BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

M/S TEXEL INDUSTRIES LIMITED(TIL) CASE NO.433/2001(B-1)

SANCTIONED SCHEME(SS)

(From 01.04.2013 to 31.03.2019)

ORDER

M/s Texel Industries Limited(TIL) (hereinafter referred to as the Company') was declared a sick industrial company in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (hereinafter referred to as the 'Act') vide order dated 24.5.2002 and the Board appointed Union Bank of India(UBI) as the Operating Agency (OA) u/s 17(3) of the Act to examine its viability and formulate a rehabilitation scheme, if feasible.

2. Based on the clarifications submitted by OA on 28.2.2014 and the directions given by the Board in the hearing held on 28.4.2014, the Board has formulated DRS for revival of the company on 3.9.2014. The cut off date(COD) was taken as 31.3.2013.

3. The revival scheme submitted by the OA and as prepared by the Board was circulated to all concerned for consent as required u/s 19(2) read with section 19(1) of the Act for hearing objections/suggestions on 12.01.2015.

4. In the statutory hearing held on 12.01.2015, it was directed to delete the sub-head 'CBDT' and "DGFT' under the head 'From Central Govt.' at the clause 15.0 of the DRS and the provision namely 'to exempt the unit of the company from power cuts for a period of 5 years from cut off date as reflected at sub-clause(4) under the heading 'From the State Govt. of Gujarat' incorporated at the clause 15.0 of the DRS be deleted'.

5. Accordingly, the scheme is sanctioned for implementation by all concerned.

(S.C.SINHA)	(J.P.DUA)
MEMBER	**CHAIRMAN**

Dated: 31.08.2015

Encl.: Sanctioned Scheme along with Annexures

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION
CASE NO.433/2001 M/S TEXEL INDUSTRIES LIMITED

SANCTIONED SCHEME(SS)

(From 01.04.2013 TO 31.03.2019)

BENCH-1

1.0 BACKGROUND OF THE COMPANY

M/ s Texel Industries Limited (TIL) was incorporated as Texel Plastics Private Limited on 02nd August, 1989. Thereafter, the company was converted into a Public Limited Company in September, 1993 and the name was changed to Texel Industries Limited in January 1996. TIL, which has been promoted by Shri Shailesh Mehta and Shri Naresh Mehta, has its manufacturing facilities at Block 2106, Santej Khatraj Road, Village Santej, Taluka Kalol, Distt. Gandhinagar, Gujarat.

TIL was set up with the aim to manufacture PE Protection Covers and PE Geomembrances targeted to be used in the construction and infrastructure sectors.

The Company had carried out a major expansion and modernisation of its manufacturing facilities at Santej in the year 1994-95/95-96. Within a short duration the company was able to establish reputation as a manufacturer of quality products for specialized application.

With the support of its in-house R&D Department, the company quickly gained the applications knowledge of each of its products and was able to add value by offering systems and solutions along with the products.

The products of most commercial importance which are being manufactured by it, are Roof Tile Underlay, Geomembrane, Pile Liner and Tunnel Liner. The Company also makes innovation covers, which have specialized use in transportation industry.

TIL is operating at a moderate capacity utilization of 50%. Operations are increasing gradually with increased availability of working capital funds.

2.0 REFERENCE TO BIFR

The Net Worth of the company was completely eroded as per the financial results reflected in the Audited Balance Sheet (ABS) as at 31.03.2001. Hence, TIL filed a reference application u/ s 15 (1) of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) with Hon'ble BIFR seeking registration as a Sick Industrial Company and requesting for appropriate measures to revive it. The said reference was registered as Case No. 433 / 2001. Based on the reference made by the company, the Board declared the company a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial companies (Special Provisions) Act, 1985 in the hearing held on 24th May, 2002 and appointed Union Bank of India (UBI) as Operating Agency (OA) under section 17(3) of the Act to examine the viability of the company and for formulating a Draft Rehabilitation Scheme (DRS) for its revival.

In the hearing held on 11.9.06, BIFR observed that even after five years of being declared as sick there was no fully tied up revival proposal available for consideration. BIFR therefore ordered for winding up of the company. Against the said order, company preferred an appeal before the Hon'ble AAIFR, which vide order dt. 23.08.07 had remanded the case back to BIFR with the directions to TIL to submit a rehabilitation proposal through the OA. TIL accordingly submitted its Draft Rehabilitation Scheme with the BIFR and the OA on 02.02.2008. Subsequent to this, the company has arrived at settlement with UBI on OTS basis and repaid its dues fully. The dues of

Standard Chartered Bank (SCB, Assignee ICICI) has been assigned in favour of Skypoint Technical Textiles Pvt. Ltd , with whom the company has arrived at settlement by way of OTS and payment will be made as per OTS.

