

BINNY



ANNUAL REPORT AND ACCOUNTS

MARCH 2008

BINNY LIMITED

ANNUAL REPORT

MARCH - 2008

Executive Chairman	DIRECTORS M. Ethurajan M. Nandagopal R. Narayanan S. Natarajan V. R. Venkataachalam M. E. Shanmugam Natarajan Nandhagopal Arvind Nandagopal K. Sundareswaran V. Rajasekaran Justice S. Jagadeesan A.M. Sundararaj S. Vijayaraghavan R. Krishnan G. Venkataraman
COMPANY SECRETARY	
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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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

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.

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the THIRTY NINTH ANNUAL GENERAL MEETING of the Company will be held
 at 106, Armenian Street, Chennai 600001
 on Friday, 26th September, 2008
 at 9.30 a.m.

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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. M.Ethurajan, who retires by rotation and, being eligible, offers himself for reappointment.
 3. To appoint a Director in place of Mr. M.E.Shanmugam, who retires by rotation and, being eligible, offers himself for reappointment.
 4. To appoint a Director in place of Mr. V.R.Venkataachalam, who retires by rotation and, being eligible, offers himself for reappointment.
 5. To appoint a Director in place of Mr. Natarajan Nandhagopal, who retires by rotation and, being eligible, offers himself for reappointment.
 6. To appoint a Director in place of Mr. Arvind Nandagopal, who retires by rotation and, being eligible, offers himself for reappointment.
 7. 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."

SPECIAL BUSINESS:

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary resolution.
 Increase of authorised capital by creation of further cumulative redeemable preference shares
 Resolved that the authorised share capital of the company be increased from Rs.187 Crores (Rupees One hundred and Eighty Seven crores) to Rs.257 Crores (Rupees Two hundred and Fifty Seven crores) divided into:
 - i) 2,28,20,000 Equity shares of Rs.5 each
 - ii) 11,80,000 – 9.75% Cumulative Redeemable Preference shares of Rs.5 each
 - iii) 49,00,00,000 Cumulative Redeemable Preference shares of Rs.5 each with dividend rate to give a yield not higher than that of SBI's PLR rate of interest, after considering tax benefits if any.
9. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as a Special Resolution:
 Resolved that the first two lines of the existing clause V of the Memorandum of Association of the Company be deleted and the following be inserted in its place.
 The Authorised share capital of the company is Rs.257 Crores (Rupees Two hundred and Fifty Seven Crores only) divided into:
 - i) 2,28,20,000 Equity shares of Rs.5 each
 - ii) 11,80,000 – 9.75% Cumulative Redeemable Preference shares of Rs.5 each
 - iii) 49,00,00,000 Cumulative Redeemable Preference shares of Rs.5 each with dividend rate to give a yield not higher than that of SBI's PLR rate of interest, after considering tax benefits if any.
10. To consider and if thought fit, to pass with or without modifications, if any, the following resolution as a Special Resolution:
 Resolved that the existing Article 3 of the Articles of Association of the Company be deleted and in its place the following new Article be substituted.
 The Authorised share capital of the company is Rs.257 Crores (Rupees Two hundred and Fifty Seven Crores only) divided into:
 - i) 2,28,20,000 Equity shares of Rs.5 each
 - ii) 11,80,000 – 9.75% Cumulative Redeemable Preference shares of Rs.5 each
 - iii) 49,00,00,000 Cumulative Redeemable Preference shares of Rs.5 each with dividend rate to give a yield not higher than that of SBI's PLR rate of interest, after considering tax benefits if any.

The rights in winding up to the payment off of capital paid-up and arrears of dividend, whether declared or not, upto the commencement of the winding up in priority to the equity shares but shall not confer any further right to participate in profits or assets.
11. 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 authorised in this regard) and in supersession of the earlier resolutions passed by the members in the General Meetings for issue of cumulative redeemable preference shares, the consent of the company be and is hereby accorded to the Board to issue and allot in one or more trenches, up to a maximum of 49,00,00,000 (Forty Nine Crores) 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, amounting to Rs.245 Crores (Rs. Two hundred and Forty Five Crores) on private placement basis to the Promoters, their nominees and their associate companies / Bodies Corporate from and out of money brought in or proposed to bring in by the Promoters as unsecured loan and on such other 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 authorised 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 cumulative redeemable 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.

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

12. To consider and if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions:

Resolved that subject to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the reappointment of Mr. M. Ethurajan as a Whole time Director designated as Executive Chairman of the Company for a further period of five years commencing from 9th January 2008 upon such terms and conditions as to remuneration by way of salary and perquisites as detailed in the explanatory statement annexed hereto, be and is hereby approved.

