

BINNY LIMITED

*ANNUAL REPORT
MARCH - 2012*

DIRECTORS	<i>M. Ethurajan – Executive Chairman M. Nandagopal R. Narayanan S. Natarajan E. Shanmugam V.R.Venkataachalam Arvind Nandagopal K. Sundareswaran Justice S. Jagadeesan S. Vijayaraghavan R. Krishnan Dr. Sadayavel Kailasam</i>
COMPANY SECRETARY	<i>G.Venkataraman</i>
BANKERS	<i>State Bank of India Canara Bank</i>
AUDITORS	<i>CNGSN & Associates Flat “C” & “D” 22, Vijayaraghava Road T.Nagar, Chennai 600017</i>
REGISTERED OFFICE	<i>106, Armenian Street Chennai 600 001 Tamilnadu</i>

BINNY LIMITED

NOTICE IS HEREBY GIVEN THAT the FORTY THIRD ANNUAL GENERAL MEETING of the Company will be held

at 106, Armenian Street, Chennai – 600001
on Saturday, 29th September 2012
at 11.15 A.M.

to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Narayanan, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Natarajan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. Sundareswaran, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. Sadayavel Kailasam, 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 an ordinary resolution:
“RESOLVED that the retiring Auditors M/s. CNGSN & Associates, (Firm Registration No: 0049155) 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

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

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 Whole time Director designated as Executive Chairman of the Company for a further period of five years commencing from 9th January 2013 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 authorized 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: 1st September 2012

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

BINNY LIMITED

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 22-09-2012 to 29-09-2012 (both days inclusive)

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

Members are requested to furnish a copy of the PAN Card to the Company / RTA for registration of transfer / transmission of shares.

Members, who are individuals may avail the facility of nomination as provided in Section 109A of the Companies Act, 1956 wherein a member may nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his demise. Where more than one person holds the shares jointly, the joint holder may together nominate a person to whom all the rights in the shares of the company shall vest in the event of demise of all the joint holders.

Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

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. R. Narayanan	02-07-1929	30-06-1990	B.A.	Former Chairman, LIC
Mr. S. Natarajan	01-11-1947	11-01-1988	A.C.A.	Textile & Finance
Mr. K. Sundareswaran	19-01-1960	25-03-2005	B.A.B.L.	Textile, Garments & Finance
Dr. Sadayavel Kailasam	31-05-1954	29-04-2010	M.B. M.S. (Ortho) D.(Ortho)	Orthopaedic Surgeon

Item No. 2

Mr. R. Narayanan is also on the Board of other companies. The details of his directorship in other companies are as follows:

Name of the Company	Position Held
Shriram Asset Management Co. Limited	Chairman
Viswapriya Gold Hire Purchase Limited	Chairman
Viswapriya Financial Services and Securities Limited	Chairman
Dhanush Lavan Limited	Chairman
S.V. Global Mill Limited	Director

BINNY LIMITED

Mr. R. Narayanan is the Chairman of Share Transfer and Shareholders / Investors Grievance Committee, Chairman of Audit Committee and Member of Remuneration Committee of Binny Limited. He is also the Chairman of Audit Committee, Member of Remuneration Committee and Member of Share Transfer and Shareholders / Investors Grievance Committee of M/s. S V Global Mill Limited and Chairman of Audit Committee of Viswapriya Financial Services and Securities Ltd.

