BINNY

ANNUAL REPORT
AND
ACCOUNTS

MARCH 2002

BINNY LIMITED

ANNUAL REPORT
MARCH - 2002

	DIRECTORS
Executive Chairman	M. Ethurajan
	M. Nandagopal
	R. Narayanan
	S. Natarajan
	M.E. Shanmugam
	PH.M. Syed Ismail
	V.R. Venkatachalam
	Ziaullah Sheriff
NOMINEES OF	
Government of India	Atul Chaturvedi, IAS (Alternate Director - P.K. Gera, IAS)
Karnataka	Ashok Dalwai, IAS
Tamil Nadu	A. Elangovan, IAS
IDBI	K.H. Viswanathan
BIFR	K. Kannan
COMPANY SECRETARY	D. Kalaiyarasu
BANKERS	Indian Bank Oriental Bank of Commerce The Federal Bank Ltd. Bank of Baroda State Bank of India
AUDITORS	Fraser & Ross
REGISTERED OFFICE	106, Armenian Street, Chennai - 600 001.

CONTENTS

TEXTILE DIVISION

Manufacturing and marketing of wide range of cotton, silk, man-made fibre, blended fabrics and woollen blended fabrics like cotswool. Also manufacturing Angola for Defence Services

Mills at	Perambur Chennai - 600 012. Agraharam Road, Bangalore - 560 023.
Regional Sales Offices at	Court Chambers New Marine Lines Mumbai - 400 020. Ganga Plaza Building, 18/13, W.E.A. Pusa Lane, Karol Bagh, New Delhi - 110 005. 2B, Ganesh Chandra Avenue Calcutta - 700 013.
Showrooms at	Bangalore, Calcutta and Chennai

BINTEX DIVISION

Marketing of cotton, polyester blended, woollen fabrics and Hosiery other than manufactured / produced by the company

106, Armenian Street,
Chennai - 600 001.

SERVICES DIVISION

AGENCY

Marketing of Engineering and miscellaneous products

106, Armenian Street,
Chennai - 600 001.

SHIPPING

Shipping, Stevedoring, Clearing & Forwarding Agents, Ship Manning & Management. Also operating Cold Storage Plant at Cochin

106, Armenian Street,
Chennai - 600 001.

Branches at: Visakhapatnam, Cochin and Tuticorin

TRAVEL

IATA and ITDC approved Travel Agents

LIC Building,
Anna Salai,
Chennai - 600 002.

NOTICE

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the company will be held
at 106, Armenian Street, Chennai - 600 001
on Friday, the 29th November 2002
at 10.00 a.m.
to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March 2002, and the Profit and Loss Account for the year ended that date together with the Auditors' Report thereon.
2. To appoint a Director in place of Mr. R. Narayanan, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A. Elangovan, IAS who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Atul Chaturvedi, IAS who was appointed in place of Mr. Sudhir Bhargava, IAS pursuant to Article 116 of the Articles of Association of the company and retires by rotation, and being elibigle, offers himself for reappointment.
5. To appoint a Director in place of Mr. Ziaullah Sheriff, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Auditors and fix their remuneration. Messrs. Fraser & Ross, Chartered Accountants, Chennai are the retiring Auditors and are eligible for reappointment.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

   Resolved that Mr. P.H.M. Syed Ismail, appointed as an additional director pursuant to Section 260 of the Companies Act, 1956 who holds office only upto the date of the Annual General Meeting, be and is hereby appointed as a Director of the company liable for retirement by rotation, for which Notice has been given by a member as required under Section 257 of the Companies Act, 1956 of his intention to move the same as an Ordinary Resolution.
8. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions :

   Resolved that subject to such consents, permissions and approvals as may be required and pursuant to the provisions of Sections 198, 269, 309 and 310 and all other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 the company hereby accords its approval for the reappointment of Mr. M. Ethurajan as a Wholetime Director designated as Executive Chairman of the Company for a further period of five years commencing from 9th January 2003 upon such terms and conditions as to remuneration by way of salary and perquisites as set out in the Explanatory Statement annexed.

