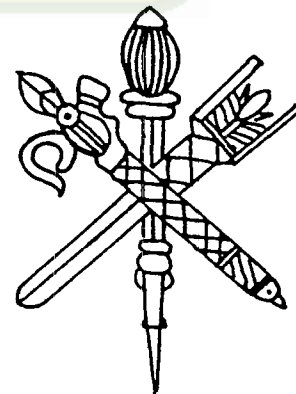
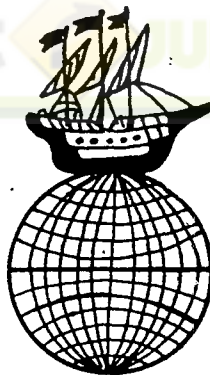
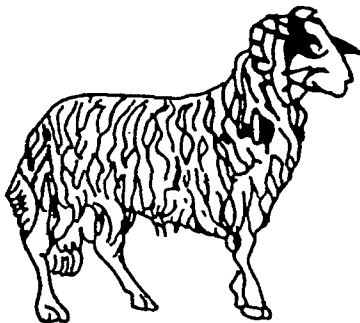


BINNY

MB	☐		BKC	☐
CS	☐		DPY	☐
RO	☐		DIV	☐
TRA	☐		AC	☒
AGM	☒	☐	SII	☒
YE	☒	☐		☐

ANNUAL REPORT AND ACCOUNTS

ReportJunction.com



SEPTEMBER 1997

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BINNY LIMITEDANNUAL REPORT
SEPTEMBER - 1997

Executive Chairman	DIRECTORS
Executive Deputy Chairman	M. Ethurajan
	K.M. Goenka
	G.K. Daryanani
	M. Nandagopal
	R. Narayanan
	S. Natarajan
	Niranjan Hiranandani
	N.P.V. Ramasamy Udayar
	M.E. Shanmugam
	Syed M. Salahuddin
	(Alternate Director - Hameed S. Salahuddin)
	V.R. Venkatachalam
	Ziaullah Sheriff
NOMINEES OF	
Government of India	Ajay Prasad, IAS
Karnataka	(Alternate Director - R.R. Singh, IAS)
Tamil Nadu	R.K. Bhatia, IAS
IDBI	Smt. Jayanthi, IAS
SBI	C.K. Lakshminarayanan
COMPANY SECRETARY	P.B. Lahiri
BANKERS	D. Kalaiyarasu
	Indian Bank
	Oriental Bank of Commerce
	The Federal Bank Ltd.
	Bank of Baroda
	State Bank of India
AUDITORS	Fraser & Ross
REGISTERED OFFICE	65, Armenian Street, Chennai - 600 001.

BINNY

BINNY**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
18/13, W.E.A., Karol Bagh,
New Delhi - 110 005.

2B, Ganesh Chandra Avenue
Calcutta - 700 013.

Showrooms at

Bangalore, Mumbai,
Calcutta and Chennai

BINTEX

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

65, Armenian Street,
Chennai - 600 001.

Services Division**AGENCY**

Marketing of Engineering and miscellaneous products

65, Armenian Street,
Chennai - 600 001.

SHIPPING

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

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 Twenty Ninth Annual General Meeting of the company will be held at 65, Armenian Street, Chennai - 600 001 on Monday, the 30th March 1998 at 10.15 a.m.

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 30th September 1997, the Profit and Loss Account for the year ended that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. M. Ethurajan, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K.M. Goenka, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. Natarajan, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. N.P.V. Ramasamy Udayar, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. V.R. Venkatachalam, who retires by rotation, and being eligible offers himself for reappointment.
7. To appoint Auditors and fix their remuneration. Messrs. Fraser & Ross, Chartered Accountants, Chennai are the retiring Auditors and are eligible for reappointment.

SPECIAL BUSINESS

8. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions:

"RESOLVED that in accordance with the provisions of Sections 198, 269 read with Schedule XIII, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, Mr. M. Ethurajan be and is hereby reappointed as a Wholtime Director designated as Executive Chairman of the Company for a further period of five years with effect from 11th January 1998 on the following terms, conditions, salary and perquisites:

(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 gas, 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 Income tax 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.