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.

Registered Office:
106, Armenian Street
Chennai 600 001
date : 29-08-2008

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

NOTES:

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. A BLANK FORM OF PROXY IS ATTACHED.

The register of members and the share transfer books of the company will remain closed from 24.09.2008 to 26.09.2008 (both days inclusive).

Members are requested to intimate changes, if any, in their registered address to the company immediately.

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 Director	Date of Birth	Date of Appointment	Qualification	Expertise in functional area
Mr.M.Ethurajan	21.01.1934	08.07.1987	Industrialist	Textile, Sugar & Chemicals
Mr.M.E.Shanmugam	14.04.1967	31.03.1993	M.B.A.	Textile, Sugar & Chemicals
Mr.V.R.Venkataachalam	09.04.1960	11.01.1988	Industrialist	Textile, Chemicals & Medical Services
Mr.Natarajan Nandhagopal	29.12.1968	25.03.2005	M.B.A.	Textile, Sugar, Breweries, Chemicals & granites
Mr.Arvind Nandagopal	06.04.1975	25.03.2005	Commerce graduate	Textile, Breweries & Chemicals

BINNY**Item No.2**

Mr.M. Ethurajan, is the Chairman of M/s. Thirumagal Mills Limited, M/s. S V Sugar Mills Limited and M/s. TCP Limited. He is also on the Board of several other companies. The details of his directorship in other companies are as follows:

S.V. Sugar Mills Limited	Chairman	Member - Audit Committee
The Thirumagal Mills Limited	Chairman	
T.C.P. Limited	Chairman	
Binny Engineering Limited	Director	
Binny Lorze Limited	Director	
Mohan Breweries and Distilleries Limited	Director	
Mira Textiles & Industries (India) Limited	Director	
Meera Papers Limited	Director	
Orissa Sugars Limited	Director	
Udayar Investment & Consultancy (P) Limited	Director	
Sagar Sugars & Allied Products Limited	Director	
Aarkay Distilleries (P) Limited	Director	
S.V. Global Mill Limited	Director	
S.V. Technology Solutions (P) Limited	Director	
Tiger Farms Private Limited	Director	

Mr.M.Ethurajan, is a Member of Share Transfer and Shareholders / investors Grievance Committee.

Item No.3

Mr. M.E.Shanmugam is the Managing Director of M/s. S V Sugar Mills Limited and M/s. Thirumagal Mills Limited. He is also on the Board of several other companies. The details of his directorship in other companies are as follows:

S.V. Sugar Mills Limited	Managing Director
The Thirumagal Mills Limited	Managing Director
Binny Engineering Limited	Director
T.C.P. Limited	Director
Mohan Breweries and Distilleries Limited	Director
Aarkay Distilleries (P) Limited	Director
Sriraj Mills (P) Limited	Director
Solan Minerals & Metals Pvt. Limited	Director
S.V. Global Mill Limited	Director
Tiger Farms Private Limited	Director
S.V. Technology Solutions (P) Limited	Director

Mr.M.E.Shanmugam, is a Member of Share Transfer and Shareholders / Investors Grievance Committee, Member of Audit Committee, Member of Assets Sale Committee and Member of Management Committee.

Item No.4

Mr.VR.Venkataachalam is the Managing Director of M/s.TCP Limited and Managing Trustee and Chancellor of Sri Ramachandra Educational and Health Trust. The details of his directorship in other companies are as follows:

Sri Ramachandra Educational & Health Trust	Managing Trustee & Chancellor
T.C.P. Limited	Managing Director
Binny Engineering Limited	Director
Binny Lorze Limited	Director
S.V. Sugar Mills Limited	Director
The Thirumagal Mills Limited	Director
Mohan Breweries and Distilleries Limited	Director
Artos Breweries & Distilleries Limited	Director
Freezing Products Limited	Director
New Horizon Sugar Mills Limited	Director
VRV Imports & Exports Pvt. Limited	Director
Pennar Cotton Mills (P) Limited	Director
Trivitron Medical Systems (P) Limited	Director
Thiruvalluvar Textiles (P) Limited	Director
Viceroy Chennai Hotels Pvt. Limited	Director
Egmore Benefit Society Limited	President
Indian Membership Benefit Fund Limited	President
TVRRS Enterprises	Partner

Mr.VR.Venkataachalam is not a Member of any Committee of the Company.

