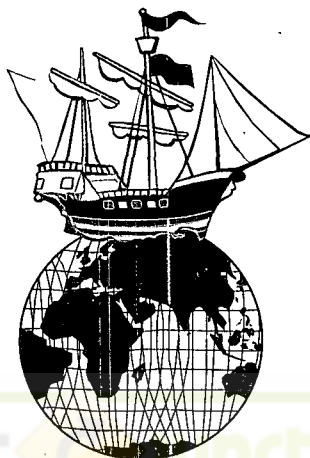


BINNY



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ANNUAL REPORT AND ACCOUNTS

SEPTEMBER 2009

BINNY LIMITED

ANNUAL REPORT

SEPTEMBER - 2009

(18 months)

DIRECTORS	M. Ethurajan Executive Chairman M. Nandagopal R. Narayanan S. Natarajan M.E. Shanmugam V.R. Venkataachalam Arvind Nandagopal K.Sundareswaran Justice S. Jagadeesan S. Vijayaraghavan R. Krishnan
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-I, 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 FORTIETH ANNUAL GENERAL MEETING of the Company will be held
at 106, Armenian Street, Chennai 600001
on Wednesday, 23rd December, 2009
at 10.15 a.m.

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September 2009 and the Profit and Loss Account for 18 months period 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.Nandagopal, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R Narayanan, 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. K Sundareswaran, 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
27th November 2009

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 16-12-2009 to 23-12-2009 (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.Nandagopal	09.06.1939	23.03.1996	B.Sc.(Agriculture)	Sugar, Breweries, Textiles & Power
Mr.R.Narayanan	02.07.1929	30.06.1990	Degree from Madras University	Former Chairman of LIC of India
Mr.S.Natarajan	01.11.1947	11.01.1988	Chartered Accountant	Textile & Finance
Mr.K.Sundareswaran	19.01.1960	25.03.2005	Degree in Arts & Law	Textiles, Garments & Finance

Item No. 2

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

Name of the Company

Mohan Breweries & Distilleries Ltd
Sagar Sugars & Allied Products Ltd
DI Mohan Bio Oils Ltd
Binny Engineering Ltd
Mohan Meakin Ltd
Thirumagal Mills Ltd
TCP Ltd

Arthos Breweries Ltd

S.V.Sugar Mills Ltd

Vestas RRB India Ltd

Mira Textiles & Industries (India) Pvt Ltd

Bhankerpur Distilleries Ltd

Golden Eagle Communications Ltd

Orissa Sugars Ltd

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

Position Held

Executive Chairman

Managing Director

Managing Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Item No. 3

Mr. R Narayanan, formerly Chairman, Life Insurance Corporation of India associated with the Company as Director since 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 are given below:

Name of the Company

Viswapriya Gold Hire Purchase Ltd

Viswapriya Financial Services and Securities Ltd

Dhanush Lavan Ltd

Orchid Research Laboratories Ltd

Orchid Chemicals & Pharmaceuticals Ltd

Shriram Assets Management Co. Ltd

The Adyar Property Holding Company Ltd

Mohan Breweries and Distilleries Ltd

West Asia Maritime Ltd

SV Global Mill Ltd

Sagar Sugars and Allied Products Ltd

Position Held

Chairman

Chairman; Chairman –Audit Committee

Chairman

Chairman; Chairman – Audit Committee

Chairman-Share Transfer / Investors' Grievance Committee

Chairman-Remuneration Committee

Chairman-Compensation Committee

Chairman-Allotment Committee

Chairman

Director

Director; Chairman-Audit Committee

Director; Member-Audit Committee

Director

Director; Chairman-Audit Committee

Mr. R Narayanan is the Chairman of Audit Committee, Share Transfer and Shareolders' /Investors' Grievance Committee and Member of Asset Sale Committee and Remuneration Committee of the company

Item No. 4

Mr. S Natarajan is associated with the company since 1988. He is on the Board of several other companies and the details of his directorships are given below:

Name of the Company

Shriram Capital Ltd

Shriram Properties Ltd

Shriram Properties & Infrastructure Ltd

Shriram Industrial Holdings Pvt Ltd

Shriram Investment Holdings Ltd

Shriram Industries (Wovensacks) Pvt Ltd, Pudukottai

Twentyfirst Century Infrastructure Pvt Ltd Bangalore

Binny Engineering Ltd

Binny Lorze Ltd

Utsav Management Services Pvt Ltd, Kolkatta

Sheetala Credit & Holdings Pvt Ltd, New Delhi

Calcom Credit & Holdings Pvt Ltd, New Delhi

Rajatchakra Credit & Holdings Pvt Ltd, New Delhi

Satluj Credit & Holdings Pvt Ltd, New Delhi

Saranga Investments & Consultancy Pvt Ltd

Position Held

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Twentieth Century Apco Leasing Pvt Ltd, Kolkatta	Director
Alpha Energy Systems Ltd	Director
Sree Karthikeya Laminations Industries Pvt Ltd, Pudukottai	Director
Sipping Spirits Pvt Ltd, Chennai	Director
S Tel Pvt Ltd, Chennai	Director
Ucal Fuel Systems Ltd, Chennai	Director

Mr. S Natarajan is not a Member of any Committee of the Company.

Item No. 5

Mr. K Sundareswaran is associated with the company since 2005. He is also on the Board of several other companies and the details of his directorships are given below:

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

Mr. K Sundareswaran is a member of the Audit Committee of the Company.

Inspection of Documents:

The documents referred to in the Notice 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 40th AGM.

Registered Office:
106, Armenian Street
Chennai 600 001
27th November 2009

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

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DIRECTORS' REPORT

Your Directors present the Fortieth Annual Report and Audited Accounts of the Company for the 18 months period ended 30th September 2009.