BINNY

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 each 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.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any year, the substantive salary be paid to the Executive Chairman with a cut of 10%, the benefits and perquisites being calculated on the substantive salary.

RESOLVED FURTHER that the Board of Directors be and are hereby authorised to vary the remuneration including salary, perquisites and other allowances as per the provisions of the Companies Act, 1956.

9. To pass with or without modifications, the following Resolution as a Special Resolution.

"Resolved that the words beginning with "The Share capital of the company is Rs. 41,00,00,000 (Rupees Forty one crores only)" and ending with "5,00,000 9.75% cumulative Preference shares of Rs. 10 each" in the existing Clause V of the Memorandum of Association of the company be deleted and in their places, the following be substituted. "The Share Capital of the company is Rs. 41,00,00,000 (Rupees Forty one crores only) divided into 3,90,00,000 Equity shares of Rs. 10 each and 20,00,000 Preference shares of Rs. 10 each.

10. To pass, with or without modifications, the following Resolution as a Special Resolution.

"Resolved that the Articles of Association of the Company be and are hereby amended in the following manner:

Article 3:

The words beginning with "Share capital of the company is Rs. 41,00,00,000 (Rupees Forty one crores only) and ending with "5,00,000 9.75% cumulative Preference shares of Rs. 10 each" be deleted and in their places the following be substituted. "The Share Capital of the company is Rs. 41,00,00,000 (Rupees Forty one crores only) divided into 3,90,00,000 Equity shares of Rs. 10 each and 20,00,000 Preference shares of Rs. 10 each.

11. To pass with or without modifications, the following Resolution as an Ordinary Resolution.

"Resolved that the consent of the company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained by the company from its bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes provided however, the total amount of borrowal at any time shall not exceed Rs. 300 crores (Rupees Three hundred crores only).

Registered Office:
65, Armenian Street
Chennai 600 001
23rd February 1998

BY ORDER OF THE BOARD

D. KALAIYARASU
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 Saturday the 21st March 1998 to Monday the 30th March 1998 (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.

Members who have not yet surrendered their old Share Certificates of face value Rs. 100 each are requested to forward the same to the Company immediately for exchange of new Share certificates of face value Rs. 10 each.

EXPLANATORY STATEMENT

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

Item No. 8

The Members of the Company had vide resolutions passed by them at the Annual General Meeting of the Company held on 31st March 1993 reappointed Mr. M. Ethurajan as a Wholtime Director of the company for a period of five years with effect from 11th January 1993.

Subject to the approval of the Members in General Meeting, the Board of Directors have approved the reappointment of Mr. M. Ethurajan as Wholtime Director designated as Executive Chairman of the company for a further period of five years with effect from 11th January 1998. The terms of appointment and remuneration payable to the said Wholtime Director as in the past are specified in the Resolutions were also approved by the Board. Necessary Resolutions are being proposed to the Shareholders for their approval.

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.

Items No. 9 & 10

The company's 2,62,400 9.75% cumulative Preference shares of the face value of Rs. 10 each have to be redeemed on or before 14th June 1998 as per the amended provisions of Section 80A of the Companies Act, 1956. As the company does not have profits for redemption of the preference shares and accumulated dividend thereof, the company proposes to redeem them out of the re-issue of Preference Shares.

The further issue of shares will result in an increase of the existing Authorised Preference share capital. The company proposes to reclassify the existing Authorised share capital and thereby make necessary amendments in the capital clauses of the Memorandum and Articles of Association. Necessary Resolutions are proposed to the shareholders for their approval.

None of the Directors is concerned or interested in these resolutions.

Item No. 11

The shareholders at the Annual General Meeting held on 30th March 1992 passed Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 authorising the company to borrow upto Rs. 200 crores. A substantial outlay is involved in respect of compensation etc. payable to the workmen of the B & C Mills which is under lock out from July 1997. This will involve borrowing from the Financial Institutions/Banks/Bodies and the total borrowal will exceed the existing limit of borrowing power of the company. It is, therefore, proposed to increase the existing borrowing power from Rs. 200 crores to Rs. 300 crores for which necessary resolution is proposed before the shareholders for their approval.

None of the Directors is concerned or interested in this resolution.

