity or preference shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, reorganisation or in any manner which may in any manner affect the Share Exchange Ratio prescribed in Clause 8 except by mutual consent of the Board of Directors of both the companies.
- (viii) The Transferor Company shall not vary the terms and conditions of the service of its staff, workmen and employees except in the ordinary course of business.

5. **TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES:**

All permanent employees of the Transferor Company who are in the employment of the Transferor Company on the Effective Date in terms of this Scheme shall, as from such date, become the employees of the Transferee Company, on the basis that their services do not stand interrupted by vesting of the undertaking of the Transferor Company in the Transferee Company under this Scheme and the terms and conditions of service applicable to such employees on the Effective Date is in no way less favorable to them than those applicable to them immediately before the transfer date. The Transferee Company, however, shall also have the right to exercise an option if warranted to transfer such number of employees to any other unit of Transferee Company as may be deemed necessary.

6. **RESTRUCTURING OF SHARE CAPITAL OF TRANSFEROR COMPANY AND ISSUE OF SHARES BY THE TRANSFEE COMPANY**

A. Restructuring of Preference Share Capital of Transferor Company

- (a) The entire accumulated dividend on the Preference share capital of Transferor Company outstanding till sanction of the scheme shall be waived
- (b) Upon sanction of the scheme, Cumulative Preference shares shall be converted to equity shares of Transferor Company at par, and thereafter the converted equity capital shall be restructured in line with that for equity shareholders as prescribed under clause B (a) & (b) herein below

B. Restructuring of Preference Share Capital of Transferor Company

Upon the transfer of the undertakings of the Transferor company, pursuant to Clause 1 hereof and the amalgamation becoming effective in terms of this Scheme, the consideration in respect of such transfer shall be subject to the provisions of this Scheme as follows:

- a) The existing paid-up equity share capital of the Transferor Company shall be written down by 60% against the accumulated losses of the company.



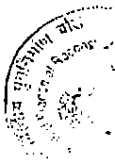
MODERN TERRY TOWELS LIMITED (MTTL)
-Draft Rehabilitation Scheme

- b) The issued, subscribed and paid-up equity capital of the company comprising 5,46,26,500 equity shares of Rs.10 each fully paid-up (including the converted preference shares as prescribed above) shall stand at 5,46,26,500 equity shares of Rs.4 each and thereafter every 2.5 equity shares of Rs.4 each will be consolidated to one equity share of Rs.10 each fully paid-up. Consequently the revised paid-up equity capital of the company shall comprise 218,50,600 equity shares of Rs.10 each fully paid-up, aggregating Rs.2185.06 lacs.
- c) In case of fractional shareholding subsequent to write down, such fractional shareholding shall be held in a Trust on behalf of the fractional shareholders. Thereafter the company shall appoint a Sebi approved Merchant Banker for valuing the shares of the company held in the said Trust, and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers.
- d) Transferor Company shall allot 162.50 lac equity shares of Rs.10 each, fully paid-up, against the advance equity subscription of Rs.1625 lacs brought in already. The said equity shares shall be allotted subsequent to write-down of the existing equity capital as per clause (b) above.
- e) The Transferee Company shall issue at par and allot to every shareholder holding equity shares of Transferor Company on a date to be fixed by the Board of Directors of the Transferor Company (hereinafter referred to as "Record Date"), two equity shares of Rs.10 each credited as fully paid-up for every three equity shares of Rs.10 each fully paid up held by such shareholder in the Transferor Company subsequent to write down and allotment of fresh shares as per clauses b, c & d above.



MODERN TERRY TOWELS LIMITED (MTTL)
Draft Rehabilitation Scheme

- f) Equity shares so allotted by the Transferee Company to the member(s) of the Transferor Company will in all respects rank pari-passu with the existing equity shares of the Transferee Company for dividend and voting rights.
- g) All members of the Transferor Company whose names appear in the register of members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.
- h) The Transferee Company will endeavor that the Equity Shares of the Transferee Company issued be listed and/or admitted to trading on the relevant Stock exchanges, whether in India or abroad, where the equity shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter in such arrangement and issue such confirmation and/or undertakings as may be necessary in accordance with the applicable laws or regulations, for the above purpose. But on such formalities being fulfilled all such stock exchange shall list and/or admit the said new shares also for the purpose of trading. All the statutory and Government authorities shall give necessary approvals and permissions forthwith in this regard.



7. ACCOUNTING TREATMENT OF ASSETS, LIABILITIES AND RESERVES OF THE TRANSFEROR COMPANY

- (i) As on the appointed date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, the reserves of the Transferor Company will be amalgamated with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company.
- (ii) Further, in case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the Profit and Loss account and/or Revenue Reserve(s) as mentioned earlier, at the discretion of the Transferee Company, to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistency in the accounting policy.
- (iii) An amount equal to the balance lying to the debit of Profit and Loss as on the appointed date in the books of Transferor Company shall be adjusted by the Transferee Company; at the discretion of the Transferee Company, against the credit of the Profit and Loss Account and/or Reserve & Surplus Accounts on the Appointed Date in the books of Transferor Company.
- (iv) Any write off by any secured creditor/s or any party of the Transferor Company shall be credited to the General Reserve of the Transferee Company.
- (v) The Amalgamation Reserve created, if any, out of transfer of assets and liabilities to the books of Transferee Company shall be treated as Revenue Reserve for all practical purposes.
- (vi) An amount equal to the excess of liabilities over the assets being Goodwill of the Transferor Company, if any, which would be vested in the Transferee Company shall be treated as Goodwill and shall be carried forward accordingly in the books of the Transferee company. Such goodwill carried in the Transferee Company shall be amortized over a period of 1 years to 3 years, out of its Profit and Loss Account and/or General reserve at the discretion of the Transferee Company.

8. **GENERAL CONDITIONS**

Approval to the issue and allotment of the equity shares in the Transferee Company to equity shareholders of the Transferor Company, shall be deemed to be approved pursuant to Section 81(A) of the Companies Act, 1956 on approval of this Scheme by a Resolution of the shareholders of the Transferee Company

9. **DISSOLUTION OF TRANSFEROR COMPANY**

Upon this Scheme being sanctioned as aforesaid the Transferor Company shall stand dissolved without winding up on such Effective Date.