Item No.5

Mr.Natarajan Nandhagopal is the Managing Director of M/s. Mohan Breweries & Distilleries Limited and M/s Artos Breweries Limited. The details of his directorship in other companies are as follows:

BINNY

Mohan Breweries and Distilleries Limited	Managing Director	Member – Audit Committee
Artos Breweries Limited	Managing Director	
The Thirumagal Mills Limited	Director	
T.C.P. Limited	Director	Member – Share Transfer Committee
Sagar Sugars & Allied Products Limited	Director	
Meakin Alco Beverages Limited	Director	
DI Mohan Bio Oils Limited	Director	
Mohan Microbes Limited	Director	
Bhankerpur Distilleries Limited	Director	
Doric Real Estate Limited	Director	
Mother Real Estate	Partner	

Mr. Natarajan Nandhagopal is a Member of Audit Committee, Share Transfer and Shareholders' / Investors' Grievance Committee, Remuneration Committee, Management Committee and Asset Sale Committee of the Company.

Item No.6

Mr. Arvind Nandagopal is the Executive Director of M/s Mohan Breweries & Distilleries Limited and M/s Sagar Sugars & Allied Products Limited. The details of his directorship in other companies are as follows:

Mohan Breweries and Distilleries Limited	Executive Director
Sagar Sugars & Allied Products Limited	Executive Director
T.C.P. Limited	Director
The Thirumagal Mills Limited	Director
Golden Eagle Communications Limited	Director
S.V. Sugar Mills Limited	Director
Meakin Alco Beverages Limited	Director
Balaji Breweries Private Limited	Director
Bhankerpur Distilleries Limited	Director

Mr. Arvind Nandagopal is not a Member of any Committee of the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item Nos. 8, 9 & 10**INCREASE OF AUTHORISED CAPITAL**

The authorised share capital of the Company presently stands at Rs.187 Crores divided into:

- 2,28,20,000 Equity shares of Rs.5 each
- 11,80,000 – 9.75% Cumulative Redeemable Preference shares of Rs.5 each
- 35,00,00,000 Cumulative Redeemable Preference shares of Rs.5 each

Since the accumulated losses are more than fifty percent of net worth of the company, it is considered advisable to increase the net worth of the company by additional cumulative redeemable preference share capital. Such an increase requires the increase of the authorised capital of the company and therefore, it is recommended to increase the present level of 35,00,00,000 cumulative redeemable preference shares of Rs.5 each to 49,00,00,000 cumulative redeemable preference shares of Rs.5 each. The proposed increase of the authorised capital of the company requires the approval of the members in the general meeting. Consequent upon the increase in authorised capital of the Company, its memorandum and articles of association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed. No director is interested or concerned in this resolution.

Item No. 11**Issue of Preference Shares**

It is considered advisable to increase the net worth of the company through further issue of cumulative redeemable preference shares on private placement basis to the Promoters, their nominees and their associate companies / bodies corporate from and out of money brought in or proposed to bring in as unsecured loan from time to time. The members have earlier for this purpose, approved for issue upto 35,00,00,000 cumulative redeemable preference shares of Rs.5 each only in the EGM resolution dated 24th September 2005. The entire 35,00,00,000 cumulative redeemable preference shares of Rs.5 each have already been issued as fully paid-up to the Promoters, their nominees and their associate companies / bodies corporate by converting their unsecured loan brought into the company. It is now recommended by the Board of Directors of the company to issue not more than 49,00,00,000 cumulative redeemable preference shares of Rs.5 each including the present issued preference capital. Therefore the Board of Directors recommend the resolution as required under section 81(1A) of the Companies Act, 1956 for the approval of the shareholders.

The salient features of terms of issue of the redeemable cumulative preference shares are as follows:

- Face value of Rs.5 each. Every preference 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.
- The preference shares shall primarily be allotted to the Promoters, their nominees, their associate companies, bodies corporate against their willingness to subscribe for the same with a dividend rate to give a yield not higher than that of SBI's PLR of interest after considering the tax benefits if any, on the date of allotment.
- The preference shares shall be redeemable at par at the end of five years after complying with the provisions of the Companies Act, 1956 and any other enactment provision of any other law.

4. The preference shares shall be 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 trenches.
6. The preference shares carry dividend rate to give a yield not higher than that of SBI's PLR 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 cumulative redeemable preference shares shall be issued in physical form only and these preference shares shall not be listed in any 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. 12

The members of the company appointed Mr.M.Ethurajan as a Wholtime Director designated as Executive Chairman for a period of five years with effect from 9th January 2003. Subject to the approval of the Company in General Meeting, and approval of the Central Government, the Board of Directors / Remuneration Committee in their meetings held on 30.1.2008 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 9.1.2008 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 gas, electricity, water and furnishings | <p>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.</p> <p>b. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules.</p> <p>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 the company-owned house is provided, 10% of the salary will be deducted by the Company.</p> |
| 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 | Premium not to exceed Rs.1000 Insurance per annum. |
| vi. Provident Fund / Pension | 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.

