

BINNY



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ANNUAL REPORT AND ACCOUNTS

MARCH 2004

BINNY LIMITED

ANNUAL REPORT

MARCH - 2004

	DIRECTORS
Executive Chairman	M. Ethurajan
	M. Nandagopal
	R. Narayanan
	S. Natarajan
	M. E. Shanmugam
	V. R. Venkataachalam
NOMINEE OF BIFR	K. Kannan
COMPANY SECRETARY	P. T. Dayanandan
BANKERS	State Bank of India Indian Bank Oriental Bank of Commerce The Federal Bank Ltd. Bank of Baroda
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

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.

CONTAINER FREIGHT STATION

at

Perambur
Chennai - 600 012.

BINNY**NOTICE**

NOTICE IS HEREBY GIVEN THAT the THIRTY FIFTH ANNUAL GENERAL MEETING of the company will be held
 at 106 Armenian Street, Chennai 600 001
 on Friday, the 24th September 2004
 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 2004, the Profit and Loss Account for the year ended on that date, the Auditor's Report and the Director's Report thereon.
2. To appoint a Director in place of Mr. V.R. Venkataachalam, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Natarajan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.
 Resolved that the retiring Auditors M/s. CNGSN & Associates, Chartered Accountants, Chennai be and are hereby re-appointed as 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 to be fixed by the Board of Directors of the company.

SPECIAL BUSINESS

5. To pass with or without modifications, the following Resolutions as Special Resolutions:
 Resolved that the Order dated 11th March, 2004 for demerger issued by BIFR which exempts the Company, M/s Binny Ltd., and Binny Karnataka Ltd. from the applicability of Sections 391 & 394 of the Companies Act, 1956 and permits Binny Ltd. to proceed further as per the scheme for bifurcation of its Assets and Liabilities to M/s Binny Karnataka Ltd. be and is hereby taken on record.
 Resolved further that the Board of Directors of the company (hereinafter referred to as the Board which term shall include any Committee thereof in exercise of the powers conferred on the Board) be and is hereby authorised to implement the Scheme sanctioned by the BIFR and to seek modification to the sanctioned scheme if any required and subsequent amendments, modifications, directions, permissions, sanctions and other terms and conditions issued thereafter by the BIFR/other authorities to the said scheme and settle all questions, difficulties or doubts that may arise while implementing the said scheme with the Monitoring Agency, Financial Institutions, Banks, Government authorities, agencies, other persons as they may in their absolute discretion, deem fit without being required to seek any further permission or consent or approval of the members to the end that the intent shall be deemed to have been given thereof expressly by the authority of the Resolutions.
6. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Special Resolutions :
 Resolved that in terms of Section 81 (IA) and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof) for the time being in force and the Memorandum and Articles of Association of the company and subject to such other necessary approvals, permissions and sanctions as may be required to be obtained from appropriate authority and further subject to such conditions and modifications as may be imposed / prescribed in granting such approvals/sanction and also subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as the Board which expression shall be deemed to include any of the Directors or any Committee of the Directors duly authorized in this regard) consent of the Company be and is hereby accorded to the Board to issue, offer and allot in one or more tranches, upto a maximum of 15,80,00,000 Cumulative Redeemable Preference shares of Rs.5 each, with a dividend rate to give a yield not higher than that of SBI's PLR rate of interest, after considering tax benefits if any, on private placement to the Promoters, their nominees and their associate companies/Bodies Corporate from out of money brought in or proposed to bring in by the Promoters as unsecured loan and on such terms and conditions as may be decided by the Board.
 Resolved further that for the purpose of giving effect to the Resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and Articles as it may in its absolute discretion, deem necessary, expedient, desirable and to settle any questions, difficulties or doubt (including the amendment or modification of any terms hereof) that may arise with regard to allotment of Preference shares as aforesaid or any other matter and the consequential amendment thereto without being required to seek any further consent or approval of the members or otherwise to the end that the members shall deem to have expressed their approval expressly or otherwise giving authority to this resolution.