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Modern Terry Towels Limited
Profitability Projections

Annexure - II A
 (Rs. in Lacs)

Year Ending	2013-14 (Actuals)	2014-15	2015-16	2016-17	2017-18
INCOME					
Net Sales	3550	5125	6572	7813	7813
Other Income	88	100	125	152	150
Total Income	3672	5525	6697	7953	7953
EXPENSES					
Raw Material (Inc. dyes and chemicals)	1622	2432	2923	3440	3440
Power & Fuel	619	1013	1203	1400	1400
Stores and Spares	83	143	201	260	260
Making-up / Packing Expenses	230	308	438	500	500
Repairs Maintenance & Other Mfg. Exp	139	150	175	225	225
Employee cost	695	765	841	925	925
Administrative & Misc Expenses	195	125	150	175	175
Selling expenses	191	239	289	344	344
	3672	5233	6220	7269	7269
EBIDTA					
EBIDTA as % of total income	4	292	477	684	684
Interest and Bank charges	0.11%	5.29%	7.13%	8.72%	8.72%
Interest on GSF.C. Loan - Provision	42	50	00	70	70
Total Finance Cost	26	-	-	-	-
Depreciation	70	50	60	70	70
Profit before Exceptional Items and Tax	314	295	269	244	244
Exceptional Items	(380)	(54)	149	381	381
Profit after exceptional Items and Tax	(380)	(54)	448	381	1074
Net Cash Accruals (Serviceable)	(386)	242	417	624	624

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Projected Profitability Statement

Rs. in lacs

Year Ending	31.03.14 (Actuals)	31.03.15	31.03.16	31.03.17	31.03.18
Net Sales and operational income	27705	27705	28378	29189	29189
Less: Underwriting GPF Underwriting	18307	27706	25073	30109	30109
Total Income	46391	27706	25073	30109	30109
Raw Material	21617	7141	7402	7882	7882
Stores & Spares	2729	2549	2878	2813	2813
Packing Expenses	2710	1628	1708	1795	1795
Power & Fuel	9781	8541	8387	7170	7170
Salary and Wages	3417	3047	3260	3595	3586
Repairs Maintenance & Other Wtg Exp.	1790	1774	1573	1529	1620
Admin Overheads	314	464	475	500	500
Selling Expenses	1177	789	822	864	864
	41793	23031	24874	26230	26230
EBIDTA	4595	3775	3804	3939	3939
EBIDTA as % of total income	9.90%	13.63%	13.26%	13.06%	13.06%
Interest on Working Capital & other financial cost	1097	1087	1305	1375	1375
Interest on Secured Loans	63	53	-	-	-
Total Finance Cost	1160	1150	1305	1375	1375
Depreciation	824	379	416	453	495
Profit before Exceptional Items and Tax	2811	2246	2083	2111	2059
Exceptional Items	(1040)	-	-	-	-
Tax/NT	1571	1206	324	481	513
Profit After Tax	1240	1040	1759	1630	1546
Dividend %	-	-	0%	10%	15%
Dividend Amount	-	-	-	401	601
Dividend Distribution Tax	-	-	-	71	106
Cash Accruals	3435	2625	2175	1612	1036
	41793	23031	24874	26230	26230

Including gain division (GPF) - excluding gain division (GPF), demerger of which is under approval.

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ML-MTL MERGED
Projected Profitability Statement

Annexure - II C
(Rs. in Lacs)

Year Ending	2013-14 (Actuals)	2013-14 (Actuals)	2014-15	2015-16	2016-17	2017-18
Net Sales and Operational Income						
- Mill Undertaking	27706	27706	28678	30169	30169	30169
- MTL Undertaking	18557	18557	5925	8697	7953	7953
Total Income	36278	36278	34203	36866	38102	38102
Expenses						
Raw Material	22269	6763	9934	10805	11322	11322
Stores & Spares	2812	2632	2820	3015	3073	3073
Packing Expenses	2440	1855	2076	2232	2295	2295
Power & Fuel	8803	7160	7809	8373	8569	8569
Salary and Wages	4212	3742	4025	4427	4511	4511
Repairs Maintenance & Other Mill Exp	1959	1543	1723	1705	1845	1845
Administrative Overheads	648	569	600	606	675	675
Selling Expenses	1328	940	1000	1153	1208	1208
	45472	27605	30108	32449	33498	33498
EBIDTA	4599	3779	4096	4416	4633	4633
EBIDTA as % of total income	9.2%	12.0%	12.0%	12.0%	12.2%	12.2%
Interest on Working Capital & other financial cost	1139	1120	1355	1435	1445	1445
Interest on Term Loans - Serviceable	53	63	-	-	-	-
Interest on Term Loans - Provision	28	28	-	-	-	-
Total Finance Cost	1135	1220	1355	1435	1445	1445
Depreciation	1135	693	712	721	736	781
Profit before Exceptional Items and Tax	2231	1866	2029	2260	2407	2407
Exceptional Items	(1040)	(1040)	-	438	-	1074
Tax/(at)	191	826	324	481	521	513
Profit after exceptional items and tax	191	826	1705	2227	1928	2988
Dividend %	-	-	0%	10%	15%	25%
Dividend Amt	-	-	-	401	601	1002
Dividend Tax	-	-	-	71	106	177
Cash Accruals	3997	2587	2417	2029	1980	1497

*Including yarn division (GPF) #Excluding yarn division (GPF), denier of which is under approval.

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Modern Terry Towels Limited
Projected Cash Flow

Annexure - III A
 (Rs. in Lacs)

Year Ending	2014-15	2015-16	2016-17	2017-18
Inflows				
Net Cash Accruals	242	417	624	824
Fund from Mill	1400	1400	260	(900)
Recovery towards Guarantee Obligation payment	-	-	-	1920
Increase / (Decrease) in Current Liabilities	207	175	175	175
Total	1849	1992	390	1634
Outflows				
Capital Expenditure	150	200	220	200
Repayment to Secured Lenders / Assigned debts	-	-	-	1300
Repayment of Public FDs	120	120	120	120
Repayment of GSFC loan	83	68	-	-
Repayment of Unsecured Loan / creditors	47	47	48	48
Payment against Guarantee Obligation	950	550	525	-
Increase in Current Assets	407	604	523	1608
Total	1766	1989	523	1608
Opening Balance	21	104	98	104
Surplus / (Deficit)	33	(7)	5	(24)
Closing Balance	104	98	104	80

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Modern Insulators Limited
Estimated Cash Flows

Annexure-III-B
 Rs. in lacs

Year Ending	31.03.16	31.03.16	31.03.17	31.03.18
INFLOWS				
Net Cash Accruals	2175	1612	1335	873
Recovery of loan from subsidiary	-	-	-	1300
Increase in Current Liabilities	162	203	-	-
Utilisation of Bank Credits	1226	400	-	-
Total	3562	2212	1336	2173