Registered Office:
65, Armenian Street
Chennai 600 001
23rd February 1998

BY ORDER OF THE BOARD

D. KALAIYARASU
COMPANY SECRETARY

BINNY**DIRECTORS' REPORT**

Your Directors present the Twenty Ninth Annual Report of the company for the year ended 30th September 1997. The summary of the financial results for the year ended 30th September 1997 along with the previous accounting period (Eighteen months) are given below :

	Rs. in lakhs	
	1996-97	1995-96
	(12 months)	(18 months)
Operating Profit/(Loss)	(1202.92)	2706.32
Interest and Finance charges	1217.69	1682.35
Profit before Depreciation & Tax	(2420.61)	1023.97
Depreciation	191.89	294.22
Profit/(Loss) for the year	(2612.50)	729.75
Net adjustment relating to prior years	31.76	(1087.15)
Profit/(Loss)	(2580.74)	(357.40)
Deferred Revenue Expenditure	294.51	144.09
	(2875.25)	(501.49)
Amount utilised from Capital Reserve	—	68.95
Net Profit/(Loss)	(2875.25)	(432.54)
Loss brought forward from previous year	(3148.58)	(2716.04)
Loss carried to Balance Sheet	(6023.83)	(3148.58)

The figures of the year under review are for twelve months and hence not comparable with those of the previous accounting period of eighteen months.

Review of operations**Services Division**

The performance of this division during the year under review is good.

Real Estate Division

There has not been much progress in the developmental activities in this Division during the year due to legal and financial constraints.

Textiles Division

In the last year's Report your Directors had outlined the recession faced by the textile industry in general and various factors affecting the growth and profitability of the textile units at Chennai and Bangalore in particular. The important developments that took place at Chennai and Bangalore Textile units during the year under review are outlined in the following paragraphs:-

B & C Mills, Chennai

Arising out of the company's appeal before the Division Bench of the High Court of Madras, the Court directed the State Government of Tamil Nadu to convene a joint meeting of management and workmen so as to find a permanent solution to overcome the problems facing the Mills. The joint meeting held on 23rd February 1997 under the Chairmanship of the Hon'ble Chief Minister of Tamil Nadu resulted in a Memorandum of Understanding (MOU) between the management and the workmen. As per the MOU, the Mills were reopened on 1st March 1997, under the supervision of a Special Officer nominated by the Tamil Nadu Government, with a view to running the Mills, as a trial measure, for a period of three months from 1st April 1997 to test the contention of the Workers Union that the mills would be efficient to attain the average production which obtained in April and May 1996. Since the working capital requirements for the trial run could not be tied up as per the MOU, some of the funds from out of the receipt of insurance money and the sale proceeds of finished/unfinished stocks in the mills were utilised for the purpose. The operations of the mills during the trial run period were found to be most unsatisfactory in terms of output, production and quality and resulted in a loss of approximately Rupees eight crores. Following violent incidents before the Carnatic Mill gate, the management, apprehending great risk to the company's properties, declared a lock-out on 7th July 1997 which has not been lifted so far.

Insurance

The Insurance Company finally offered a final settlement of Rs. 13.97 crores in respect of the damages to the fixed and current assets on account of the flood in June 1996. Your company did not accept the quantum of compensation offered by the Insurance Company. Hon. Justice Mr. A.M. Ahmadi, retired Chief Justice of India, has been appointed as the common arbitrator to determine the compensation and the proceedings are in progress.

B I F R

Members are aware that with a view to finding a permanent solution to the problems of the B & C Mills, the company had made several proposals to the State Government and the Hon'ble Chief Minister himself had taken an interest in the matter. However, the responsiveness of the company to the proposals made by the Hon'ble Chief Minister was not adequately reciprocated by the unions; on the contrary, the unions went on increasing their demands from time to time even after the management had agreed to higher and higher benefits. Your company felt that any further delay, even after the year and a half that has passed since the floods in B & C Mills, would further aggravate the problems of the company's sickness and make it impossible for the company to be rehabilitated. Only a technical assessment of the existing machinery and a financial appraisal of various alternatives with regard to future operations can lead to a permanent and total solution which will enable the company to make a turnaround and become financially viable.

The substantial funds brought in by the Promoters/Co-promoters and the profits made in the real estate division, together enabled the Company cease to be a sick industrial company under the BIFR, on the basis of the Balance Sheet as at 31st March 1995. However, the disastrous floods in the B & C Mills in June 1996 and the consequent reverses resulted in mounting losses and erosion of net worth.

