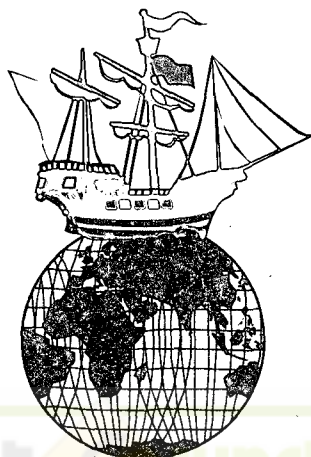


BINNY



ANNUAL REPORT AND ACCOUNTS

MARCH 2007

BINNY LIMITED

ANNUAL REPORT

MARCH - 2007

Executive Chairman	DIRECTORS M. Ethurajan M. Nandagopal R. Narayanan S. Natarajan M. E. Shanmugam V. R. Venkataachalam Natarajan Nandhagopal Arvind Nandagopal K. Sundareswaran V. Rajasekaran
COMPANY SECRETARY	G. Venkataraman
BANKERS	State Bank of India Canara Bank
AUDITORS	CNGSN & Associates 20, Raja Street, T. Nagar, Chennai - 600 017.
REGISTERED OFFICE	106, Armenian Street, Chennai - 600 001.

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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

M-1, Court Chambers,
35, 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.

TRAVEL

IATA and ITDC approved Travel Agents

106, Armenian Street,
Chennai - 600 001.

CONTAINER FREIGHT STATION

Perambur,
Chennai - 600 012.

BINNY

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company will be held
 at 106, Armenian Street, Chennai 600001
 on Friday, 28th September, 2007
 at 10.15 a.m.
 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors 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. M.Nandagopal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.K.Sundareswaran, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr.V. Rajasekaran, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Statutory Auditors and fix their remuneration.

To consider and if thought fit, to pass with or without modifications the following resolution as ordinary resolution:

"RESOLVED that the retiring Auditors M/s. CNGSN & Associates, Chartered Accountants, Chennai be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed in this behalf by the board of directors of the company."

Registered Office:

106, Armenian Street
 Chennai 600 001
 31st August 2007

BY ORDER OF THE BOARD

G.Venkataraman
 Company Secretary

NOTES:

1. A MEMEBR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXY FORMS COMPLETE IN ALL RESPECTS, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK FORM OF PROXY IS ENCLOSED.
2. The register of members and the share transfer books of the company will remain closed from 26-09-2007 to 28-09-2007 (both days inclusive)
3. Members are requested to intimate changes, if any, in their registered address to the company immediately.
4. In terms of Clause 49 of the Listing Agreement entered with the Stock Exchanges, brief particulars of the Directors who are proposed to be reappointed at this meeting are given below:

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.M. Nandagopal
Date of Birth	02.07.1929	09.06.1939
Date of appointment	30.06.1990	23.03.1996
Qualification	Degree from Madras University	B.Sc. (Agriculture)
Expertise in functional area	Former Chairman, LIC of India	Sugar, Breweries, Textiles & Power
Name of the Director	Mr.K.Sundareswaran	Mr.V.Rajasekaran
Date of Birth	19.01.1960	06.11.1952
Date of appointment	25.03.2005	25.03.2005
Qualification	Degree in Arts & Law	P.G. in Chemical Engg; MBA
Expertise in functional area	Textiles, Garments & Finance	Chemicals, Power Plants & Finance

BINNY

Item No. 2

Mr. R Narayanan, formerly Chairman, Life Insurance Corporation of India associated with the Company as Director with effect from 30.6.1990. He was instrumental and the founder of LIC Housing Finance Corporation and High Power Committee. He is also on the Board of several other companies and details of his directorships and memberships / chairmanships of committees are given below:

Name of the Company	Position Held	Committee membership / Chairmanship
Viswapriya Gold Hire Purchase Ltd	Chairman	
Viswapriya Financial Services and Securities Ltd	Chairman	
Dhanush Lavan Ltd	Chairman	
Orchid Research Laboratories Ltd	Chairman	
Orchid Chemicals & Pharmaceuticals Ltd	Chairman	Chairman – Audit Committee Member – Share Transfer / Investors' Grievance Committee Member – Remuneration Committee Member – Compensation Committee Member – Allotment Committee
Shriram Assets Management Co Ltd	Chairman	
Tecpro Systems Ltd	Director	
The Adyar Property Holding Company Ltd	Director	
Mohan Breweries and Distilleries Ltd	Director	Chairman – Audit Committee
West Asia Maritime Ltd	Director	Member – Audit Committee
ICICI Prudential Life Insurance Company Ltd	Director	
Sagar Sugars and Allied Products Ltd	Director	Chairman – Audit Committee

Mr. R. Narayanan is a Member of Audit Committee, Share Transfer and Shareholders' / Investors' Grievance Committee, Asset Sale Committee and Remuneration Committee of Binny Limited.