Year Ending	31.03.16	31.03.16	31.03.17	31.03.18
OUTFLOWS				
Capital Expenditure	700	703	800	800
Normal Capex	1429	612	-	-
Increase in Current Assets	7	7	7	-
Car loans	1405	1403	203	(909)
Funds to M/TTL	-	-	1007	-100
Total	3536	2719	1007	-100
Opening Cash Balance	617	643	136	465
Surplus / (Deficit)	26	(507)	329	2273
Closing Cash Balance	643	136	465	2737

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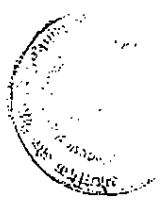


MIL MITL MERGED
Estimated Cash Flows

Annexure-III
(Rs. in Lacs)

Year Ending	2014-15	2015-16	2016-17	2017-18
INFLOWS				
Net Cash Accruals	2117	2029	1960	1497
Recovery of loan from subsidiary	-	-	-	1300
Recovery of Guarantee Obligation payment	-	-	-	1920
Increase in Current Liabilities	369	375	175	-
Utilisation of Bank Limits	1226	400	-	-
Total	4012	2804	2135	4717
OUTFLOWS				
Capital Expenditure				
- Normal Capex - Mil.	760	708	800	800
- Normal Capex - MITL	150	200	200	200
Payment of Secured lenders (MITL)	-	-	-	1300
Increase in Gross Current Assets	1836	1217	625	-
Repayment of Other loan	7	7	7	-
Repayment of Unsecured Loans / creditors (MITL)	47	47	48	48
Repayment of Public FDs (MITL)	120	120	120	120
Repayment of GSFCL loan	83	68	-	-
Payment towards Guarantee Obligations	960	580	-	-
Total	3903	3318	1800	2468
Opening Cash Balance	638	747	233	568
Surplus / (Deficit)	109	(514)	335	2249
Closing Cash Balance	747	233	568	2817

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Modern Terry Towels Limited
Projected Balance Sheet

Annexure - IV A
(Rs. in Lacs)

Year Ending	31.03.14	31.03.15	31.03.16	31.03.17	31.03.18
	(Actuals)				
Liabilities					
Equity Share Capital	4852	3510	2810	3810	3810
Preference Share Capital	1100	-	-	-	-
Share Application Money	1625	-	-	-	-
Reserves & Surplus	(8705)	(5485)	(4888)	(4505)	(3000)
Int. Memn	(1821)	(1875)	(1078)	(698)	757
Secured Loans	1300	1300	1300	1300	-
Public FDs	489	300	240	120	-
Loan from SSFC	150	GE	-	-	-
Unsecured Loans / Creditors	761	714	667	619	-
Funds from Fall	2716	4115	5516	5718	4816
Interest on unsecured loans/FDs	951	951	503	503	-
Current Liabilities & Provisions	1093	1300	1475	1550	1650
TOTAL	5830	7134	8623	9210	7223
Assets					
Gross Fixed Assets	21933	22083	22283	22483	22693
Depreciation	18629	18925	19193	19437	19681
Net Fixed Assets	3304	3158	3090	3046	3002
Payment against Guarantee Obligation, receivable	-	980	1920	1920	-
Current Assets, Loans & Advances	2405	2912	3516	4141	4141
Cash and Bank Balance	21	104	98	104	80
TOTAL	5830	7134	8623	9211	7223

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Modern Insulators Limited
Projected Balance Sheet

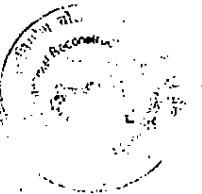
Annexure-IV B
Rs. in lacs

Year Ending	31.03.14*	31.03.14	31.03.15	31.03.16	31.03.17	31.03.18
	(Actuals)	(Actuals)				
LIABILITIES						
Equity Share Capital	2174	2174	2171	2174	2174	2174
Reserves & Surplus	19716	17595	10855	12013	12851	13189
Net Worth	21992	19770	13026	14187	15028	15363

Secured Loans						
Bank Borrowings	4874	4874	6100	6900	6500	6500
Car loans	21	21	14	7	-	-
Deferred Tax Liability	1479	1479	1479	1479	1479	1479
Current Liabilities	7030	6087	6249	6449	6449	6449
Total	35296	32231	26870	28623	29456	29792

ASSETS	2014	2015	2016	2017	2018	2019
Gross Block	22882	13729	14429	15129	15925	16720
Less Depreciation	16250	8105	8521	8971	9109	10006
Net Block	13432	5624	5908	6155	6480	6723
Investments	987	117	117	117	117	117
Loan to Subsidiaries	300	1300	1300	1300	1300	1300
Funds to JHTL	2716	2716	1116	5716	5716	4816
Yam Division (Gujarat Projects)	15138	13057	14766	15399	15399	15399
Current Assets	723	617	643	136	465	2737
Cash & Bank Balance	35296	32231	26870	28623	29456	29792

*Including Yam Division (GPF) excluding Yam Division (GPF), demerger of which is under approval.



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MIL-ATTL MERGED
Projected Balance Sheet

Annexure-IV C
(Rs. in Lacs)

Year Ending	31.03.14 ¹ (Actuals)	31.03.14# (Actuals)	31.03.15	31.03.16	31.03.17	31.03.18
LIABILITIES						
Equity Share Capital:	9262	9262	4714	4714	4714	4714
Reserves & Surplus	11009	8387	6640	8395	9517	11407
Net Worth	20271	18149	11354	13109	14331	16121
Bank Borrowings	4874	4874	5103	6500	6500	6500
Secured Lenders-ATTL	1300	1300	1360	1360	1300	-
Other loans	21	21	14	7	-	-
Public FDs	480	480	360	240	20	-
Loan from GSEC	150	150	08	-	-	-
Unsecured Loans (cf ATTL)	761	761	714	897	619	-
Deferred Tax Liability	1479	1479	1479	1479	1479	1479
Interest on Unsecured Loan	951	951	951	503	503	-
Current Liabilities & Provisions	8123	7180	7519	7924	8659	8090
Total	38410	35345	29888	31739	32951	32199
ASSETS						
Gross Block	45615	35682	36512	37412	38412	39412
Less Depreciation	20579	20734	27446	28167	28908	29687
Net Block	15735	6928	9245	9245	9506	9725
Investments	1997	117	117	117	117	117
Loan to Subsidiaries	1300	1300	1300	1300	1300	-
Payment against Guarantee Obligation, receivable	-	-	960	1920	1920	-
Yam Division (Gujarat Polyts)	-	8500	-	-	-	-
Current Assets, Loans & Advances	17843	15662	17698	18915	19540	19540
Cash & Bank Balance	744	638	747	233	568	2817
Total	38410	35345	29888	31739	32951	32199

¹Including yam division (GPF) #Excluding yam division (GPF), #Changover of which is under approval.