In the above backdrop, TIL had submitted its Rehabilitation Proposal to OA (UBI) on 20.2.2012 which was duly recommended and forwarded to Hon'ble BIFR on 24.3.2012.

However, in the last hearing held on 02.09.2013, the Hon'ble Bench formed a prima-facie opinion that the sick industrial company i.e. TIL is not likely to make its net-worth exceed its accumulated losses within a reasonable time while meeting all its financial obligations. The Hon'ble Bench, issued following directions:

> ***" a Show Cause Notice (SCN) returnable in 60 days be issued to the company and a gist thereof be published in one local and one national (Economic) Newspaper for information of the shareholders, workers, creditors, customers and others. Objections/ Suggestions would be heard on 28.11.2013.***
>
> ***However, a final opportunity is being given in as much that if the company, the present promoters or a registered workers industries Co – operative Society (WICS) or an outsider submits a fully tied up proposal with or without OTS and with or without Company-promoters, to the OA within 30 days from the date of this order/ publication in newspaper and also deposit 25% of the funds estimated for the rehabilitation of the company to be brought in by the promoters as per their proposal to indicate their seriousness and resourcefulness, in an interest bearing 'no lien account'***

> ***(NLA) with the OA (UBI), the proposal may be examined by the Board. The proposal should also clearly indicate the sources of funds to the satisfaction of the OA and other secured creditors. The OA would consider the same only if such a deposit in NLA is made alongwith the proposal, hold a joint meeting (JM) within a further 15 days and submit an acceptable and viable DRS alongwith the minutes of the JM, if it emerges, well before the scheduled hearing with copies to all concerned. If the 'NLA' deposit does not accompany the DRS. The OA need not examine such a proposal and should report to the Board."***

In view of above directions, the present proposal is being submitted. Further, it is worthwhile to mention here that after the TIL was declared sick, the management has always strived to keep the operations of the company running. Initially the management was successful to run the operations by doing job work production for buyers.

In the initial period of sickness the turnover and profitability was very low. The present promoters through sheer hard work managed to rebuild the confidence of the company's suppliers and customers. Slowly, through the tremendous efforts, the promoters of TIL were successful in undertaking their own production. This resulted in higher sales and better profits. The promoters through their untiring efforts created a vast market for their products in the agricultural sector.

The achievements for the period of six months ended Sept, 2013 are also positive and encouraging. Due to the promoters efforts the company has achieved sales of Rs.**3377** laths and a profit of Rs.**34.47** lakhs in the six months period ended 30th Sept, 2013.

Due to the availability of cash accruals, TIL has made capital expenditure of Rs **31** lakhs in the year 2012-13 and Rs. **68** lakhs in the six months ended 30th Sept, 2013.

The company is coming out of the sickness very fast and is on a healthy growth path. The company is employing **250** workers and **30** staff personnel. TIL is regular in making payment of all its employees′ dues and statutory dues.

3.0 SHARE CAPITAL AND SHAREHOLDERSHOLDERS

The total paid up equity share capital of the company as on 31.3.2013is 6145842 shares of Rs.10 each, valuing Rs.614.58 Lakhs and the shareholding pattern of the company is as under:

The shareholding pattern of the Company as on 31.03.13 is as follows: -			
	No. of Shares	**Amount**	
- Promoters, Friends &Associates	1577508	15775080	25.67%
- Flls	1000000	10000000	16.27%
- Private Corporate Bodies	378390	3783900	6.16%
- NRI	454400	4544000	7.39%
- Indian public	2735542	27355440	44.51%
	6145842	61458420	**100.00%**

4.0 PROMOTERS

TIL has been promoted by Shri Shailesh Mehta and Shri Naresh Mehta.

Mr. Shailesh Mehta, the dynamic and young Managing Director, is the main architect of Texel Industries Limited. He has been active in the field of plastics for the last 23 years. Mr. Mehta completed his college education in 1980 and started his business in Bombay, with a small-scale plastics unit where he gained shop-floor experience and direct exposure to the manufacturing process. He was instrumental in developing various laminated / coated fabrics and papers. He also gained tremendous experience in Marketing and Finance.

Shri Shailesh Mehta not only handles administrative, commercial and financial aspects of the business, but the credit for developing an extremely loyal dealer network of the company also goes to him.

Mr. Naresh Mehta, Director of Texel Industries Limited is a technocrat with a Bachelors and Masters Degree in the Plastics Engineering from the University of Lowell in Massachusetts, USA. His research paper was the first that established a relation between process-ability and visco-elastic behavior of plastics. He advises on technical matters which are complicated in nature. His rich experience in the field of plastics had helped the company to develop many new innovative products like pile liners, multilayer reinforced geo-membranes.

5.0 CURRENT BOARD OF DIRECTORS

The overall management of the company vests with the Board of directors, comprising of highly qualified and experienced individuals.