   Resolved further that in the event of any relaxation by Central Government in the guidelines or ceiling in remuneration, the Board of Directors/Remuneration Committee be and are hereby authorised to increase/vary the remuneration and/or perquisites of Mr. M. Ethurajan if they in their absolute discretion think fit, within such guidelines or ceiling subject to such approvals from the Central Government and or any other authority wherever applicable for which consent of the company is required under various provisions of the Act/Rules be and is hereby granted.
9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

   Resolved that pursuant to Section 31 and other applicable provisions if any, of the Companies Act 1956, the Articles of Association of the company be and is hereby altered. After Article 4(2) the following new Article 4(3) be inserted.

   4 (3) Buy back of shares/securities

   The company is permitted to buy back its shares/securities in accordance with the provisions of Section 77A, 77AA and 77B and such other existing applicable provisions of the Companies Act 1956, Rules, procedure and regulatory provision and any amendments made/ issued thereto from time to time.
10. To consider and if thought fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:

    Resolved that pursuant to Section 31 and other applicable provisions if any, of the Companies Act 1956, the Articles of Association of the company be and is hereby altered. After Article 82, the following Article 82A be inserted.

Article 82A Postal Ballot.

"Save as provided in Section 189 of the Act, the company may and in case of resolutions relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot shall get any resolution passed by means of postal ballot, instead of transacting the business in a General Meeting of the company in accordance with the provisions of Section 192A of the Act, any rules thereunder including any statutory modification or reenactments thereon for the time being in force or any amendments made thereto from time to time."

Registered Office: BY ORDER OF THE BOARD
106, Armenian Street
Chennai 600 001 D. KALAIYARASU
31st October 2002 COMPANY SECRETARY

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and the proxy so appointed need not be a member of the company. In order to be effective, the proxies must reach the Registered Office not later than 48 hours before the Meeting.
3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 20th November 2002 to Friday, the 29th November 2002 (both days inclusive).**
4. Members are requested to intimate their change of address, if any, quoting their Folio Numbers.
5. Members holding shares in identical names in more than one folio are requested to forward all the share certificates for consolidation.
6. **Members who have not yet surrendered their old Equity/ Preference share certificates of F.V. Rs. 100 each are requested to forward their share certificates immediately for exchange of new subdivided share certificates of F.V. Rs. 10 each.**
7. Members can now avail the facility of nomination in respect of shares held by them pursuant to the amendment under Section 109(A) of the Companies Act 1956. Members desiring to avail this facility, may send their Nomination in Form 2B duly filled in to the company by quoting their respective Folio numbers.

EXPLANATORY STATEMENT

Explanatory Statement as required under Section 173(2) of the Companies Act 1956 .

Item No. 7

The Board of Directors appointed Mr. P.H.M. Syed Ismail representing ETA Group (Co-promoters) as an additional Director of the company on 31st October 2002. As per Section 260 of the Companies Act 1956 he holds office only upto the date of the ensuing Annual General Meeting and is eligible for appointment. Notice has been received from a Member as required under Section 257 of the Companies Act 1956 proposing him for appointment as a Director of the company liable to retire by rotation. ETA Group is a conglomerate of different business enterprises having wider experience and expertise in the fields of real estate, textile and other business lines. His induction to the Board will be of beneficial to the company. Accordingly, necessary resolution is placed before the Members for approval.

Mr. P.H.M. Syed Ismail is interested in the resolution relating to his appointment.

Item No. 8

The Members of the company appointed Mr. M. Ethurajan as a Wholetime Director designated as Executive Chairman for a period of five years with effect from 11th January 1998.

Subject to the approval of the Company in General Meeting, and prior approval of the Central Government, the Board of Directors/Remuneration Committee in their Meetings held on 31st October 2002 have approved the reappointment of Mr. M. Ethurajan as Wholetime Director designated as Executive chairman of the company for a further period of five years with effect from 9th January 2003 and the terms of appointment and remuneration payable are specified hereunder . Necessary resolutions are being proposed to the shareholders for their approval.