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MODERN TERRY TOWELS LIMITED
Details of Unsecured Loan and creditors under litigation

S. No.	Name of the Party	Amount outstanding (Rs in Lacs)	Settlement/ Assumption @	Payment considered in DRS (Rs in Lacs)
A Unsecured Loan.				
1	Trishul Traders Pvt. Ltd.	186.00	25%	121.50
2	Malvan Trading Pvt. Ltd.	235.00	25%	58.75
		721.00		180.25
B Creditors under litigation				
1	Sundram Industries	5.10	25%	1.35
2	Everest Tools & H/w store	0.59	25%	0.17
3	Claraint India Limited	24.31	25%	6.08
4	R K Swamy	9.58	25%	2.40
		39.98		10.00
	Total	760.98		190.25

Note : M/s Britatel Silicones Ltd. was implicated in the proceeding by BIFR. However the outstanding of the party has been settled as per MOU dated 16/07/2013. Since payment has already been made to party as per MOU hence the party now stands as settled.



16/07/2013

MIL - MTPL Merged
Calculation of DSCR

Annexure - VII
(Rs. in lacs)

Year Ending	31.03.15	31.03.16	31.03.17	31.03.18	Total
A Availability for Servicing					
EBIDTA	4036	4416	4633	4633	17779
Recovery of loan from subsidiary	-	-	-	1300	1300
Recovery of Guaranteed Obligation payment	-	-	-	1920	1920
B Outflows	4096	4416	4833	7853	20999
Interest & Bank charges	1355	1435	1445	1445	5680
Repayment of Secured Loans	7	7	7	1300	1321
Repayment of GSFC loan	83	68	-	-	150
Repayment of Public Fixed Deposits	123	120	120	120	480
Payment towards Guarantee Obligations	983	980	-	-	1920
Repayment of Unsecured loan / creditors	47	47	48	48	190
Capital Expenditure	800	900	1000	1000	3750
C DSCR	3422	3537	2620	3913	13491
	1.20	1.25	1.77	2.01	1.56



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MIL - MITL MERGED
Equity Capital Structure

Annexure - VIII

Sr. No.	Particulars	MIL (Equity before merger)		MITL (Post V/D and new equity)		Merged	
		Rs. Lacs	% age	Rs. Lacs	% age	Rs. Lacs	% age
1	Promoters and Associates:	1188	51.65%	2476	64.98%	2839	60.22%
2	Institutions, Banks and MF	100	4.60%	645	16.93%	530	11.24%
3	Public	886	40.75%	689	18.08%	1345	28.53%
	Total	2174	100.00%	3810	100.00%	4714	100.00%

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ANNEXURE-IX

AKHIL GUJARAT COTTON MAZDOOR SANG

A representative & approved union under BIR Act, 1946 for
Cotton Textile Industries for Local area of Sanand & Petlad
Reg. No. G/2185

General Secretary
V. K. KAZI
At : 98240 65664
Local Secretary
I. V. KAZI
Advocate
At : 98258 20566

H. O. : 2nd Floor, Arab Chambers, Opp. Patharwada Police Pump,
Nehru Road, AHMEDABAD - 380 001 Ph. : 25503143, 255021
B.O. : Opp. Sangam Textiles, Station Road, PETLAD (Dist. Anand)
Ph. : 221077

01/06/2014 - 200

TO WHOM IT MAY CONCERN

It was brought to the notice of union that the management of Modern Terry Towels Limited had made reference to Hon'ble BIFR and submitted rehabilitation scheme (DRS) of the Company to Hon'ble BIFR for sanction.

In this connection, we hereby confirm that there are no overdue payments outstanding as on date towards workers wages, bonus and other benefits.

Further, union has no objection for sanction of the DRS by Hon'ble BIFR without considering any relief to the workers.

For,

Akhil Gujarat Cotton Mazdoor Sangh



[Handwritten Signature]
Secretary

"ANNEXURE - X"



CIN-L17124RJ1976PLC001889
Modern Terry Towels Limited

Regd. Office :
A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-2623431 Fax : 0141-2621382

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED AT THE ANNUAL GENERAL MEETING OF MEMBERS OF MODERN TERRY TOWELS LIMITED HELD ON 27TH SEPTEMBER, 2014, AT REGISTERED OFFICE OF THE COMPANY AT A-4, VIJAY PATH, TILAK NAGAR, JAIPUR - 302004

"RESOLVED THAT pursuant to the provisions of Section 100 of the Companies Act, 1956 and other applicable provisions, if any, consent and approval of the shareholders be and is hereby accorded for de-rating its existing Equity Share Capital by 80% from Rs. 54,62,65,000/- (including the converted preference shares) divided into 5,46,26,500 Equity Shares of Rs. 10/- each to Rs. 10,92,53,000 divided into 5,46,26,500 Equity Shares of Rs. 2/- each, as considered in the Draft Rehabilitation Scheme submitted by the Company to Hon'ble BIFR through the Operating Agency."

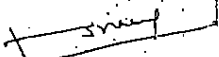
"RESOLVED FURTHER THAT every Five Equity Shares of Rs. 2/- each fully paid up as reduced, be consolidated into One New Equity Share of Rs. 10/- each fully paid up."

"RESOLVED FURTHER THAT subsequent to write down and allotment of fresh shares by the company and upon coming into effect of the Draft Rehabilitation Scheme, every equity shareholder of the company shall get two equity shares of Rs. 10 each of "Modern Insulators Limited" as fully paid up for every three equity shares of Rs. 10 each held by such shareholder."

"RESOLVED FURTHER THAT post reduction and consolidation of the equity shares to Rs. 10/- each, fractional shareholding if any, shall be held in a Trust on behalf of the fractional shareholders. Thereafter the company shall appoint a SEBI approved Merchant Banker for valuing the shares of the company held in the said Trust and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take effective steps for reduction of Equity Share Capital of the Company and to seek approval of the Hon'ble BIFR to the proposed reduction of share capital."