The company is managed by Board of Directors comprising as under: -

SR NO.	Name(S/Sh)	Designation	Qualification	Experience
1	Shri. Shailesh Mehta	Managing Director	B.Com.	33 years
2	Shri. Naresh Mehta	Director	B.S, M.S.(U.S.A) (Plastic Engineering)	28 years
3	Shri. Kirit Mehta	Director	CharteredAccountant	38 years
4 5	Shri. Sushil Kumar Pachisia Shri.Dr.Christy Fernandez	Director Special Director(BIFR Nominee)	M.E (1979), EMITC (1999) I.A.S	32 years

The day-to-day affairs are being managed by Sh. Shailesh Mehta. There has been no change in the Promoter Directors, however independent Directors have changed since the time of filing of Form A with the BIFR and moreover s Special Director has been appointed by the BIFR on the Board of the Company.

6.0 TECHNICAL & PROFESSIONAL STAFF

Sr. No.	Name(S/Sh)	Designation	Qualification	Experience
1	Shri. Shailesh Mehta	Managing Director	B.Com.	33 years
2	Shri Joseph Verghese	In charge-Production planning & control	S.S.L.C,G.C.D.	25 years
3	Shri Kanaiyalal Patel	In charge-Quality assurance and process improvement	D.P.E.	4 years
4 5	Shri Kiran Shah Shri Rajnath Singh	In charge-Finance,Accounts,Taxation & Personnel activities In charge Logistic & dispatch	M.com.Inter C.A. B.com.	30 years 25 years

7.0. REASONS FOR SICKNESS

The main reasons for sickness of TIL have been identified as under:

a) The date of commencement of production as per the project report was December, 1993. The financial institutions delayed the sanctioning of the term loans. The letter of intent was received by the company in January, 94 / February, 94. This delay in sanction led to a situation, where the assumption regarding the projections changed. All this led to a delay in the stabilization of the new production facilities by 9 months. The company applied for a re-schedulement of the term loan repayment. The term lending institution declined the sanction of re-schedulement. This affected the working of the company.

b) Due to the recessionary trends globally and with increased international competition, the price realization dropped substantially. The manufactures in the international as well as local market started offering lower weight products, which resulted in imbalance being created in the weaving process, thus creating a bottle-neck in the manufacturing process.

c) Due to large-scale misuse of the advance-licensing scheme by certain exporters, the Govt. of India brought in major changes in the Exim Policy in the year 1995-96. The major changes which effected the company financially was the abolishment of acceptance of legal undertaking (LUT) to be submitted by the exporter towards the duty free material imported under advance license scheme. The legal undertaking was given by exporters to customs towards meeting the export obligation against the import of duty free raw materials. The acceptance of LUT was discontinued and instead the exporters are required to established bank guarantee.

d) Till mid 1999, the company's raw materials were being manufactured by Indian Petrochemicals Corpn. Ltd. and Reliance Industries Limited.

These two companies were virtually enjoying a monopoly. The prices of the company's basic raw material are linked with prices of Naphtha, which are again linked with prices of crude oil. Due to worldwide recession, including our country the demand for crude oil reduced, which affected the polymer prices, i.e., prices of company's principal raw materials. This tend of reducing prices was evident till March, 1999. From March, 1999 onwards, the polymer prices started increasing due to the rising crude and naphtha prices. This put a huge pressure on the profitability, as the price rise was sudden and steep. Due to misuse of the value based Advance Licensing scheme by some big export houses, the Govt. discontinued with this scheme under this scheme, the company was entitled to duty free raw materials up to the value obtained on the export of its products minus the minimum value addition required under the exim policy. The company used to get extra duly free raw materials due to higher value addition achieved for the company's products then the minimum required the exim policy.

e) One of the other products, which can be made by the company on the same machinery, was HDPE/ PP woven bags for packing of cement, fertilizer, chemicals etc. The company's focus was on tarpaulins and Geo-membranes for which there were fewer units in the country. Many of the bags manufacturing units, who were solely manufacturing woven bags diversified into tarpaulin manufacturing, thus creating more competition in the market. Subsequently, the price realization for tarpaulins also dropped due to over supply. These two changes in Govt. policies had a big impact on the profitability of the company.

f) The company faces competition from the unorganized small-scale sector for the lower end of the market segment.

g) The devastating earthquake in Gujarat demoralized the personnel of the company and the operations were effected in January and February 2001, due to totally poor attendance by the staff and workers.

Future Prospects

a) The company has developed specialized products which are as under: -

(1) **Geo-membrane** - this is used for water harvesting by agriculturist and also for water requirements by Industries. The product is approved by Government of Maharashtra and Central Government. The company is number one supplier of this product to the farmers in Maharashtra.