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Resolved further that the Board be and is hereby authorized to delegate or any other authority otherwise confers herein any Committee of the Board or Executive Chairman or any officer of the company to give effect to the above resolutions.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

Resolved that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force) Securities Contracts (Regulations) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee thereof in exercise of the powers conferred on the Board) the consent of the Company be and is hereby accorded to the Board of Directors to delist the Equity and Preference shares of the Company from the Bangalore Stock Exchange Limited.

Further Resolved that the Board of Directors of the company be and are hereby authorised to take all such steps as may be necessary to give effect to the above Resolution.

Registered Office:
106, Armenian Street
Chennai 600 001
12th August, 2004

BY ORDER OF THE BOARD

P. T. Dayanandan
Company Secretary

NOTES:

1. A Member 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.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items No.5 to 7 is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 17th September 2004 to Friday, the 24th September 2004 (both days inclusive.)
4. Members are requested to intimate changes, if any in their registered address to the Company immediately.
5. In terms of clause 49 of the Listing Agreement entered into with the Stock Exchanges, brief particulars of the Directors who are proposed to be reappointed at this meeting are attached.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**ITEM NO.5****BIFR**

Members are aware that the Company is under the purview of BIFR and that the Scheme of Rehabilitation sanctioned by the BIFR in its order dated 22nd October 2003 is being implemented. The Company has settled the dues to the secured creditors amounting to Rs.12220 Lakhs by sale of assets and by Promoter and Co-promoters' contributions. Salaries and other dues to the workers have also been paid in full except the workers who are to vacate the quarters where the company is following orders of the Hon'ble Court regarding such settlement. It is informed to the Members that as per the Sanctioned Scheme, after settlement of dues to the secured creditors, the Company has been bifurcated into Binny Limited (BL) and Binny Karnataka Limited (BKL), the Management of which are with Ethurajan Group and ETA Group respectively. The Board of Directors of the Company has also been restructured after bifurcation, as per the Scheme.

On bifurcation, the existing public shareholdings of Binny Limited (other than promoters and Co-promoters) stands cancelled and fresh shares at face value of Rs.5/- each fully paid up in Binny Limited and Binny Karnataka Limited have already been issued i.e. for everyone Equity and Preference share of Rs.10/- each owned by the public Shareholder of Binny Limited has been issued two new Equity Shares (or) Preference Shares (as the case may be) of face value of Rs.5/- each viz. one share of Binny Limited and one share of Binny Karnataka Limited. For every one share of Rs.10/- fully paid up and owned by the Promoters in Binny Limited were issued two new shares of face value of Rs.5/- each in Binny Limited. For every one share of Rs.10/- each fully paid up and owned by the Co-promoters in Binny Limited were issued two new shares of face value of Rs.5/- each in Binny Karnataka Ltd.

The Company has also bifurcated the assets and liabilities as at 1st April 2003, as per the framework outlined in the Sanctioned Scheme and this bifurcation has been certified by the Auditors of Binny Limited and Binny Karnataka Limited. Further, a Memorandum of Implementation and Compliance, dated 24th March 2004 has been signed by Binny Limited and Binny Karnataka Limited and filed with the BIFR and the Registrar of Companies. In terms of the BIFR order dated 11.03.2004, issued pursuant to the provisions of SICA 1985, the said order

has become effective and operational and valid in law and the bifurcation and vesting of properties among Binny Limited and Binny Karnataka Limited have been completed. The Members are therefore informed of the salient features of the above Order and Sanctioned Scheme in the explanatory statement. The BIFR order dated 11.03.2004 is available for inspection by the Members at the Registered Office during business hours. The Directors shall be deemed to be interested to the extent of the shares held by them in the Company.