Certified to be true copy
For Modern Terry Towels Limited


H.L. Sharma
Director
DIN-00352410



Corporate Head Office : 68/69, Godwari, Poachkhanwala Road, Worli, Mumbai-400030
Tel. : 022-24933269 Fax : 022-24950962

Mills :- Village-Nidrad, Taluka-Sanand, Ahmedabad (Gujrat) Phone (02717) 222373, 222487 Fax : 222367

CIN: L17124RJ1978PLC0661839

Modern Terry Towels Limited

Regd. Office :
A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-2623431 Fax : 0141-2621382

**CERTIFIED TRUE COPY OF EXPLANATORY STATEMENT TO THE
RESOLUTION U/S 102 OF THE COMPANIES ACT, 2013**

In the Draft Rehabilitation Scheme submitted by the Company to Hon'ble BIFR, through the Operating Agency, de-rating of Equity Shares by 80% of its face value has been proposed against the accumulated losses of the Company, subject to the approval of the shareholders in the ensuing Annual General Meeting. Accordingly, if de-rating is approved, the Paid-up Equity Share Capital will get reduced from Rs. 54,62,65,000/- (including the converted preference shares) divided into 5,46,26,500 Equity Shares each of Rs. 10/- to Rs. 10,92,53,000 divided into 5,46,26,500 Equity Shares of Rs. 2/- each. Thereafter every 5 Equity Shares of Rs. 2/- each will be consolidated into 1 New Equity Share of Rs. 10/- each fully paid-up. Consequently the revised paid-up equity capital of the company shall comprise 1,09,25,300 equity shares of Rs. 10 each fully paid up aggregating Rs. 1092.53 Lacs.

As proposed in the Draft Rehabilitation Scheme that the company is to merge with Modern Insulators Limited under the provisions of Sick Industrial Companies (Special Provision) Act, 1985 and upon coming into effect of the scheme "Modern Insulators Limited" (hereinafter referred as the Transferee Company) shall issue at par and allot to every shareholder holding equity shares of Modern Terry Towels Limited (hereinafter referred as the Transferor Company) on a date to be fixed by the Board of Directors of the Transferor Company, two equity shares of Rs. 10 each credited as fully paid up for every three equity shares of Rs. 10 each fully paid up held by such shareholder in the Transferor Company subsequent to write down and allotment of fresh shares by the Transferor Company as per scheme.

All members of the Transferor Company whose names appear in the register of members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.

Contd.....2



Corporate Head Office : 68/69, Godavari, Panchkhanwala Road, Worli, Mumbai-400039

Tel. : 022-24973269 Fax : 022-24950962

Mills : Vikage-Nidrad, Taluka-Sanaad, Ahmedabad (Gujrat) Phone (02717) 222373, 222487 Fax : 222367



CIN-4171707278PLC001869

Modern Terry Towels Limited

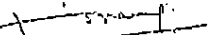
Regd. Office :
A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-2623431 Fax : 0141-2621382

: 2 :

In case of fractional shareholding subsequent to write down, such fractional shareholding shall be held in a Trust on behalf of the fractional shareholders. Thereafter the company shall appoint a SEBI approved Merchant Banker for valuing the shares of the company held in the said Trust and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers.

None of the director, key managerial personnel or their relatives, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

Certified to be true copy
For Modern Terry Towels Limited


H.L. Sharma
Director
DIN-00352410



Corporate Head Office : 68/69, Godavari, Poachhanwala Road, Worli, Mumbai-400030
Tel. : 022-24973269 Fax : 022-24950962
Mills :- Village-Nidrad, Tpluka-Sonand, Ahmedabad (Gujrat) Phone (02717) 222373, 222487 Fax : 222367

-68-



CIN - L17124RJ1975PLC001863

Modern Terry Towels Limited

68/69, Godavari, Poachkhanwala Road, Worli, Mumbai - 400 030.
Tel.: 0091-22-2497 3269 / 2493 4071 • Fax : 0091-22-2495 0962
E-mail : corporate@modern-group.com / moderncorp@mttl.net.in
Website : www.modern-group.com

ANNEXURE - XII

December 06, 2014

The Assistant General Manager
IFCI Limited,
IFCI Tower
51, Nehru Place
New Delhi- 110 019

Kind Attention: Shri Mohinder Prakash

Re.: Confirmation of Lawful Compliance for passing of Special Resolution in the 37th Annual General Meeting of the Company

Dear Sir,

With reference to the above, we wish to inform you that the members of the Company have passed a Special Resolution for De-rating of its Existing Share Capital by 80% as considered in the Draft Rehabilitation Scheme submitted by the Company before the Hon'ble BIFR, in their Meeting (AGM) held on 27th September, 2014 at Registered Office of the Company.

We further submit that the said resolution has been passed by the members of the company as per the applicable provisions in the following manner:-

1. Dispatch of the notice of Annual General Meeting alongwith Annual Report for the financial year 2013-14 to the members of the Company by ordinary post.
2. Publication of Notice of Annual General Meeting & Book Closure to the members of the Company in 'Daily News' (Hindi Newspaper) and 'The Times of India' (English Newspaper) published on 16/09/2014. Copy of publication copy is enclosed as Annexure-A.
3. Dispatch of six copies of notices of the said Annual General Meeting to the Jaipur Stock Exchange Ltd. alongwith Annual Report-2013-14.
4. Special Resolution was passed unanimously by the members present in the meeting held on 27/09/2014.

Contd..2..



-69-

REGD. OFFICE : A-4, Vijaypath, Tilak Nagar, Jaipur - 302 004. • Phone : 0141-2623431 • Fax : 0141-2621382
REGD. OFFICE : P. B. No. 16, Village Nidra, Sanand - Kedi Road, Sanand - 382 110. (Ahmedabad) • Tel.: 079 - 3722464 / 3722373 / 3722487
Fax : 079 - 3722387 • E-mail : mtl@icenet.net / MTL.MKTG@mm.snl.in



Modern Terry Towels Limited

68/68, Godavari, Ponchkhawala Road, Worli, Mumbai - 400 030.
Tel.: 0091-22-2497 3269 / 2493 4071 • Fax : 0091-22-2495 0862
E-mail : corporate@modern-group.com / moderncorp@mint.nal.in
Website : www.modern-group.com

CIN - L17124RJ1576PLC001869

: 2 :

5. E-filing of certified true copy of Special Resolution alongwith explanatory statement with the Registrar of Companies, Rajasthan in E-form No. MGT-14 as per the provision of section 117 of the Companies Act, 2013. Copy of E-form No. MGT-14 is enclosed as Annexure-B.
6. E-filing of Report on Annual General Meeting of the Company with the Registrar of the Companies, Rajasthan in Form No. MGT-15 through E-form No. GNL-2 as per the provisions of Section 121 of the Companies Act, 2013. Copy of Form No. MGT-15 and E-form No. GNL-2 is enclosed as Annexure-C.
7. Signing of Annual General Meeting minutes by the Chairman, of the meeting. Copy of minutes is enclosed as Annexure-D.

We, therefore confirm that the Company has made compliance of legal requirements in this regard and the above said Special Resolution has been passed lawfully.