(2) The company has developed superior quality of **Tarpaulin** which has better price realization and there is good demand for this product.

b) Currently the raw material prices are reasonable and expected to be available at reasonable price in next 2 (two) years.

c) In view of better Indirect Tax Provisions, the unorganized small scale sector gives less competition than in past periods. Moreover, the quality of products manufactured by them is not well accepted by the customers.

d) The State Government like Gujarat, Andhra Pradesh and Maharashtra purchases company's products for distribution to farmers at subsidized rates.

All the above factors will help to revive the company.

8.0. PAST PERFORMANCE

8.1 Financial Position (Rs/lakh)

SOURCES OF FUNDS As on	Audited 31.03.2013	Audited 31.03.2012	Audited 31.03.2011	Audited 31.03.2010	Audited 31.03.2009
Share Capital	664.58	664.58	664.58	664.58	584.58
Reserves & Surplus	280.60	281.77	282.94	284.11	285.28
Profit &Loss A/c					
Secured Loans	483.03	1148.46	1148.51	1148.56	1258.77
Unsecured Loans	145.77	102.92	98.44	103.14	127.09
TOTAL	**1573.98**	**2197.73**	**2194.48**	**2200.40**	**2255.72**
APPLICATION OF FUNDS					
Fixed Assets:					
Gross Block	1497.33	1466.37	1431.67	1374.29	1371.48
Less: Depreciation	1057.93	997.32	938.42	878.49	838.52
Net Block	*439.40*	*468.65*	*493.25*	*495.81*	*532.96*
Investments	0	0	0	0	0
Inventories	573.62	376.17	370.83	158.64	289.89
Sundry Debtors	911.36	698.31	631.15	598.70	375.11
Cash & Bank Balances	56.58	58.15	59.11	23.87	20.21
Loans & Advances	396.02	411.86	335.16	362.45	358.08
	1937.58	1544.49	1396.24	1143.66	1043.29
Less: Current Liabilities & Provisions	2360.93	2854.80	2817.26	2652.48	2597.83
Net Current Assets	*(423.35)*	*(1310.31)*	*(1421.02)*	*(1508.82)*	*(1554.54)*
Profit & Loss Account	1557.93	3039.39	3122.26	3213.41	3277.29
TOTAL	**1573.98**	**2197.73**	**2194.48**	**2200.40**	**2255.72**

8.2 Working Results

	(Rs/lakh)				
	Audited	**Audited**	**Audited**	**Audited**	**Audited**
Year ending	**31.03.2013**	**31.03.2012**	**31.03.2011**	**31.03.2010**	**31.03.2009**
INCOME					
Net Sales	4160.20	3063.12	2681.29	2667.62	2976.50
% growth					
Other Income	8.12	7.62	2.62	7.05	5.59
Increase / (Decrease) in stocks	-	-	-	-	-
	4168.32	3070.74	2683.91	2674.67	2982.10
EXPENDITURE					
Cost of Goods Sold/Consumed	3346.19	2245.57	1959.57	1941.12	1931.42
Personnel Cost	117.29	112.03	37.70	30.73	22.41
Manufacturing Expenses					
- Power & Fuel	183.06	149.19	156.86	144.70	139.00
- Stores & spares	33.79	44.40	54.41	65.84	40.06
- Conversion charges	109.55	123.07	103.03	161.96	150.89
- Repair & maintenance	10.50	11.90	14.35	12.63	4.04
- Other manufacturing exp.	36.03	24.67	19.22	24.73	50.50
Sales Tax/VAT	51.14	25.55	26.33	0.70	0.50
Admin and other expenses	43.85	27.86	22.95	35.26	108.16*
Selling & distribution exp.	43.51	83.05	104.31	57.98	110.31
Interest	63.56	81.50	34.98	76.77	64.28
	4038..47	**2928.73**	**2533.71**	**2552.42**	**2622.20**
Profit/Loss Before Dep. & Tax	**129.85**	**142.01**	**150.20**	**122.25**	**359.90**
Depreciation	59.04	58.13	58.76	57.77	56.84
Profit / (Loss) before exp.items	**70.81**	**83.88**	**91.44**	**64.48**	**303.06**
Exceptional items					
U.B.I Principal amt.w/o	**665.39**	**0**	**0**	**0**	**0**
Interest provision w/back	**745.77**	**0**	**0**	**0**	**0**
Profit before extraordinary items	**1481.97**	**83.88**	**91.44**	**64.48**	**303.06**
Prior period exps	**(0.51)**	**(1.02)**	**(0.28)**	**(0.60)**	**(8.75)**
Profit / (Loss) before Tax	**1481.46**	**82.86**	**91.16**	**63.88**	**294.31**
Tax Expenses	**0**	**0**	**0**	**0**	**0**
Profit/(Loss) after Tax	**1481.46**	**82.86**	**91.16**	**63.88**	**294.31**
Brought Forward Profit/(Loss)	**(3039.40)**	**(3122.26)**	**(3213.41)**	**(3277.30)**	**(3571.62)**
Balance carried to Balance sheet	**(1557.94)**	**(3039.40)**	**(3122.26)**	**(3213.41)**	**(3277.30)**

*Includes penalty & damages of Rs.80 Lakhs on account of delay in finalization of a major order against tender by about 3 months. The company had already placed orders for procuring raw material to fulfill the tender order. During this period the raw ma8terial price dropped drastically and therefore the management decided to get the order of raw material terminated and paid the negotiated penalty to raw material supplier.