Item No. 3

Mr. S. Natarajan is also on the Board of several other companies. The details of his directorship in other companies are as follows:

Name of the Company	Position Held
Binny Engineering Limited	Director
Binny Lorze Limited	Director
S V Global Mill Limited	Director
Binny Mills Limited	Director
Sheetala Credit & Holdings Pvt. Limited	Director
UCAL Fuel systems Limited	Director
Shriram Entrepreneurial Ventures Limited	Director
Shriram Ventures Limited	Director
Bharath Coal Chemicals Limited	Director
Calcom Credit & Holdings Pvt. Limited	Director
Rajatchakra Credit & Holdings Pvt. Limited	Director
Satluj Credit & Holdings Pvt. Limited	Director
Saranga Investments & Consultancy Pvt. Ltd.	Director
Twentieth Century Apco Leasing (Pvt.) Limited	Director
Sipping Spirits Pvt. Limited	Director
Shriram Properties and Infrastructure Pvt. Ltd.	Director
Shriram Properties Pvt. Limited	Director
S Tel Pvt. Limited	Director
Shriram Properties Holdings Pvt. Limited	Director
Shriram Financial Ventures (Chennai) Pvt. Limited	Director
Shriram Ownership Trust	Trustee
Shriram Enterprises Trust	Trustee

Mr. S. Natarajan is the Chairman of Audit Committee of M/s. Ucal fuel Systems Limited and Member of the Audit Committee of M/s. Shriram Properties Pvt. Limited.

Item No. 4

Mr. K. Sundareswaran is also on the Board of other companies. The details are as follows:

Name of the Company	Position Held
Egmore Benefit Society Limited	Director
Sri Ramachandra Educational and Health Trust	Trustee
Dignity Innovations (Garment Manufactures & Exports)	Managing Partner

Mr. K. Sundareswaran is the Member of Audit Committee of Binny Limited.

Item No. 5

Dr. Sadayavel Kailasam is the Director of Binny Limited and not holding directorship in any of the Public / Private Limited companies:

Dr. Sadayavel Kailasam is a Member of Audit Committee of the Company.

Item No. 7

The members of the company appointed Mr. M. Ethurajan as a Whole - time 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 13.08.2012 have approved the reappointment of Mr. M. Ethurajan as Whole - time Director designated as Executive Chairman of the company for a further period of five years with effect from 09.01.2013 and the terms of appointment and remuneration payable are specified hereunder. Necessary resolutions are being proposed to the shareholders for their approval.

BINNY LIMITED

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 the 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.
v. Personal Accident	Premium not to exceed Rs1,000 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.
viii.Others	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. E. Shanmugam is interested or concerned in the said resolutions.

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 10.00 a.m. to 12.00 noon up to the date of 43rd AGM.

Registered Office:
106, Armenian Street
Chennai 600 001

Date: 1st September 2012

BY ORDER OF THE BOARD

G.Venkataraman
Company Secretary

BINNY LIMITED

DIRECTORS' REPORT

Your Directors present the Forty Third Annual Report and Audited Accounts of the Company for the year ended 31st March 2012

FINANCIAL RESULTS

	Rs. In Lakhs	
	As at 2011-2012	As at 2010-2011
Operating Profit / (Loss)	355.40	543.88
Profit before Depreciation & Tax	355.40	543.88
Depreciation	25.37	25.43
Profit / (Loss) for the year	330.03	518.45
Tax	86.00	105.00
	244.03	413.45
Extra-ordinary items	16.70	0.50
Profit / (Loss) for the year	227.33	412.95

REVIEW OF OPERATIONS

Services Division

The performance of the container freight station was continued to be satisfactory during the financial year 2011-12. However, owing to very difficult road traffic constraints prevailing in the location of our operation, the company ceased the operation of container freight station with effect from May 2012. As the company will only continue warehousing operation, higher revenue could not be anticipated during the current year.

Sale Registration of Plots in terms of Memorandum of Understanding (MOU) with Unions

Till date, sale registration has been made to 128 allottees out of 244 allottees of 500 sq.ft. of plot of company's land each, in terms of Memorandum of Understanding (MOU) dated 28.05.2008 with workmen Unions.