FINANCIAL RESULTS

	Rs. In Lakhs	
	2008-2009	2007-2008
	18 months	12 months
Operating Profit / (Loss)	(1077.18)	249.65
Interest and Finance Charges	-	-
Profit before Depreciation & Tax	(1077.18)	249.65
Depreciation	104.49	143.40
Impairment Loss (AS-28)	915.00	403.69
Profit / (Loss) for the year	(2096.67)	(297.44)
Add: Tax	4.00	4.00
	(2100.67)	(301.44)
Extra-ordinary items	654.00	32.21
Profit / (Loss) for the year	(2754.67)	(269.23)
Loss brought forward from previous year	(12345.67)	(12,076.44)
Loss carried to Balance Sheet	(15100.34)	(12,345.67)

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. However, an application is pending with the Karnataka Industrial Areas Development Board for further extension of time for implementation.

The court cases relating to labour matters are being continued to settle through negotiations and orders for settlements are being arrive at.

Real Estate Division

In view of various constraints and volatile market conditions, the company could not utilise the real estate to raise source of funds. The company, however, during the financial year has made advances to the extent of Rs. 50 crores for purchase of land and agreement were entered into.

Service Division

The performance of the container freight station was continued to be satisfactory during the financial year 2008-09. However, owing to road traffic constraints prevailing in the location of our operation, 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 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) on 28.05.2008 with two workers unions viz., B&C Mills Staff Union and Madras Labour Union and 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 setting aside the order of BIFR dated 13.3.2008 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, the 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.

Demerger

Since the Madras High Court has declared vide its order dated 7.8.2008 that "further it is made clear that the petitioner company is ceased to be a sick industrial undertaking with effect from 30.9.2005", the Board has decided it appropriate to consider restructuring the company through demerger of undertakings of the company into two or more companies to enable the companies to concentrate on their core business activities. The company has appointed consultants for preparing a scheme of demerger taking into account all statutory requirements, formalities and compliances of legal and regulatory authorities and there has been considerable progress in this matter.

Directors

Mr. Natarajan Nandhagopal and Mr. V Rajasekaran, Directors of the company have resigned from the Board with effect from 30.4.2009. The Board places on record its sincere appreciation of their valuable services and guidance during their tenure. The composition of the Board of Directors after the above resignations continued to confirm with the requirements of clause 49 of the listing agreement with the stock exchanges.

On 21st November 2009, Mr. A.M. Sundararaj, a Director of your Company, suddenly passed away. He was also a member of Audit Committee. Your directors wish to place on record the immense contribution made and valuable advice given by him to the deliberations of the Board during his tenure.

Mr.M.Nandagopal, Mr. R.Narayanan, Mr.S.Natarajan and Mr. K.Sundareswaran, Directors of the Company retire by rotation and offer themselves for reappointment.

Binny Engineering Limited (BEL)

The audited accounts for the 18 months period ended 30.9.2009 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(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 18 months period ended 30th September, 2009 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 18 months period ended 30th September, 2009 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 18 months period ended 30th September 2009 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 to 2007-08, the Central Government has granted exemption for the said period. The necessary application has been submitted to the Central Government for the year 2008-09 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 Auditors' 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 unrealised 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) As has been stated, the management is of the opinion that dues stated would be realised 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.

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) & (b) The company has approached the appropriate authorities for remitting the other outstanding dues in instalments.

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 Tamil nadu and Government of Karnataka, 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

Chennai
27th November 2009

M.ETHURAJAN
Executive Chairman

ANNEXURE
FORM 'A'A) Power and Fuel
Consumption

I. Electricity

a) Purchased

Units

Total amount (Rs. lakhs)

Rate/Unit Rs.

b) Own Generation

i) Through Diesel Generator (Unit)

Unit per ltr of Diesel oil

Cost/Unit

ii) Through Steam

Turbine/Generator Units (lakhs)

iii) Units per ltr of fuel oil/Gas

Cost/Unit

2. Coal

Qty. (Tonnes)

Total Cost (Rs. / lakhs)

Average Rate (Tonnes)

3. Furnace oil

Qty. (K. Ltrs)

Total amount (Rs. lakhs)

Average Rate (Rs. / K. Ltr.)

B. Consumption per unit of
production

Products (Textiles) (Lakh Mtrs)

Electricity Units

Coal (Tonnes)

Furnace oil (K. Ltrs.)

2008-2009		2007-2008	
Chennai Mills	Bangalore Mills	Chennai Mills	Bangalore Mills
4.98	0.09	2.74	0.06
36.61	0.61	20.03	0.36
7.35	6.44	7.35	6.51
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
N.A.	N.A.	N.A.	N.A.
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil

Form "B"

Technology Absorption

B & C Mills - Since the Mill is not functioning, this is not applicable.

B W Mills - Since the Mill is not functioning, this is not applicable

Conservation Energy - N.A.

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

Name of the Subsidiary Company	Financial Year of the subsidiary ending on	No. of equity shares held by Binny Ltd. and / or its nominees in the subsidiary	Extent of holding	For the financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(Loss) so far it concerns the members of the holding company and not dealt within the books of Accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and dealt within the books of Accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and not dealt within the books of accounts of the holding company.	Profits/(Loss) so far it concerns the members of the holding company and dealt within the books of accounts of the holding company.
				Rs. Lakhs		Rs. Lakhs	
Binny Engineering Ltd.	30.9.09	2,87,48,100 Equity Shares of Rs. 10 each fully paid up	100%	610.50 after extra-ordinary items as on 30-09-2009	Nil	667.04 after extra-ordinary items as on 31-03-2008	Nil