9.0 LOANS AND CREDIT FACILITIES

9.1 Details of existing credit facilities -Nil-

9.2 Details of One Time settlement arrived with the secured creditors are Attached as ANNEXURE- I

9.3 Details of unsecured creditors attached as ANNEXURE- II

9.4 Details of dues of the workers attached as ANNEXURE-II

10.0 MARKET REPORT/MARKETING ARRANGEMENT

The company has a vast product line with two categories of products which work on dual principles of value addition & volume

(1)Geo-membranes : These are high value added products with critical applications and Work on the principle of value addition.

Applications	Major Uses	Scope of Market
1. Geo-membrane Containment Lining System	* Water storage in ponds to arrest seepage of water * Lining of effluent ponds to prevent seepage of polluting effluents into the soil * Lining of waste containment pits	* A large number of projects in the rural areas are being implemented to collect rain water for use throughout the year * Vastly used by steel, fertilizer, pharmaceutical, textile, chemical, sugar, paper and mineral industries.
2. Tunnel Lining Membrane	* To line underground traffic networks and tunnels	
3. Roof Tile Underlay	* To waterproof roofs in foreign Countries	

4. Pile Liner	* To replace steel liners in building Foundations	* A huge market that can be absorb millions of sq. m. a year , overseas and in India
5. Damp proof Course	* To prevent seepage of water through walls in water logged Areas	
6. Terrace Liner	* To waterproof terraces in heavy rainfall areas	
7. Geo Cell	* To reinforce canal slopes, railway tracks, road embankments, mountain slopes etc. and stop soil erosion	* Use of Geo Cell in soil constitution helps save expensive resources

(2) PE Protection Covers:

This product line is sustained mainly by high volumes

Applications	Major Uses	Scope of Market
1. General purpose PE Protection Cover	* Covers for railway wagons, hutments, vendor stalls & Mandaps * Covering of stocks * Lining floors * Recreational uses * Defense application * State Road Transport Corporation	* The market for this application is unlimited as the uses are varied.
2. Fumigation Cover	* Fumigation of food grain and oil seeds for long term Storage * Fumigation of export products	* Food Corporation of India buys 50,000 covers per year * State Civil Supplies and Warehousing Corporations * Private owner of food processing units, cattle feed plants, flour mills, solvent extraction plants. * Fumigation agencies * Total market estimated at Rs. 500 million (US$ 13.89 million)
3. PE Truck Cover	* To give 100% waterproofing to goods in transit	An independent market survey has indicated that 6 lakh PE Covers are purchased per annum, creating a market of more than Rs, 2600 million every year

		(US$ 722 million approx.)
4. PE Truck Cover(Export)	* To cover containerized cargo	The US market alone is 18 million sq. m.
5. Bunker Liner	* To waterproof military bunkers	Large market in defense
6. PE Protection Cover for General Use (Export)	* Household * Recreational * Agricultural * Construction Sites	Market is huge. Today, Korea exports about 48,000 metric tonnes per year. The US market is quantified at 84 million sq. m., which translates into 9660 metric tonnes.

For the domestic market, the Company has a wide network of dealers all over India. On the international front, the company has forged links with reputed distributors and have now formalized arrangements beyond national boundaries and has representation in Europe and Middle East.

TIL is in the field of manufacturing Geosynthetics and Tarpaulins and is a Pioneer in introducing multi layered Woven HDPE Geo membrane in the country. TIL is also a Pioneer in introducing the concept of irrigation ponds lined with multi layered Woven HDPE Geo membrane offering a very cost effective and reliable solution to harvest and store the water at the farm level. The introducing of the concept has revolutionized the water harvesting efforts. Thousands of ponds are being built in many states throughout the country under various Government schemes.

TIL is a leading player in this field has also contributed in a big way in creating BIS (Bureau of Indian Standards) which are world class. TIL is playing a very vital role in the field of water conservation which is improving the living standards of farmers in vast rural areas. Its efforts have saved lives of thousands farmers without which they would have had to face severe financial hardships.

11.0 THE SCHEME

The Rehabilitation Scheme envisages following strategy for revival of the company.

11.1 Mobilization of Funds.

The promoters have proposed to infuse an amount of Rs.100 lakhs by way of equity share capital (Rs.60 lakhs in the F.Y.2013-14 and Rs.40.00 lakhs in the F.Y.2014-15).