ITEM NO.6**Issue of Preference Shares**

The Promoters of the company expressed their intention to convert their unsecured loan not exceeding Rs.79 Crores as Cumulative Redeemable Preference Shares with a dividend rate to give a yield not higher than that of SBI's PLR rate of interest after considering the tax benefits if any, on the date of allotment. Accordingly, it is recommended by the Board of Directors of the company to issue not more than 15,80,00,000 fully paid up Redeemable Cumulative Preference shares of Rs.5 /- each to the promoters and their nominees in private placement which the promoters had already brought in or proposed to bring into the company as unsecured loan to rehabilitate the company. Since the earlier resolution passed at the last AGM in this regard was not given effect the Board of Directors now recommend the same resolution for the approval of the shareholders. The salient features of terms of issue of the Redeemable Cumulative Preference shares are as follows:

1. Face Value of Rs.5 each. Every share shall be allotted on the basis of the application received on private placement from the Promoters, their nominees, associates and bodies corporate. The decision of the Board as to the basis of allotment shall be final and binding.
2. The Preference shares shall primarily be allotted to the Promoters, their nominees, their associate companies, bodies corporates against their willingness to subscribe for the same with a dividend rate to give a yield not higher than that of SBI's PLR rate of interest after considering the tax benefits if any, on the date of allotment.
3. The Preference Shares shall be redeemable at par at the end of three years after complying with the provisions of the Companies Act, 1956 and any other enactment provision of any other law.
4. The Preference Shares redeemable at the option of the company after the end of one year from the allotment of such shares. The Board will announce the period during which redemption will take place in subsequent years.
5. The Preference shares shall be redeemed in one or more tranches.
6. The Preference shares carry dividend rate to give a yield not higher than that of SBI's PLR rate of interest after considering tax benefits, if any, prevailing at the time of allotment. The dividend will be paid to the shareholders whose names appear in the Register of members as on the relevant date/s for the purpose of payment of dividend.
7. The Company reserves the right to amend the terms of Preference Shares set out to such approvals as may be required modifications of rights of Preference shareholders can be made as per the provisions of the Act.
8. The Preference shares shall be issued in physical form only and these shares shall not be listed in any of the stock exchanges.

None of the Directors is concerned or interested in the Resolutions except the promoters who are deemed to be interested to the extent of allotment of Preference shares to them.

ITEM NO.7**De-listing:**

Presently the company's Equity and Preference shares are listed with the Regional Stock Exchange, Chennai and other Stock Exchanges in Mumbai and Bangalore. The Volume of company's shares traded in the Bangalore Stock Exchange for the past few years is NIL.

The percentage of shares held by the public other than Promoters, Institutions and Banks in the Bangalore Region is only 0.88 % which is negligible.

Considering the above facts, the Board of Directors has proposed to delist the company's shares from Bangalore Stock Exchange Ltd. The Company's shares will continue to be listed in Madras Stock Exchange and Mumbai Stock Exchange.

The Board of Directors therefore recommend the resolutions for the approval of the Members.

None of the Directors is in any way interested or concerned in the Resolutions.

Chennai 600 001
12th August 2004

BY ORDER OF THE BOARD
P.T. Dayanandan
Company Secretary

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DIRECTORS' REPORT

Your Directors present the Thirty Fifth Annual Report and Audited Accounts of the company for the year ended 31st March 2004.

FINANCIAL RESULTS

	Rs. in lakhs	
	2003-2004	2002-2003
Operating Profit/(Loss)	3524.52	328.70
Interest and Finance charges	248.12	648.60
Profit / Loss before Depreciation & Tax	3276.40	(319.90)
Depreciation	146.06	144.61
Profit/(Loss) for the year	3130.34	(464.51)
Reliefs and charges as per BIFR order	—	4580.48
Withdrawal of capital reserve	653.24	—
Profit/(Loss) for the year	3783.58	4115.97
Loss brought forward	(11064.87)	(24037.95)
Loss carried to Balance Sheet	(7281.29)	(19921.98)
Loss after bifurcation of Binny Karnataka Ltd.	—	(11064.87)

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

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

B.W. Mills

The Bangalore Woollen Mills Unit at Bangalore is not in operation since March 11, 2003 due to non availability of working capital.

Real Estate Division

As per the orders of the Hon'ble High Court of Madras and followed by BIFR Sanctioned Scheme dated 22nd October 2003, the Company has disposed 1260 Grounds to Mr. K. S. Aghoram Group for Rs.62.10 Crores. The Management and the Asset Sales Committee are seized of the issue of the sale of properties as envisaged in the Sanctioned Scheme as per the guidelines issued by BIFR. However, the Worker's Union have obtained interim injunction from the Hon'ble High Court of Madras against alienating any of the properties of the Company. Further steps with regard to sale / development of Real Estate is awaiting Resolution of this legal issue as of date.