(a) Salary Rs. 15,000 p.m.

(b) Perquisites:

Perquisites will be allowed in addition to salary and shall, however be restricted to an amount equal to the annual salary or Rs.1,35,000 per annum whichever is less.

i) Housing including [illegible], electricity,water and furnishings.	a)	The Executive Chairman will be provided accommodation subject to the condition that the expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by the Executive Chairman himself.
	b)	The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Incometax Rules.
	c)	In the event of the company not providing accommodation for the Executive Chairman, House Rent Allowance may be paid by the Company to the Executive Chairman in accordance with the clause (a) above. Where accommodation in a company-owned house is provided, 10% of the salary will be deducted by the Company.
ii) Medical reimbursement		Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
iii) Leave Travel Concession		For self and family once a year incurred in accordance with the rules specified by the company.
iv) Club fees		Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
v) Personal Accident Insurance		Premium not to exceed Rs.1000 per annum
vi) Provident Fund/Pension Fund		Contribution to Provident Fund and Pension Fund as per the company's Rules.
vii) Gratuity		Gratuity payable shall not exceed half a month's salary for every completed year of service subject to a ceiling of Rs.1,00,000
		Provision of car for use on company's business and telephone at residence.

This may be treated as an abstract of the terms and conditions governing the reappointment of and remuneration payable to the Executive Chairman pursuant to Section 302 of the Companies Act 1956 .

None of the Directors other than Mr. M. Ethurajan, Mr. M. Nandagopal and Mr. M.E. Shanmugam is interested or concerned in the said Resolutions:

Item No. 9

As per the newly inserted provisions of Section 77A read with Section 77AA and 77B of the Companies Act 1956 a company may purchase its own shares and securities (hereinafter referred to as "the buy back") if it complies with certain conditions that includes that the buy back proposal should be authorised by its Articles of Association.

The present Articles of Association of the company do not have this provision. In view of this, it is proposed to insert a new clause 4(3) in the Articles of Association of the company to give effect to the said provision in the Articles and to pass Special Resolution for this purpose.

The Board recommends to the shareholders to adopt the proposed Resolution as a Special Resolution.

None of the Directors of the company is concerned or interested in the Special Resolution.

Item No. 10

As per the newly inserted provisions of Section 192A of the Companies Act, 1956 the company may pass such a Resolution by Postal Ballot in the manner prescribed therein.

However, the present Articles of Association of the company do not have any provision authorising Postal Ballot. In view of this, it is proposed to insert a new Article 82(A) in the Articles of Association of the company to give effect to the said provisions by passing a Special Resolution.

The Board recommends to the shareholders to adopt the proposed Resolution as a Special Resolution.

None of the directors of the company is concerned or interested in the Special Resolution.

BY ORDER OF THE BOARD

Chennai 600 001
31st October 2002

D. KALAIYARASU
COMPANY SECRETARY

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT

(In pursuance of clause 49 of the Listing Agreement)

Name of the Director	Mr. R. Narayanan	Mr. A. Elangovan, IAS	Mr. Atul Chaturvedi, IAS	Mr. Ziaullah Sheriff	Mr. P.H.M. Syed Ismail
Date of Birth	2.7.1929	30.5.1949	16.8.1950	23.6.1940	11.5.1943
Date of appointment	30.6.1990	25.1.2002	31.10.2002	27.8.1994	31.10.2002
Qualification	B.A.	M.Sc.	M.Sc.	B.Sc., B.E. (Mech)	B.E. (Hons.)
Expertise in Functional area	Former LIC Chairman Founder LIC Housing Finance Corporation High Power committee	Govt. Service	Govt. Service	Industrialist	Company Executive