Thanking you,

Yours faithfully,
For Modern Terry Towels Limited

Wole
Krishna Tela
Company Secretary

Encl: as above.



70-

REGD. OFFICE : A-4, Vijaypath, Tilak Nagar, Jaipur - 302 004. • Phone : 0141-2623431 • Fax : 0141-2621362
PLANT : P. B. No. 16, Vdagu Nidrab, Sanand - Kadi Road, Sanand - 382110. (Ahmedabad) • Tel.: 079 - 3722464 / 3722373 / 37224
Fax : 079 - 3722367 • E-mail : mtl_snd@icenet.net / MTTL.MKTG@mm.snl.in

MOTILE POWER TRADE PRIVATE LIMITED

Office No. 805, 'A' Wing, Corporate Avenue, Sonawala Road, Goregaon (East), Mumbai - 400 062
Tel. No. : 2685 6703

September 10, 2014

M/s Modern Terry Towels Limited
Sanad- Kadi Road,
Sanad,
Ahmedabad- 382 110

Sub: Your letter dated 11.09.2014

Ref: Assigned Loan of Rs. 1300 lac

Dear Sir,

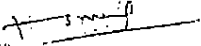
Please refer to your above mentioned letter requesting us to confirm the payment terms of the aforesaid loan of Rs. 1300 lac assigned to us.

In this connection, we hereby confirm that as mutually agreed this said loan of Rs. 1300 lac is payable by you without any interest up to the financial year 2017-18 but not later than 31.03.2018.

Please send us an acknowledged copy of this letter for our records

Thanking you,

For Motile Power Trade Private Limited


(Authorized Signatory)



GUJARAT STATE FINANCIAL CORPORATION

AHMEDABAD REGIONAL OFFICE
CHILDREN HOSPITAL BUILDING, RASALA MARG
ELLISBRIDGE, AHMEDABAD-380 005
S 26464480/26467893 FAX : 079-26463837
Email: gsfcro@vsnl.com,
Website: <http://gsfc.gujarat.gov.in/>



Ref.No.GSFC/ARO/ 725

Date:01.12.2014

Dear A.D.

To:
M/s. Modern Terry Towels Ltd.
P.O. Box No.16, Sahand
Ahmedabad-382 110.

M/s. Modern Terry Towels Ltd.
68/69, Godavari, Worli Seaface
Mumbai.

M/s. Modern Terry Towels Ltd.
✓ Regd. Office - A4, Vijay Path
Tilak Nagar,
Jaipur-302 004.

Dear Sir,

Sub: One Time Settlement scheme for unit registered with BIFR and declared sick.

With reference to your letter dated 01.10.2014 regarding above subject, we are pleased to inform you that Corporation has considered your request to settle the loan a/c. under BIFR Settlement scheme.

You are requested to make down payment of Rs.15,03,520/- i.e. 10% of settlement amount of Rs.1,50,35,205/- latest by 10th December, 2014 through Cheque/cash/demand draft. On receipt of the down payment, Corporation will communicate the schedule of payment of balance settlement amount and other terms and conditions of loan settlement scheme. Further, if any special condition is stipulated in sanction of OTS, the same may be complied by the borrower company.



GUJARAT STATE FINANCIAL CORPORATION

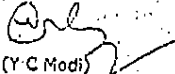
AHMEDABAD REGIONAL OFFICE
CHILDREN HOSPITAL BUILDING, RASALA MARG
ELLISBRIDGE, AHMEDABAD-380 006
R 26464480/26467893 FAX : 079-26463837
Email: gsfcro@vsnl.com,
Website: <http://gsfc.gujarat.gov.in/>



If need any clarification with regard to the OTS please do write to us immediately.

Thanking you,

Yours faithfully,


(Y.C. Modi)
Regional Manager (ARO)

cc to:

- 1: Exe. Officer (DIFR), GSFC, Gandhinagar.
- 2: Secretary (Board), GSFC, Gandhinagar.
- 3: Exe. Officer (PD:AHD), GSFC, Gandhinagar.





Modern Terry Towels Limited

P.O. Box No. 16, Sanand - 382 110, Dist. Ahmedabad (INDIA)
Phone : (91-2717) 222373, 222464, 222487 Fax : (91-2717) 222567, 222659
E-mail : mtl@modernterrytowels.com
Website : www.modernterrytowels.com

CIN-L17124RJ1976PLC001869

MTL/PIN/GSFC/OTS/2014-15/02
Date: 8th December, 2014

To,

The Regional Manager (ARO),
Gujarat State Financial Corporation,
Ahmedabad Regional Office,
Children Hospital Building, Rasala Marg,
Ellisbridge,
Ahmedabad- 380 006

Kind Attention: Shri Y C Modi

Sub: Down payment of 10% of settlement amount as advised by you in your communication.

Dear Sir,

Please refer to your letter dated 01.12.2014 informing us that your Corporation has considered our request, submitted by us vide our letter dated 01.10.2014, for one time settlement of the dues under BIFR Settlement Scheme.

As advised by you in your said letter, we are enclosing herewith a Cheque No. ~~002843~~ dated 03.12.2014 for Rs. 15,03,520/- i.e. 10% of the settlement amount of Rs. 1,50,35,205/-.

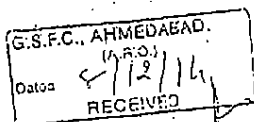
We trust that you will find the same in order. Kindly acknowledge receipt.

Thanking you,

Yours Faithfully,
For Modern Terry Towels Ltd.

(Authorised Signatory)

Encl: Cheque No.002849 Dt. 03.12.2014 Rs. 15,03,520.00



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Terry Towels Limited
 II of Projected Capital Expenditure

ANNEXURE - XVI

(Rs. in Lacs)				
	Nos	Cost	Amount Rs./Lacs	Remarks
Replacement of Sulzer Looms	5	90.38	452	Damaged/Old looms need replacement. Efficacy of new machines will be better
Add: Transportation from Mumbai			10	
Add: Sea Freight			-	C & F Mumbai
Add: Custom Duty (CVD)			-	Import considered under EPCG Scheme
Erection and commissioning Charges			9	
Contingency 5%			24	
Total (A)			495	
Replacement of Yarn Dyeing Machine				Old Machines need replacement.
Dalat				
500 kgs 1 No	1	80		
300 KGS 1 Nos	1	40	100	
Balancing Machines				Required to balance operations.
R F Dryer 1No	1	20		
Hydro Extroclor 2 Nos	1	20		
TFO (Second Hand) 5 Nos	5	20		
Winding Machine 3 Nos	4	60	120	
Other Expenses (Erection/commissioning etc.)		35	35	
Total Capital Cost			730	

penditure will be incurred over a period of four years.