11.2 Payment of secured creditors

One Time Settlement of the dues of Banks/Assignee

TIL has arrived at settlement with Union Bank of India by way of OTS at an amount of Rs.100 lakhs and has fully repaid the settled amount. The OTS was arrived at by TIL with the other secured creditor i.e Standard Chartered Bank (SCB) for an amount of Rs.225.00 Lakhs payable in cash and conversion of part dues of Rs.80.00 Lakhs into equity share capital, being full and final settlement towards their dues. The company has already paid Rs.72.20 Lakhs to SCB, however, the balance amount could not be paid in time and therefore the loan was assigned by SCB to "Skypoint Technical Textile Pvt. Ltd" (STTPL). Now, TIL has arrived at settlement with STTPL as under.

(A). STTPL to accept Rs.100.00 Lakhs as an OTS amount, in full and final settlement of its dues against TIL. This amount is to be paid in two equal annual installments commencing from the cut-off date i.e. 31.3.2013. The outstanding OTS dues will carry interest @12% p.a. In addition, as part of settlement terms of OTS, TIL will issue 5 lakhs nos of fully paid up equity shares of Rs.10/ - each and 30 lakh nos. of fully paid up 4% cumulative redeemable preference shares of Rs.10 each (redeemable after 7 years from the date of allotment).

(B) STTPL to release charge over the assets of the company/ any other security and also the guarantees of the promoters/others, if any, on payment of the above-said amount.

11.3 MODERNISATION & EXPANSION

Refurbishment of plant

TIL has made expenditure of Rs,31 Lac in the year 2012.13 and Rs.68 Lac in the six months ended on Sept.2013 in various equipments resulted in reduction in power consumption ,improvement in production ,quality of production and reduction in wastage.

11.4 Any other Strategy

(a). The existing equity share capital of the company shall be reduced by 50%. The existing preference share capital shall be converted into equity share capital and then shall be reduced by 50%. After reduction of these equity shares by 50%, every two equity shares of Re. 5/ - each shall be consolidated into one equity share of Rs. 10/ - each fully paid-up of in terms of sec 18 (2) (f) of the SICA, after complying with the requirements as per Companies Act/SEBI or other applicable Guidelines/Laws.

(b). The old statutory liabilities being PF & ESIC dues aggregating to Rs.3.36 Lac shall be paid within a year from the date of sanction of the rehabilitation scheme on interest-free basis. All the penal interest, interest, damages, penalties charged or chargeable on the same shall be waived. With respect to statutory liabilities which are under litigation / appeal, if any, the same shall be payable within one year after crystallization of dues after the company has exhausted all the legal remedies available to it. All the penal interest, interest, damages, penalties charged or chargeable on the same shall be waived.

(c) The unsecured liabilities (including those which are under litigation / appeal shall, on crystallization after exercise of all the legal remedies available to the company) shall be paid only 25% of their principal amount, over a period of three years on interest-free basis. All the penal interest, interest, damages, penalties charged or chargeable on the same and balance of the principal amount shall be waived.

(d). The balance sheet of the company as on the cut-off date shall stand restructured as per Annexure of the Financial Projections attached.

12.0 COST OF SCHEME AND MEANS OF FINANCE

COST OF SCHEME	(Rs. in Lakhs)
Payment of OTS dues to Secured Creditor	
- Sky point Technical Textile Pvt Ltd	100.00
Payment of other secured creditors	8.25
Payment of statutory dues (old)	3.36
Payment of unsecured loans (old)	19.09
Payment of unsecured creditors (old)	16.02
Addl. Working capital requirement	27.21
TOTAL	173.92

MEANS OF FINANCE	
Contribution from Promoters / Associates	
- Equity share capital by Promoters/Associates	100.00
Internal Cash Accrual	73.92
TOTAL	173.92

C.O.D (Cut-off Date) 31.03.2013

12.1 Shareholding pattern before & after sanction of the scheme attached as ANNEXURE-III

13.0 MANUFACTURING FACILITIES & INFRASTRUCTURE

13.1) TECHNOLOGY

The Company employs the following technology using State-of-the Art machines:

- The T-Die technology for tape extrusion;
- The six shuttle Circular Weaving technology for weaving into wide width fabrics;
- The wide width extrusion coating technology, which uses a coat Hanger Die and is equipped with Turret unwinding and surface winding.

13.2) MANUFACTURING PROCESS

HDPE granules are fed into the Tape plant extruder and tapes of required width are extruded and wound on Cheese Pipes to make a Cheese Package. This Cheese package is loaded on looms and fabric of required mesh is woven on these looms.

The HDPE Fabric thus woven is then made waterproof by coating of LLDPE/ LDPE/ Master Batch on both sides. Such coated fabrics are then heat sealed to obtain larger widths.

Such larger width coated fabrics are converted into finished products such as Tarpaulins, Tents, Geo-membranes and Pile Liners etc.