DETAILS OF OTHER DIRECTORSHIPS

Name of the company	Position held	Committee Type	Membership Status
Mr. R. NARAYANAN			
Shriram Assets Mgt. Co. Ltd.	Chairman		
La Mansion Granites Ltd.,	"	Audit	Member
Solution Centre (Private) Ltd.	"		
Viswapriya Financial Services & Securities Ltd.	"		
Viswapriya Gold Hire Purchase Ltd.	"		
Orchid Chemicals & Pharmaceuticals Ltd.	"	Audit	Chairman
		Share Transfer& Investor Grievance	Chairman
		Remuneration	Chairman
Global Housing Finance Corpn Ltd.,	"		
Adyar Property Holding Co. Ltd.	Director		
Mohan Breweries & Distilleries Ltd.	"	Audit	Chairman
West Asia Maritime Ltd.	"	Audit	Member
Mr. A. ELANGOVAN, IAS			
National Textile Corpn. (T & P) Ltd., Coimbatore	Director		
Tamil Nadu Handicrafts Development Corpn. Ltd.	"		
Mr. ATUL CHATURVEDI, IAS	Nil		
Mr. ZIAULLAH SHERIFF	Director		Trustee Sheriff Charities Sheriff Foundation.
Binny Engineering Limited			
Binny Karnataka Ltd.			
Binny Real Estate & Asset Developers (Bangalore) Ltd.			
Karanji Hotels Ltd.			
Varma Industrials Ltd.			
Golf View Homes Ltd.			
Seambpoly Ltd.			
Amarnath Co-operative Bank Ltd.			
Ramanashree Towers Pvt. Ltd.			
Century Galaxy Developers Ltd.			
MR P.H.M. SYED ISMAIL	Director		
Binny Engineering Ltd			
ETA Constructions (India) Pvt.Ltd			
Maricar Estates Pvt. Ltd.			

MR. M. ETHURAJAN — Executive Chairman

Date of Birth	21.1.1934
Date of appointment	8.7.1987
Qualifications	Matric
Expertise in Functional area	Industrialist

Other Directorships held:

Chairman

The Thirumagal Mills Ltd
S V Sugar Mills Ltd
T C P Ltd

Director

Binny Lorze Ltd
Binny Karnataka Limited
Binny Engineering Ltd
Binny Real Estate & Asset Developers (Madras) Limited
Binny Real Estate & Asset Developers (Bangalore) Ltd.
Mohan Breweries & Distilleries Ltd
Meera Papers Ltd
Udayar Investment & Consultancy (P) Ltd
Orissa Sugars Ltd
Mira Textiles & Ind (India) Ltd

DIRECTORS' REPORT

Your Directors present the Thirty Third Annual Report and Audited Accounts of the company for the year ended 31st March 2002.

FINANCIAL RESULTS

	2001-2002	2000-2001
	Rs. in lakhs	
Operating Profit/(Loss)	(482.56)	(602.53)
Interest and Finance charges	2118.77	1856.86
Loss before Depreciation & Tax	(2601.33)	(2459.39)
Depreciation	138.05	140.48
Profit/(Loss) for the year	(2739.38)	(2599.87)
Capital reserve realised in Sale of Land	0.30	—
	(2739.08)	(2599.87)
Loss brought forward from previous year	(21298.87	(18699.00)
Loss carried to Balance Sheet	(24037.95)	(21298.87)

REVIEW OF OPERATIONS

Textiles Division

B & C Mills

The Mills continues to remain closed during the year under review also.

B.W. Mills

The silk looms have been working with minimum capacity and all other Sections have been closed.

Real Estate Division

The BIFR has permitted sale of three properties for a total consideration of Rs. 470.50 lakhs. The sale proceeds of two of these properties have been received and remitted to IDBI Operating Agency.

Services Division.

Due to continuous recessionary trend, this division was unable to achieve the desired results.

Container Freight Station Division

This division commenced its business Operations on 24th May 2002 and has potential to grow in future.