Services Division

Due to the prevailing market condition and paucity of working capital, this Division has not been able to make a higher turnover. However, the performance of the Container Freight Station services is satisfactory.

BIFR

Members are aware that the Company is under the purview of BIFR and that the Scheme of Rehabilitation sanctioned by the BIFR in its order dated 22nd October 2003 is being implemented. The Company has settled the dues to the secured creditors amounting to Rs.12220 Lakhs by sale of assets and by Promoter and Co-promoters' contributions Salaries and other dues to the workers have been paid in full except the workers who are to vacate the quarters where the company is following orders of the Hon'ble Court regarding such settlement. It is informed to the Members that as per the Sanctioned Scheme, after settlement of dues to the secured creditors, the Company has been bifurcated into Binny Limited (BL) and Binny Karnataka Limited (BKL), the Management of which are with Ethurajan Group and ETA Group respectively. The Board of Directors of the Company has also been restructured after bifurcation, as per the Scheme.

On bifurcation, the existing public shareholdings of Binny Limited (other than Promoters and Co-Promoters) stands cancelled and fresh shares at face value of Rs.5/- each fully paid up in Binny Limited and Binny Karnataka Limited have already been issued i.e. for every one Equity and Preference Share of Rs.10/- each owned by the public Shareholder of Binny Limited has been issued two new Equity Shares (or) Preference Shares (as the case may be) of face value of Rs.5/- each viz. one share of Binny Limited and one share of Binny Karnataka Limited. For every one share of Rs.10/- fully paid up and owned by the promoters in Binny Limited were issued two new shares of face value of Rs.5/- in Binny Limited.

The Company has also bifurcated the assets and liabilities as at 1st April 2003, as per the framework outlined in the Sanctioned Scheme and this bifurcation has been certified by the Auditors of Binny Limited and Binny

Karnataka Limited. Further, a Memorandum of Implementation and Compliance, dated 24th March 2004 has been signed by Binny Limited and Binny Karnataka Limited and filed with the BIFR and the Registrar of Companies. For implementing the shifting of the Chennai Mill as per the Sanctioned Scheme, the Company purchased 45 acres of land at Kancheepuram District. However, as the shifting proposal had been made to the BIFR quite some time back, before implementing the shifting, your Board considered it prudent to take expert opinion on the viability of operations after shifting. The Company requested Ahmedabad Textile Industry's Research Association (ATIRA) to undertake Technical Viability Study. In view of the adverse findings of ATIRA on the proposed operations of Chennai Mills after shifting, the Management took a further opinion of a Committee of experts to verify and confirm the findings and suggest alternative strategies. The Committee's recommendations for the restoration of viability to the operations, of the company as a whole consists of four stages viz. enlarging the trading activities, relocating and reviving the shifting at Bangalore, setting up a processing unit and finally explore the possibility of the running of available looms.

Your Board is in full agreement with the conclusions of the Committee. The Company has submitted an application under Section 18(9) of the Sick Industries Companies (Special Provisions) Act, 1985 for the modification to the Sanctioned Scheme vide its letter dated 23rd July 2004 for not proceeding with the shifting of the Chennai Mill to Kancheepuram District.

Operations at Bangalore Mill

The Sanctioned Scheme of BIFR provides that the Company will run 90 Picanol Looms and 66 Silk Looms either at the same location or at a new location in Bangalore in order to revive Bangalore Unit. The Company has identified a new location at "Apparel Park" developed by Karnataka Industrial Areas Development Board (KIADB) at Doddaballapura, Bangalore, Karnataka and proposes to shift the silk operations at that place and consequently make the Unit more viable in this regard.

DIRECTORS

Mr. V.R. Venkataachalam and Mr. S. Natarajan the Directors retire by rotation and offers themselves for re appointment. Your Directors place on record their deep appreciation of valuable services rendered by Mr. A. Elangovan, IAS, Mr. Ashok Dalwai, IAS, Mr. Atul Chaturvedi, IAS, Mr. P. K. Gera, IAS, Mr. P. H. M. Syed Ismail and Mr. S. Jeyakumar, during their tenure of office as Directors.