The finished products are packed in bale form and dispatched to the customers.

13.3) RESEARCH & DEVELOPMENT

The Company's technical expertise is provided by Mr. Naresh Mehta, Director. Mr. Mehta is a Plastics engineer having undergone his undergraduate and postgraduate programmers in USA. He stated his career as a Product Development engineer at Carlisle Syntec Systems, U.S.A., which is a 200 million dollar company and a world leader in the manufacture of Synthetic membranes.

With his technical background, Mr. Mehta spearheads the R&D department at Texel Industries Limited. R & D activities are aimed at applications Engineering where the Company's products are optimized for applications other than the traditional ones. A host of innovative products have been developed aimed at specific applications for the domestic as well as export market.

13.4) POWER

For meeting the power requirement, the Company has Gujarat Electricity Board High Tension supply with connected load 600 KVA.

13.5) WATER

The requirement of water for industrial use is negligible. Water is mainly required for Tape Plant, Coating Plant & human consumption and the Company has tube wells for water supply.

13.6) EFFLUENT TREATMENT/DISPOSAL

The nature of Company's manufacturing operations is such that it does not generate any polluting effluents. As per the Government notification, the Company does require a 'No Objection Certificate' which has been obtained.

13.7) MANPOWER

The skilled, semi-skilled and un-skilled labour required for the smooth functioning of both the plants are available locally and the unit foresees no difficulty in getting additional manpower, if required, at any point of time.

13.8) RAW MATERIAL

The basic raw materials for manufacture of Company's Products are: -

1. High Density Polyethylene (HDPE)
2. Low Density Polyethylene (LDPE)
3. Co-polymers
4. Master batch (Additives/Colour Pigments)

The above materials are freely available in sufficient quantities in the local as well as international market.

The major suppliers of the raw materials in the local market are; Reliance Industries Limited., IPCL, GAIL & HALDIA PETROCHEMICALS.

Import of the above items is also freely allowed. The major suppliers abroad are located in USA, South Korea, Gulf Countries, Brazil and Singapore etc.
TIL is in the field of manufacturing Geosynthetics and Tarpaulins and is a Pioneer in introducing multi layered Woven HDPE Geo membrane in the country. TIL is also a Pioneer in introducing the concept of irrigation ponds lined with multi layered Woven HDPE Geo membrane offering a very cost effective and reliable solution to harvest and store the water at the farm level. The introducing of the concept has revolutionized the water harvesting efforts. Thousands of ponds are being built in many states throughout the country under various Government schemes.

TIL is a leading player in this field has also contributed in a big way in creating BIS (Bureau of Indian Standards) which are world class. TIL is playing a very vital role in the field of water conservation which is improving the living standards of farmers in vast rural areas. Its efforts have saved lives of thousands farmers without which they would have had to face severe financial hardships

14.0 CUT OFF DATE :31.03.2013

15.0 DETAILS OF RELIEF AND CONCESSIONS

PROPOSED RELIEFS & CONCESSIONS:

The following reliefs and concessions have been envisaged from various agencies as a part of rehabilitation scheme for the company. Cut-off date for the purpose of the said rehabilitation proposal has been considered as 31.03.13. All projections have been drawn on financial year basis i.e. from April to March.

FROM THE STATE GOVERNMENT OF GUJARAT: To consider

1) To declare the company as a “Relief Undertaking” and grant all benefits and concessions as per the State Government policy guidelines for sick industrial units.
2) To exempt the unit from the payment of Sales Tax / VAT and Purchase Tax for a period of five years from cut-off date.
3) To exempt the unit from the payment of Electricity Duty and Octroi on Electricity for a period of five years from cut-off date and to waive minimum demand charges on Electricity till the cut-off date and for a period of five years from cut-off date.
4) To provide any other relief allowable to sick company as per policy of State Govt. for rehabilitation of the Company.

Sales Tax Department, State Government of Gujarat: To consider

To exempt the unit from the payment of Sales Tax / VAT and Purchase Tax for a period of five years from cut-off date.

State Electricity Board / Power Supply Company: To consider

To exempt the unit from the payment of Electricity Duty and Octroi on Electricity for a period of five years from cut-off date and to waive minimum demand charges on Electricity till the cut-off date and for a period of five years from cut-off date.

FROM CENTRAL GOVERNMENT: To consider

To provide any other relief allowable to the sick company as per the policy of the Central Govt. for the rehabilitation of the sick companies.

Employee State Insurance: To consider

To waive penal compound interest, damages on the liability of the company, if any, as on cutoff date.

Employee Provident Fund Scheme: **To consider**

To waive penal interest, compound interest, damages on the liability of the company, if any, as on cut off date.