BIFR

Members are aware that the company continues to be under the purview of BIFR. The BIFR's order of Scheme of Rehabilitation dated 31.10.2001 was placed before the shareholders at the last Annual General Meeting which, inter alia directed the promoters and co promoters to bring Rs. 127 crores for discharging the liabilities of secured creditors, Banks and workers dues. The amount of Rs. 19.50 crores brought in by the promoters was utilised for discharging the dues of B & C Mills workers who opted under VRS. However the Scheme could not be implemented as per the schedule laid down. Consequently the BIFR in their order dated 1.7.2002 concluded that the company is not likely to become viable on a long term basis and issued a show cause notice to wind up the company posting the case to be heard on 28.10.2002 and also directed the promoters / co-promoters to file a revised fully tied up financially viable scheme of rehabilitation to Operating Agency. Accordingly, a revised draft Rehabilitation Scheme was filed before the Operating Agency. The Operating Agency convened a Meeting on 10.10.2002 with all the parties concerned to the Scheme and forwarded their recommendations to the BIFR for consideration which was considered by the BIFR at their meeting held on 28th October 2002 and further time was given till 30th November 2002.

DIRECTORS

Mr. R. Narayanan, Mr. A. Elangovan IAS, Mr. Atul Chaturvedi IAS, and Mr. Ziaullah Sheriff retire by rotation and offer themselves for reappointment.

Mr. M. Ethurajan, Executive Chairman has, as in the past waived his remuneration for the year ended 31st March 2002.

The Board of Directors has, subject to the approval of the shareholders and the Government of India, decided to reap[illegible] Director designated [illegible] further period of five years from 9th Ja[illegible]ary 2003 on the same terms and conditions.

Industrial Development Bank of India withdrew its nomination of Mr. G. Parameswaran on the Board of Directors and appointed Mr. K.H. Viswanathan in his place with effect from 10th May 2002.

The Government of Tamil Nadu withdrew their nominee Smt. Jayanthi IAS and in her place appointed Mr. A. Elangovan IAS with effect from 25th January 2002

The Government of Karnataka withdrew their nominee Mr. R. Suresh IAS and in his place appointed Mr. D. Venkateshwara Rao IAS with effect from 25th January 2002 who was subsequently replaced by Mr. Ashok Dalwai IAS with effect from 27th April 2002

Government of India withdrew their nominee Mr. Sudhir Bhargava IAS as Director and Mr. Y.P. Singh IAS as alternate Director on the Board of Directors of the company with effect from 31st October 2002 and in their places appointed Mr. Atul Chaturvedi, IAS, Joint Secretary, Ministry of Textiles as Director and Mr. P.K. Gera IAS, Director, Ministry of Textiles, as Alternate Director

The folllowing Directors viz. Mr. K.M. Goenka, Mr. G.K. Daryanani , Mr. Niranjan Hiranandani, and Mr. Syed M. Salahuddin, Directors resigned from the Board of Directors of the company. Consequently, Mr. Hameed S. Salahuddin will cease to be the alternate director for Mr. Syed M. Salahuddin of the company.

Your Directors place on record their deep appreciation of the valuable services rendered by Mr. K.M. Goenka, Mr. G.K. Daryanani, Mr.Niranjan Hiranandani, Mr. Syed M. Salahuddin, Mr. G. Parameswaran, Smt. Jayanthi IAS, Mr. R. Suresh IAS , Mr. D. Venkateshwara Rao IAS, Mr. Sudhir Bhargava IAS as Directors and Mr. Y.P. Singh IAS and Mr. Hameed S. Salahuddin as Alternate Directors during their respective tenures.

BINNY ENGINEERING LTD.

The Audited accounts for the year ended 31st March 2002 and other Reports of the wholly owned subsidiary company as required under Section 212 of the Companies Act, 1956 are attached.

BINNY REAL ESTATE & ASSET DEVELOPERS (MADRAS) Ltd.

All the seven shareholders of this company holding 10 equity shares of Rs. 10 each fully paid up gifted their shares to Binny Limited in April 2002. By virtue of the acceptance of the gift, Binny is holding the entire paid up shares of this company and thereby this company became a wholly owned subsidiary of Binny Limited with effect from 15th April 2002.