Item No. 3

Mr.M. Nandagopal is the Executive Chairman of M/s Mohan Breweries and Distilleries Ltd. and Managing Director of M/s Sagar Sugars & Allied Products Limited and M/s DI Mohan Bio Oils Limited. He is also on the Board of several other companies and details of his directorships are given below:

Name of the Company	Position Held
Mohan Breweries and Distilleries Limited	Executive Chairman
Sagar Sugars & Allied Products Limited	Managing Director
DI Mohan Bio Oils Limited	Managing Director
Binny Engineering Ltd	Vice-Chairman
Mohan Meakin Ltd	Director
The Thirumagal Mills Ltd	Director
TCP Ltd	Director
Artos Breweries Ltd	Director
S.V.Sugar Mills Ltd	Director
Vestas RRB India Limited	Director
Mira Textiles & Industries (India) Ltd	Director
Bhankerpur Distilleries Ltd	Director
Golden Eagle Communications Ltd	Director
Orissa Sugars Limited	Director

Mr. M. Nandagopal is not a member of any committee of the Company.

BINNY

Item No. 4

Mr. K Sundareswaran is associated with the Company as Director from 25.3.2005 and he is instrumental in setting up of Dignity Innovations (Garment Manufacturers & Exporters). The details of his directorships are given below:

Name of the Company	Position Held
Egmore Benefit Society Ltd	Director
Sri Ramachandra Educational and Health Trust	Trustee
Dignity Innovations (Garment Manufacturers & Exporters)	Managing Director

Item No. 5

Mr. V Rajasekaran is associated with the Company as Director from 25.3.2005 and he is a post-graduate in Chemical Engineering and MBA with specialisation in Financial Management & Foreign Trade with over 30 years of industrial experience in various fields of erection, commission and management of chemical and power plants. He is the Executive Director of M/s.TCP Limited. The details of his directorships are as follows:

Name of the Company	Position Held
T C P Limited	Executive Director
Tanchem Imports & Exports Pvt Ltd	Director
Egmore Benefit Society Ltd	Director
Viceroy Chennai Hotels Pvt Ltd	Director

Mr. V Rajasekaran is the Chairman of Audit Committee and Member of Share Transfer and Shareholders' / Investors' Grievance Committee, Remuneration Committee and Asset Sale Committee of Binny Limited.

Registered Office:
106, Armenian Street
Chennai 600 001
31st August 2007

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

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DIRECTORS' REPORT

Your Directors present the Thirty Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

	Rs. in Lakhs	
	2006-2007 (12 months)	2005-2006 (6 months)
Operating Profit / (Loss)	122.20	(19.46)
Interest and Finance Charges	—	—
Profit before Depreciation & Tax	122.20	(19.46)
Depreciation	98.75	50.28
Impairment Loss (AS-28)	448.85	—
Profit / (Loss) for the year	(425.40)	(69.74)
Add: Tax	4.00	3.50
	(429.40)	(73.24)
Extra - Ordinary Items	(326.25)	(21.31)
Profit / (Loss) for the year	(755.65)	(51.93)
Loss brought forward from previous year	(11320.79)	(11268.86)
Loss carried to Balance Sheet	(12076.44)	(11320.79)

REVIEW OF OPERATIONS**Textile Division****B&C Mills**

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

BWM Mills

Bangalore Woollen Mills Unit at Bangalore is not in operation since 11th March 2003 due to non-availability of working capital. The Company has purchased 14.50 acres of land at Apparel Park, Doddabellapur, Bangalore, Karnataka for the purpose of commencing a Bangalore Silk unit; due to technical constraints, installation of infrastructural facilities are delaying, however, the Authorities have extended the time by one more year for implementation of the project.

The Court cases relating to labour matters are being settled through negotiations and orders for settlements are being arrived at.

Real Estate Division

As per the Sanctioned Scheme of BIFR some of the real estate have to be disposed of in order to raise source of funds to meet the liabilities of the Company, but the company could not do so, in view of various constraints. Therefore, the promoters of the Company had brought in funds more than Rupees 150 Crores to settle all dues of secured creditors and the workers' dues, except those workers who are occupying the Company's quarters.

Services Division

The performance of the Container Freight Station was satisfactory during the financial year 2006-2007. During the current financial year it continues to be satisfactory and higher revenue is expected since an increase in containers handled by Chennai Port is anticipated.

The 9.75% Cumulative Redeemable Preference Shares which were due for redemption on or before 30.6.2006, were redeemed on 30.6.2006 out of the proceeds of fresh issue of Preference Shares to the promoters. Also, pursuant to the special resolution passed by the Company u/s 81 (1A) of the Companies Act, 1956 at its EGM held on 24.9.2005, the Board at its meeting held on 31.1.2007 has made a further allotment of 4,00,00,000 of 9% Cumulative Redeemable Preference shares of Rs. 5/- each, redeemable before the end of 5 years, as fully paid-up to the promoters, their nominees and bodies corporate for Rs. 20 Crores against their unsecured loan brought into the Company to meet out the commitments under the sanctioned scheme of BIFR and other statutory liabilities.