16.0 SACRIFICE FROM EXISTING SHAREHOLDERS

Reduction of equity share capital (Rs.534.58 Lakhs) and Preference Share Capital (Rs.50.00 Lakhs)

The existing equity of Rs.534.58 (except equity shares issued to Standard Chartered Bank of Rs.80 Lakhs) and preference share capital of the company will be reduced by 50%, as a sacrifice on behalf of the shareholders of the company, to reduce accumulated losses.

17.0 SACRIFICE/OBLIGATIONS OF PROMOTERS

1) To bring in additional funds of Rs. 100.00 Lakhs by way of equity share capital (Rs.60 lakhs in the F.Y.2013-14 and balance Rs.40 lakhs in the F.Y.2014-15) at par to meet the cost of the scheme. The promoters / associates shall be entitled to bring the above funds in the form of equity.
2) To undertake to bring in further funds in the form of equity / interest free unsecured loans to finance any shortfall in cash generation to meet the repayment obligation of creditors.

18.0 FINANCIAL VIABILITY

Attached as ANNEXURE-IV

19.0 DSCR

Attached as ANNEXURE-V

20.0 DSCR without reliefs & concessions

Attached as ANNEXURE-VI

21.0. Summary of Cash Flow Projections

Attached as ANNEXURE-VII

22.0 CONCLUSION

The rehabilitation strategy envisages reliefs and concessions by the Central & State Government and also induction of fresh funds by promoters/ associates to finance the cost of the scheme. The financial projections of Texel Industries Limited as per the rehabilitation scheme are enclosed. The projected profitability statement, reveal that Texel Industries Limited will start earning profits from the 1st year of rehabilitation itself. As per the projected Balance Sheet, the net worth of Texel Industries Limited would become positive in F.Y. 2013.14 and accumulated losses will be wiped off in the 1st year. i.e. F.Y.2013.14. The Projected Cash Flow Statement reveals that Texel Industries Limited shall have surplus cash flows, which can be used for its working capital requirement / modernization/expansion programs taken up subsequently.

23. GENERAL TERMS AND CONDITIONS:

i. Union Bank of India (UBI) is appointed as the Monitoring Agency (MA). The company shall pay the MA fee to UBI (MA) w.e.f. the cut off date.

ii. The company shall take steps to strengthen the management structure and effectiveness;

iii. The Company shall constitute a Monitoring Committee consisting of CEO of the company and Special Director of BIFR, if any and MA to oversee and monitor implementation of the Rehabilitation Scheme;

iv. The company shall take steps to strengthen the internal control systems and internal audit system;

v. 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.

vi. 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.

vii. The company shall not undertake any new project or expansion or make any investment without the prior approval of BIFR during the currency of the Scheme other than as provided in the scheme except as provided in the scheme.

viii. The company shall not declare any dividend on equity shares without prior approval of BIFR during the rehabilitation period.

ix. 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 finalization thereof to the Monitoring Agency (MA)/secured and main creditors and BIFR. It shall ensure finalization of ABS in terms of provisions of Companies Act, 1956 without fail and the BOD must ensure to avoid any delay.

x. The company shall ensure meticulous compliance with the schedules of payments covered under the scheme of all dues accruing after the cut off date and/ or date of sanction of the scheme to Banks, Financial Institutions, Central and State Governments and Statutory Authorities in normal course. In case of failure, the concerned parties shall be at liberty to withdraw the reliefs and concessions granted by them, subject to prior approval of BIFR.

xi. The company shall submit progress reports (PR) regarding the implementation of the scheme to MA on quarterly basis within one month following the close 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 good in terms of projections. The 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, the MA 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/ co-promoters.

xiv. All current dues arising after cut-off date to be paid by the company in the normal course.

xv. Any known dues up to cut-off date not disclosed/ covered in the rehabilitation scheme to be met by the company/ promoters by bringing additional interest free funds from outside sources.

xvi. The company/ promoters are directed u/ s 22A of SICA not to dispose of, sell or alienate any fixed or current assets of the company without the consent of the secured creditor and the BIFR except as provided in this Scheme. The current assets, however, can be drawn down to the extent required for day-to-day operations and proper accounts of which would be maintained.

xvii. 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) of Act, 1985 as amended or re-enacted from time to time or any Act passed in replacement thereof.

xviii. This Scheme shall come into force with immediate effect and shall be binding on all concerned parties and implemented by all concerned as per the time frame stipulated / or envisaged in the Scheme and in the Annexures hereto.

(S.C.SINHA)	**(J.P.DUA)**
MEMBER	**CHAIRMAN**

Encls: Annexures I to VIII

List of Annexures

1.	**Cost of Scheme & Means of finance**	**Annexure –I**
2.	**Basic Assumptions**	**Annexure-II**
3.	**Projected Working Capital Requirement**	**Annexure-III**
4.	**Balance Sheet for FY 2012-13 as on cut off date**	**Annexure-IV**
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7.	**Calculation of DSCR**	**Annexure-VII**
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