Mr. M. Ethurajan, Executive Chairman has, as in the earlier years, waived his remuneration for the year ended 31st March 2004.

Binny Engineering Limited (BEL)

The Audited Accounts for the year ended 31st March 2004 and other reports of this Company as required under Section 212 of the Companies Act, 1956 are attached. Consequent to the order of BIFR, the Company has appointed Industrial and Technical Consultancy Organisation of Tamilnadu Ltd. (ITCOT) for studying viability operation of BEL. As per the study of ITCOT, the bankers have to provide working capital facilities and Bank guarantees for the purpose of reviving the Company after rescheduling the present borrowings as per RBI Guidelines. Discussions with the Bankers under the auspices of Operating Agency are in progress.

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 (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 2004 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 31 st March 2004 on a "going concern basis.

Cost Auditor :

The company has already made a reference to the Central Government 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 under reference for cost

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audit from the financial year 2003 - 2004.

Corporate Governance

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

De-listing:

The shares of the Company are listed in Madras, Mumbai and Bangalore Stock Exchanges. However, in view of no trading in the Bangalore Stock Exchange, it is proposed to de-list the shares from the Bangalore Stock Exchange Ltd. and hence a separate resolution has been placed before the Members for approval at this Meeting.

Directors' clarifications to Auditors remarks**A) Auditor's Report**

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

- 4 (a) As per the Sanctioned Scheme of BIFR vide its order dated 22-10-2003 necessary steps have been taken by the Company for the implementation / seeking modifications of the said order. As such, the accounts are prepared on a "going concern" basis.
- (e) In future, as and when sale takes place from the Stock-in-Trade Account, the amount of unrealised Income in earlier years as referred to in the Auditors' Report, will get nullified.
- (g) 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 appropriate.
- ii) Company is disputing the said liability and is taking the matters with the respective appropriate authorities.
- iii) The projects kept on hold are covered by, modification to the sanctioned scheme proposed for approval by BIFR.
- iv) Investment in Binny Engineering Ltd., the wholly owned subsidiary of the Company, is held on long term basis. A viability study conducted by ITCOT has been submitted to IDBI, the Operating Agency decision are awaited from the Operating Agency & BIFR.
- v) The Company has given additional collateral security to the Bank and has also made certain proposals for reschedulement of crystallized liability of Rs. 3247 lakhs in respect of the corporate guarantee given on behalf of M/s Binny Lorze Ltd. which are under consideration by the Bank. The company has also proposed a suitable modification to Scheme in respect of this liability which is pending before the BIFR.
- vi) 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. (h) The amount due to small scale and ancillary industries as at the close of the financial year is not material.

B. Annexure to the Auditors' Report

- (1) (a) & (b) Efforts are being made for up-dating physical verification of fixed assets.
- (c) As per the Sanctioned Scheme of BIFR dated 22-10-2003 and 11-03-2004, the assets as detailed in the Scheme were transferred to Binny Karnataka Limited.
- 3) (a) Efforts are being made to confirm the balances.
- 6) The Company has approached BIFR for suitable directions for the said exemption.
- 7) Internal Audit System for the rest of the Company would be strengthened.
- 9(a) The Company has approached the appropriate authorities for remitting the other outstanding dues in installments.
10. The Company is already under the purview of BIFR.
15. The position has been explained above in the Directors' clarification for item 4(g) (v) of the Auditors' report
18. The Promoters' shareholding has changed as a result of the demerger implemented, as per the Sanctioned Scheme, dated 22-10-2003 and 11-03-2004

Corporate Governance : Until the completion of implementation of the Scheme of Rehabilitation dematerialization of the Securities has been deferred and the Securities are held in physical form.

Auditors

M/s CNGSN & Associates, Chartered Accountants, Chennai 600 017 retire at the conclusion of this 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 Tamilnadu, Government of Karnataka, IDBI, Indian Bank, Oriental Bank of Commerce, Federal Bank Ltd., Bank of Baroda and State Bank of India 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

M. ETHURAJAN
Executive Chairman

Chennai 600 001
12th August 2004