BINNY**BIFR**

BIFR has passed orders dated 4.8.2005 and 7.10.2005 stating inter alia that the Company's Case No. 48 of 1993 stands abated and the case would no longer be dealt with by BIFR upon invocation of the Securitisation Act (SARFAESI Act) by Indian Bank despite the fact that the Company had settled the entire dues of Indian Bank and obtained necessary "no due" certificate from Indian Bank well before the issue of the said order of BIFR. Since the reason stated by BIFR for passing the order was factually incorrect, the Company after necessary legal consultation moved the Hon'ble High Court of Madras and obtained interim stay of operation of the said BIFR order. However, the BIFR has once again suo moto issued another Order dated 7.10.05 which inter alia include that the BIFR has no longer any jurisdiction to deal the case of Binny Limited including consideration of any fresh revival scheme for Binny Engineering Limited in isolation.

As per the audited accounts for the period ended 30.9.2005, the net worth of the Company has become positive and therefore the Company submitted the same to the BIFR. The net worth of the Company as on 31.3.2006 and 31.3.2007 continues to be positive. Since the writ petition of the Company became infructuous, the Company, based on legal consultation, preferred to withdraw the interim stay obtained by the Company against the BIFR order dated 4.8.2005. An order was passed by the Hon'ble High Court dismissing the writ petition as withdrawn on 9th August 2007. The Company has informed the same to the BIFR and as a result, the Company is out of the purview of BIFR and ceased to be a sick industrial company under the Sick Industrial Companies (Special Provisions) Act 1985.

DIRECTORS

Mr. R.Narayanan, Mr.M.Nandagopal, Mr.K.Sundareswaran and Mr.V.Rajasekaran, Directors of the Company retire by rotation and offer themselves for reappointment. Mr.M. Ethurajan, Executive Chairman, has, as in the past, waived his remuneration for the period ended 31.3.2007.

BINNY ENGINEERING LIMITED (BEL)

The audited accounts for the year ended 31.3.2007 and other reports of the Company as required under section 212 of the Companies Act is attached.

STATUTORY REQUIREMENTS

As per the requirements of section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 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 (2 A) 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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 year ended 31st March, 2007 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 year ended 31st March, 2007 and of the profit or loss of the Company for the said period 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 year ended 31st March 2007 on a "going concern" basis.

COST AUDITOR

As per the reference made to the Central Government by the Company for non-requirement of complying with the provision of Sec.233(B) of the Companies Act, 1956, since there is no production of the product "textile" under reference for cost audit for the financial years 2004-05 and 2005-06, the Central Government has granted exemption for the said period. The necessary application has been submitted to the Central Government for the year 2006-07 and the exemption is expected.

CORPORATE GOVERNANCE

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

SECRETARIAL AUDIT

In terms of the provisions of listing agreement necessary secretarial Audit Report with regard to reconciliation of share capital of the Company and compliance certificate under clause 47C are being carried out at the specified period by a practicing company secretary. The findings of the same were satisfactory.

DIRECTORS' CLARIFICATIONS TO AUDITORS REMARK**A. Auditor's Report**

In regard to the remarks in the Auditor's Report, your Directors wish to clarify as under:

- 4(d) In future, as and when sale takes place from Stock-in-Trade account the amount of unrealized income in earlier years as referred to in the Auditors Report will get nullified.
- 4(f) (i) Land and building held as Stock-in-Trade for the property are stated at market value as on 31st March 1996 and in the opinion of the Directors are appropriate.
- (ii) The Company is disputing the said liability and is taking the matter with the respective appropriate authorities.
- (iii) Investment in Binny Engineering Ltd, the wholly owned subsidiary of the Company is carried out at cost considering long term in nature.
- (iv) As has been explained, the management is of the opinion that dues stated would be realized in the ordinary course of business. However, efforts are being made to confirm the balance in sundry creditors, sundry debtors, Loans and advances and Deposit accounts and unsecured loans.

4(g) The amount due to small and ancillary industries as at the close of the financial year is not material.

B. Annexure to the Auditor's Report:

1 (a) & (b) Efforts are being made for up-dating physical verification of fixed assets.

3 (e) efforts are being made to confirm the balances.

9 (a) The Company has approached the appropriate authorities for remitting the other outstanding dues in installments.

AUDITORS

M/s CNGSN & Associates, Chartered Accountants, Chennai 600 017 retire at the conclusion of this Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGEMENT

Your Directors acknowledge the cooperation and assistance extended by the Government of India, Government of Tamilnadu, Government of Karnataka, IDBI and Bankers and place on record their appreciation and gratitude to them. The Directors also thank the shareholders, employees, suppliers and dealers for their continued cooperation.

By Order of the Board

M. ETHURAJAN
Executive Chairman

Chennai 600 001
31st August 2007

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