Inspection of Documents:

The documents referred to in the Notice and explanatory statement are available for inspection at the Registered Office of the Company on any working day between 10.00a.m. to 12.00 noon up to the date of 39th AGM.

Registered Office:
106, Armenian Street
Chennai 600 001
date : 29-08-2008

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

DIRECTORS' REPORT

Your Directors present the Thirty Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS

	Rs. In Lakhs	
	2007-2008	2006-2007
Operating Profit / (Loss)	249.65	122.20
Interest and Finance Charges	—	—
Profit before Depreciation & Tax	249.65	122.20
Depreciation	143.40	98.75
Impairment Loss (AS-28)	403.69	448.85
Profit / (Loss) for the year	(297.44)	(425.40)
Add: Tax	4.00	4.00
	(301.44)	(429.40)
Extra-ordinary items	32.21	(326.25)
Profit / (Loss) for the year	(269.23)	(755.65)
Loss brought forward from previous year	(12,076.44)	(11,320.79)
Loss carried to Balance Sheet	(12,345.67)	(12,076.44)

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 in 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. Presently the arrangements for installation of infrastructural facilities are in progress and hope to implement the project early. The court cases relating to labour matters are being continued to settle through negotiations and orders for settlements are being arrived at.

Real Estate Division

In view of various constraints, the company could not utilise the real estate to raise source of funds to meet the liabilities.

Service Division

The performance of the container freight station was satisfactory during the financial year 2007-08. Owing to road traffic constraints prevailing in the location of our operation, a higher revenue could not be anticipated during the current year.

BIFR

The BIFR vide its order/ letter dated 26.12.2006 informed the workers unions that the Company has already been discharged by the purview of SICA. The workers unions moved to the Madras High Court and the Court vide its order dated 7.9.2007 set aside the order dated 26.12.2006 and directed the BIFR to give opportunity of hearing to the workers union after following due procedural formalities. The BIFR in compliance with the direction of the Madras High Court conducted a hearing on 9.1.2008 and passed directions on 13.3.2008 including monitoring the implementation of the scheme and modification of the scheme, if required.

The Company made an appeal before the AAIFR against the order of BIFR dated 13.3.2008. While the appeal is pending before the AAIFR, the Company entered into a Memorandum of Understanding (MOU) dated 28.05.2008 with two workers unions i.e., B&C Mills Staff Union and Madras Labour Union as also with B&C Mills Quarters Committee. Under the said MOU the workers

unions along with the B&C Mills Quarters Committee have undertaken to withdraw all their applications/petitions as filed before the BIFR/AAIFR and before other authorities and have no objection to the deregistration of the Applicant Company by the BIFR.

Upon hearing the case, the AAIFR in Appeal No.72/2008, passed the order dated 5.6.2008 whereby the AAIFR has set aside the order of BIFR dated 13.3.2008 and has directed the BIFR to consider deregistration of the Company from the purview of SICA in view of the Net worth of the company having turned positive as per its Audited Balance Sheet as at 30.09.2005. Accordingly the Company has filed an application for de-registration of the Company from the purview of SICA.

In the meanwhile, the Company has also filed a writ petition in the Madras High Court seeking an order to quash the order of AAIFR insofar as it relates to the remand back to BIFR for the formality of deregistration is concerned and also for an order from the Madras High Court that the company is no longer a sick industrial undertaking within the meaning of the Sick Industrial Companies Special Provisions Act 1985. In the hearing that took place before the Madras High Court, a joint memo has been filed by the Company and the Unions and consequently, the Madras High Court has passed an order on 7.8.2008 that the company is ceased to be a Sick Industrial undertaking with effect from 30.9.2005.

Directors

Mr. M. Ethurajan, Mr. M. E. Shanmugam, Mr. V.R. Venkataachalam, Mr. Natarajan Nandhagopal and Mr. Arvind Nandagopal, 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 31.3.2008.

Binny Engineering Limited (BEL)

The audited accounts for the year ended 31.3.2008 as approved by the Board of Directors of BEL on 30.7.2008 and other reports of the company as required under section 212 of the Companies Act is attached. Subsequently, the Madras High Court has passed an order on 7.8.2008 that Binny Limited is ceased to be a Sick Industrial undertaking with effect from 30.9.2005.

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) 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.

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, 2008 the applicable accounting standards have 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, 2008 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 2008 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 2005-06 and 2006-07, the Central Government has granted exemption for the said period. The necessary application is being submitted to the Central Government for the year 2007-08 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.