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Settlement Agreement

This Settlement Agreement is executed on this 7th day of July, 2014.

BETWEEN

UniCredit Bank AG (formerly known as Bayerische Hypo- und Vereinsbank AG), Kardinal-Faulhaber-Str 1, Munich-80333, Germany, herein after referred to as the "First Party" which expression unless repugnant to its context shall mean and include its successors, legal representatives, assigns etc. of the First Party through its authorised signatories Mr. Klaus Mai and Ms Birgit Dollmann

AND

Modern Terry Towels Ltd having its office at A-4, Vijay Path, Tilak Nagar, Jaipur, Rajasthan- 302004 through its Chairman and Managing Director Mr. Sachin Ranka resident of 8th Floor, Siddharth Building, R.G. Thadani Marg, Worli, Mumbai - 400016 who is duly authorised by the Board of Directors vide its resolution dated 30th December, 2013 hereinafter referred to as the "Second Party" which expression unless repugnant to its context shall mean and include its successors, legal representatives and assigns etc. of the Second Party.

WHEREAS Modern Syntex (India) Limited, the principal borrower vide a loan agreement dated March 23, 1995 and its addendum dated June 14, 1995 had taken a loan of DM 45,450,577.10 from the First Party for purchase of a Plant & Machinery from M/s. Zimmer AG, Germany. The repayment of said loan was duly guaranteed by the Second Party.

AND WHEREAS the Modern Syntex (India) Limited still owes a principal amount of Euro 20,688,329.53 (hereinafter referred to as "Principal Amount") besides overdue interest, default interest and cost etc. as per the Loan Agreement.

AND WHEREAS Modern Syntex (India) Limited is unable to repay the dues of the First Party in view of losses and closure of its main unit for which the loan was availed from the First Party

AND WHEREAS pursuant to mutual discussions between Modern Syntex (India) Limited and Second Party, it has been agreed that Second Party to settle the dues of First Party as a Guarantor to the Loan and in view of decree passed by the Munich Court against Modern Syntex (India) Limited as a principal borrower and as against Second Party as a Guarantor

AND WHEREAS pursuant to mutual discussions, the Second Party has approached the First Party and have offered to settle the matter amicably as a guarantor at Euro 2,400,000.00 in full and final settlement of the amount.

UniCredit Bank AG

[Signature]

Page 2 of 3



Chairman

-76-

outstanding loan amount, overdue interest, default interest and cost etc. The Second Party has also represented to the First Party that permission from RBI or any other authority, if required, shall be obtained by Second Party.

AND WHEREAS the First Party has accepted the offer given by Second Party subject to their strictly adhering to the terms and conditions hereinafter set out, failing which Second Party and Modern Synlex (India) Ltd. shall be liable for the entire outstanding dues payable to the First Party as per the decree passed by the Munich court on Jan 13, 2005

THEREFORE THIS MEMORANDUM WITNESSETH AS UNDER:

1. That Second Party shall unconditionally and irrevocably undertake to pay settlement amount of Euro 2,400,000.00 to the First Party in full and final settlement of the entire outstanding loan amount, overdue interest, default interest and cost etc. as per the following payment schedule:

S.No	Installment	Date of Payment	Amount (Euro)
1	1 st instalment	On or before Aug 31, 2014	600,000.00
2	2 nd instalment	On or before Dec 31, 2014	600,000.00
3	3 rd instalment	On or before June 30, 2015	600,000.00
4	4 th instalment	On or before Dec 31, 2015	600,000.00
	TOTAL (Euro)		2,400,000.00

It has been agreed that instalments shall not carry any future interest till payment of last instalment. Further in view of agreed settlement amount of EURO 2,400,000.00 against entire outstanding loan amount, overdue interest, default interest and cost etc., the First Party shall waive the remaining balance loan amount, entire overdue interest, default interest and entire amount of cost etc. upon payment of settlement amount of Euro 2.4 Million as per the aforesaid payment schedule.

2. That upon receipt of the said settlement amount of Euro 2,400,000.00 in accordance with the aforementioned payment schedule, the claim of the First Party shall stand fully satisfied and the Second Party as well as Modern Synlex (India) Limited shall be discharged of all its liabilities in relation to the outstanding loan amount, overdue interest, default interest and cost etc.

It has also been agreed that upon receipt of said settlement amount of EURO 2,400,000.00, the First Party shall issue "No dues Certificate" to Modern Synlex (India) Limited and a letter to Second Party confirming to discharge from its Corporate Guarantee obligation.

UbiCredit Bank AG

For Modern Terry Towels Ltd.

[Signature]

Page 2 of 3

[Signature]

Chairman



3. That Second Party agree and acknowledge that in case there is any default/deviation from the aforesaid payment schedule due to any reason whatsoever, the First party shall be entitled to recover, either jointly or severally, from the Second party and the Modern Syntex (India) Limited, the decretal amount of Euro 29,817,172.60 as per the said decree dated Jan 19, 2005 passed by the Munich court less amount paid by the Second Party pursuant to this agreement besides further interest and cost etc.

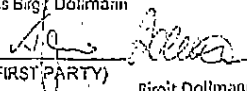
It has also been agreed that in case of any default due to force Majeure circumstances, then the First Party shall allow time of 30 days to make good the default on which Second Party shall pay interest @ LIBOR + 1% per annum for the delayed period and such default/deviation shall not be construed as default/deviation for the purpose of this settlement agreement as mentioned above.

4. That Modern Syntex (India) Limited and Second Party shall not use the present agreement for purposes of reducing the debt before BIFR/AIFR or any other Court/Tribunal until the entire settlement amount is paid to the First Party. Further if at any point of time, after payment of the settlement amount, Hermes approaches Second Party or Modern Syntex (India) Ltd and demand any amount under the said loan transaction, then First Party shall directly resolve the issue with Hermes, and shall satisfy the said demand, if any, made by Hermes.

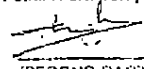
5. Upon receipt of entire settlement amount, the First party shall withdraw all the legal cases filed in any German Court/ Indian Court including in AIFR/BIFR filed against Second Party and Modern Syntex (India) Limited.

In witness whereof the parties herein through their authorised signatories agree to the terms and conditions set out hereinbefore and have put their respective company seal and signature to this Settlement Agreement on the day and date mentioned hereinbefore.

For UniCredit Bank AG
(formerly known as Bayerische
Hypo-und Vereinsbank AG)
UniCredit Bank AG
through Mr. Klaus Mai

Ms Birgit Dollmann

(FIRST PARTY)
Klaus Mai Birgit Dollmann

For Modern Terry Towels Limited
through Mr. Sachin Ranka

For Modern Terry Towels Ltd.