FUTURE PROSPECTS

Your directors are awaiting the sanction of rehabilitation scheme from the BIFR to place the company again in a financially viable position.

STATUTORY REQUIREMENTS

As per the requirements of Section 217(i)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure to this Report.

The particulars required under Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 are not applicable as none of the employees is coming under the purview of this Section.

As required under Section 217(2AA) of the Companies Act 1956 the Directors state as follows:

i) That in the preparation of annual accounts for the financial year ended 31st March 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures.

ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review.

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv) that the directors had prepared the accounts for the financial year ended 31st March 2002 on a 'going concern' basis.

COST AUDITOR

As required under Section 233(B) of the Companies Act 1956 Messrs. S. Mahadevan & Company has been appointed as the Cost Auditor to audit the cost accounts of the Textile Division for the year ending 31st March 2003.

CORPORATE GOVERNANCE

The report Corporate Governance forms part of Annexure to Directors' Report.

DELISTING OF SECURITIES IN STOCK EXCHANGE, MUMBAI

The resolutions passed by the shareholders for delisting the company's securities were forwarded to the Stock Exchange, Mumbai seeking their approval for complying other procedures stipulated by the SEBI. However, the Stock Exchange informed that they had not yet formulated the procedures as per SEBI guidelines. Company awaits to hear from them further.

DIRECTORS' CLARIFICATIONS TO THE AUDITORS' REMARKS

A. AUDITORS' REPORT

In regard to the qualification remarks in the Auditors' Report, your directors wish to clarify as under :

2(a) As per the revised Rehabilitation scheme submitted by the company to the BIFR, the Directors are hopeful to mobilise requisite funds for the rehabilitation of the company to make it viable.

2(e) (i) As mentioned in para 1(i) of the Accounting Policies laid down in Schedule 14, land and buildings held as stock in trade for property development are stated at market values as at 31st March 1996 and in the opinion of the directors appropriate.

2(e) (ii) As per the revised Rehabilitation Scheme, the Management is hopeful of getting certain reliefs and concessions from the BIFR.

2(e) (iii) Few allottees in the joint Development project at Bangalore have been provided alternate flats. In respect of other pending cases, the Company is pursuing and efforts are being taken to settle their cases also.

2(e) (iv) to (viii) The position has been explained in the respective Notes on Accounts referred to in these sub paras.

B. Annexure to the Auditors' Report

14. The company will make all endeavour to remit P.F. dues of Bangalore Mills after the final order of BIFR. The company has requested the BIFR in the Scheme of Rehabilitation to waive damages, interest, penalties and other charges for the delayed remittances of P.F. and ESI to the respective authorities.

15. In respect of outstanding dues of Sales Tax and Entry Tax relating to the company, these items are either under litigation or under dispute or relates to those for which reliefs / concessions are sought from the respective Governments in the Rehabilitation Scheme.

C. Corporate Governance

The Scheme of Rehabilitation submitted before the BIFR is under consideration which inter alia includes restructuring of Board after demerger of Binny Limited and Binny Karnataka Ltd. and proposal of relocation of plants. Therefore the terms and conditions laid down in the Corporate Governance as per the listing Agreements have been generally complied with wherever possible. The other conditions if any would be implemented after the BIFR's final order.

AUDITORS

Messrs. Fraser & Ross, Chartered Accountants, retire at the conclusion of the Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGMENTS:

Your directors acknowledge the co-operation and assistance extended by the Government of India, Government of Tamil Nadu, Government of Karnataka, IDBI, ICICI, IFCI, State Bank of India, Indian Bank, Oriental Bank of Commerce, The Federal Bank Ltd. and Bank of Baroda and place on record their appreciation and gratitude to them. The Directors also thank the shareholders, employees, suppliers and dealers for their continued co-operation.

BY ORDER OF THE BOARD

Chennai 600 001
31st October 2002

M. ETHURAJAN
Executive Chairman