Your Directors at their meeting held on 20th November 1997 reviewed the provisional accounts for the year ended 30th September 1997, and noted that the company has become a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly a reference as per the provisions of proviso to Section 15(1) of the SICA has been made to the Board for Industrial and Financial Reconstruction. This reference has been registered by BIFR. Subsequently, on a petition filed by the Unions, the Madras High Court has ordered an interim stay on further proceedings before the BIFR.

Bangalore Mills

The installation of ninety Shuttleless weaving machines replacing the obsolete shuttle looms has increased the productivity and improved the quality of fabrics produced on these looms. The Mills were in continuous operation during the year under review except for intermittent stoppage of the machinery in a few sections for want of raw material. The industrial relations has been good throughout the year.

Binny Engineering Limited

The Annual Accounts and other documents of the subsidiary company as required under Section 212 of the Companies Act, 1956 are annexed.

The Company registered a turnover of Rs. 5780 lakhs and incurred a net loss of Rs. 95.58 lakhs for the year ended 31st March 1997.

Directors

Smt. Shamim Banu, I.A.S., Nominee Director of the Government of Karnataka was replaced by Mr. R.K. Bhatia, I.A.S. in November 1997.

Mr. D. Prakash, I.A.S., Nominee Director of the Government of Tamil Nadu was replaced by Smt. Jayanthi, I.A.S. in February 1998.

The Board of Directors place on record their appreciation of the valuable services rendered by Smt. Shamim Banu, I.A.S. and Mr. D. Prakash, I.A.S., during their tenures of office.

Mr. M. Ethurajan, Mr. K.M. Goenka, Mr. S. Natarajan, Mr. N.P.V. Ramasamy Udayar and Mr. V.R. Venkatchalam 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 30th September 1997.

Cost Auditor

Pursuant to Section 233(B) of the Companies Act, 1956 Mr. A.N. Raman has been appointed as the Cost Auditor to audit the cost accounts of the Textile Division for the period upto 31st March 1998.

Companies (Disclosure of information in Directors' Report) Rules 1988

The information required as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of information in the Directors' Report) Rules 1988 is given in Annexure forming part of this Report.

Particulars of Employees

The Statutory information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is annexed and forms part of this Report.

Auditors

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

With regard to the observations in the audit report, the relevant financial notes are self explanatory. Provident Fund and Employees State Insurance dues have not been remitted pending final decision of the Court/BIFR, besides liquidity problems due to cessation of operations of the B & C Mills.

Acknowledgment

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.

Chennai 600 001
23rd February 1998

BY ORDER OF THE BOARD
M. ETHURAJAN
Executive Chairman

BINNY

ANNEXURE TO THE DIRECTORS' REPORT

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Information in Directors' Report) Rules 1988.

A. Conservation of Energy**B & C Mills**

Since the Mills were not functioning from June 1996 due to floods and lockout from July 1997, this is not applicable.

B W Mills**a) Energy conservation measures taken.**

- By cleaning and/or replacing glasses in North wing of cotton Weaving Departments and Pirn Winding Section, natural lighting has been improved and power utilisation for lighting in the day time has been very much reduced. By improving lagging on the steam pipe lines, condensation of steam has been reduced.
- Inclusion of additional capacitors has reduced line loss in the L.T. cables to a significant extent and also the power factor has been improved. Rerouting of cables and connected load has been continued to reduce transformers hysteresis loss and core losses.

b) New machineries/proposal**B & C Mills**

Since the Mills were not functioning from June 1996 due to floods and lockout from July 1997, this is not applicable.

B W Mills

- It is proposed to instal an Open stenter for processing of silk fabrics to improve the feel and drape of the same particularly the Crepe Sarees. It is also envisaged to incorporate Modernisation by way of electronic gadgets on the existing later model looms to improve productivity and quality of silk fabrics.

c) Impact

The steps mentioned above have shown good impact in the relevant areas.

d) Total energy consumption and energy consumption per unit of production.

Form A is annexed

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption as per Form B annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings Rs.16.66 Lakhs

Outgo Rs.2.93 Lakhs