Chairman
(SECOND PARTY)



3. That Second Party agree and acknowledge that in case there is any default/deviation from the aforesaid payment schedule due to any reason whatsoever, the First party shall be entitled to recover, either jointly or severally, from the Second party and the Modern Syntex (India) Limited, the decretal amount of Euro 29,817,172.00 as per the said decree dated Jan 19, 2005 passed by the Munich court less amount paid by the Second Party pursuant to this agreement besides further interest and cost etc.

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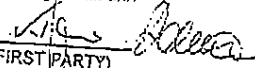
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In witness whereof the parties herein through their authorised signatories agree to the terms and conditions set out hereinbefore and have put their respective company seal and signature to this Settlement Agreement on the day and date mentioned hereinbefore.

For UniCredit Bank AG
(formerly known as Bayerische
Hypo-und Vereinsbank AG)

UniCredit Bank AG
through Mr. Klaus Mal

Ms Birgit Dollmann



(FIRST PARTY)
Klaus Mal

Birgit Dollmann

For Modern Terry Towels Limited

through Mr. Sachin Ranka

For Modern Terry Towels Ltd.


(SECOND PARTY) Chairman

-79-



S.HRI H.L. SHARMA-JI (C)

REF: (4057812)1037

CCO, DARC
SEC HA, PUNJAB, INDIA
NARAYAN CENTER, 1ST FLOOR
NARAYAN PLAZA
MUMBAI

PAGE NO. : 1
REFRY DATE : 28-08-2014

PARTY ADVICE

TO: MUMBAI TRAVEL TOWELS LIMITED (COLLECTED NUMBER IN : A225285
REF: (4057812)1037 DIST: 04/08/14

OVERSEAS PARTY
NAME : UNICREDIT BANK AG
ADDRESS : MUNICH

INDIA

GERMANY

Foreign Outward Remittance

Our Ref. : 1302EALSTV20055 Other Bank Ref. : Dated : 20-08-2014

For Amount: INR 60000.0000
Credit to Amount: EUR 60000.00 (T: 135466)
Practical Rate: 47981000.00
Actual Amount: INR 60000.0000 EUR 6.00

Details: INR 60000.00 at 25.0000 EUR 60000.00

CHARGES LOCAL: INR 7304.00
BANK CHRG: INR 8000.00
BANK CHRG: INR 200.00
EQIP BANK CHRG: INR 300.00
BANK CHRG: INR 60.00

TOTAL CHARGES: INR 7304.00

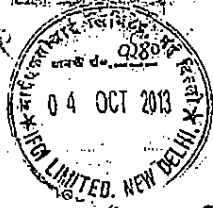
REF: (4057812)1037

Value of amount (10230100.4421) has been debited by INR 4803704.00 only.

This is a computer generated advice and does not require any signature.

-80-





No. 25/35/2013-Insolvency Section
Government of India
Ministry of Corporate Affairs

5th floor, 'A' wing,
Shastri Bhawan, New Delhi - 110 001.
Dated 3rd October, 2013.

The Asst. General Manager
IFCI Limited, IFCI Tower,
61, Nehru Place,
New Delhi - 110 019

Subject: BIFR Case No. 209/2001 in the matter of -M/s Modern Terry Towels Limited.

Sir,

I am directed to refer to your notice no. IFCI/HO/NRLG/MTL/2013-130923026 dated 25.09.2013 & Draft Rehabilitation Scheme (DRS) annexed thereto in the captioned matter and to state that:

- (i) This Ministry has no objection to sub-para (i) of Para 14.E of the said DRS.
- (ii) By virtue of section 94/97 of the Companies Act, 1956, the company is required to file with the ROC form 5 with Registration Fee prescribed in section 811 read with schedule X of the Act for increase in authorized share capital. The fee to be paid to the ROC is by operation of law and the same is not 'levied' by the Ministry. Accordingly, this Ministry opposes exemption of fee payable on merger of authorized capital of Transferor Company into authorized share capital of Transferee Company as mentioned under sub-para (ii) of Para 14.E of the said DRS.
- (iii) Further, as per the Government of India (Allocation of Business) Rules, 1961, administration of the Stamp Act is not the subject allocated to the Ministry of Corporate Affairs and therefore, this Ministry has no jurisdiction to grant any exemption in this behalf.
- (iv) This Ministry cannot grant exemption to the directors of the merged company from the operation of Section 274(1)(g) of the Companies Act, 1956.

Yours faithfully,

(Ravi K. Sharma)

Under Secretary to the Government of India

Copy to: The Secretary, The Board for Industrial and Financial Reconstruction, Jawahar Vyapar Bhawan, 11, Tolstoy Marg, New Delhi - 110 001.

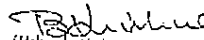
BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION
JAWAHAR VYAPAR BHAWAN I, TOLSTOY MARG, NEW DELHI-110001

Short particulars of the Draft Rehabilitation Scheme (DRS) prepared by BIFR vis
18 of the Sick Industrial Companies (Special Provisions) Act, 1985 for rehabilitation
of M/s Modern Terry Towels Ltd. (Case No: 209/2001). Regd. Office: A/4, Vijay
Path, Tilak Nagar, Jaipur - 302004

1. M/s Modern Terry Towels Ltd. was declared a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act (SICA), 1985 vide Board's Order dated 09.08.2002.
2. Based on the Rehabilitation Scheme submitted by the IFCI Bank the Operating Agency (OA), the Board has prepared a Draft Rehabilitation Scheme (DRS) which is circulated vide Board's order dated 16.10.2015 and notified for consideration of all concerned for obtaining their consent as per Section 19(2) read with Section 19(1) of SICA. If objection(s) is/are not received within the stipulated period of 60 days from the date of publication of this notice consent on the part of the concerned body to the specified reliefs & concessions shall be deemed given.
3. The Board further directs that Objections / suggestions, if any, be sent to the BIFR and the Operating Agency (IFCI) at The Asst. General Manager, IFCI Limited, IFCI Tower, 61, Nehru Place, New Delhi- 110019.
4. The Board will hear objections/ suggestions with regard to the DRS at the hearing on 12.01.2016 (Tuesday) at 11.00 A.M in the office of Board for Industrial and Financial Reconstructions, Jawahar Vyapar Bhawan, I Tolstoy Marg, New Delhi.
5. Copy of the Board's Order dated 16.10.2015 along with the DRS will be available for inspection at the Registrar's office during working hours on any working day.

Date :- 16.10.2015

BY ORDER OF THE BOARD


(Bhush Krishna)
Bench Officer - II