Scheme of Arrangement & Demerger

On 5th December 2009, at the meeting of Board of Directors of the Company approved the Scheme of Arrangement prepared by the consultants taking into account all statutory requirements, formalities and compliances of legal and regulatory authorities, to demerge the Company's properties undertaking comprising all assets and liabilities to S.V.Global Mill Limited and the Agencies and Services undertakings comprising all assets and liabilities demerged to Binny Mills Limited. Based on the valuation reports of the values and in terms of the scheme for every Seven equity shares of Rs.5/- each of Binny Limited, the shareholders shall be entitled to receive Seven equity shares of Rs.5/- each fully paid up of S.V.Global Mill Limited and One equity share of Rs.10/- each fully paid up of Binny Mills Limited as on the record date, in consideration of the demerger.

The Hon'ble High Court of Madras, by an order dated 1st February, 2010, convened Extra-ordinary General Meeting of the equity shareholders of the company on 10th March 2010 for approving the Scheme of

BINNY LIMITED

Arrangement. Subsequent upon shareholders' approval of the Scheme of arrangement, a petition to sanction the scheme of arrangement under section 391 to 394 of the Companies Act, 1956 was filed with the Hon'ble High Court of Madras. On 22nd April 2010 the Hon'ble High Court of Madras vide its Order dated 22nd April 2010, sanctioned the Scheme of Arrangement under Sec.391 to 394 of the Companies Act, 1956 amongst Binny Limited and S V Global Mill Limited and Binny Mills Limited. A certified copy of the Scheme was filed with the Registrar of Companies on 8th May 2010. In terms of the court sanctioned Scheme of Arrangement, 8th May 2010 has become the "effective date" and 1st January 2010 the "Appointed Date".

Formalities in respect of Increase in authorized share capital, issue of preference share capital and reduction in preference share capital in terms of the Scheme were complied with at the Board Meeting held on 12.5.2010.

The Share certificates to the equity shareholders were allotted and issued in the respective resulting companies on 2nd June 2010. The respective resulting companies have complied with formalities for listing of the equity shares with Bombay Stock Exchange Limited and Madras Stock Exchange Limited and obtained their in-principle approval for listing subject to the approval of Securities and Exchange Board of India (SEBI) for relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. The application is presently pending with SEBI and all the clarifications sought for by SEBI relating to the terms of the Scheme were submitted by the Company. The respective resulting companies are following it up with SEBI for early approval of SEBI for relaxation of Rule 19(2)(b). Soon after the Stock exchanges would permit trading in equity shares of the respective resulting companies and until then the shares credited to the respective shareholders demat account is kept frozen.

Directors

The Company continues to comply with the terms of Clause 49 (C) (iv) of the Listing Agreement with Stock exchanges. Mr. R Narayanan, Mr. S Natarajan, Mr. K Sundareswaran and Dr. Sadayavel Kailasam, Directors, retire by rotation and offer themselves for reappointment.

Binny Engineering Limited

The audited accounts for the year ended 31.3.2012 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 year ended 31st March, 2012 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*

BINNY LIMITED

state of affairs of the Company at the end of the year ended 31st March, 2012 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 2012 on a “going concern” basis.

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' Remarks

In regard to the remarks in the Auditors' Report, your directors wish to clarify as under:

4. (f) i. The Company has received wealth tax demand for the Asst. year 2005 – 06, 2006 – 07, 2007 – 08, 2008-2009, 2009-10 & 2010-2011 for Rs.977.24 lakhs against which the company has filed appeals with CWT(A) and confident of fair chances of success in appeal. Therefore, no provision has been made in the accounts and stay petition has been filed.

Considering the company's fair chance of succeeding the appeal against income-tax demand for the asst. year 2008 – 09 for Rs.19.21 lakhs, which is disputed before CIT(A), no provision has been considered necessary.

- ii. The management of the subsidiary is exploring all possible avenues and taking efforts to obtain necessary permissions of the authorities to resume the business by utilizing the vast leasehold land at the prime location. considering the long term nature of investment no provision for diminution in value is considered necessary.
- iii. Efforts are being made to obtain confirmation of balances.

Auditors

M/s CNGSN & Associates, (Firm Registration No: 0049155) 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.

Registered Office:

106, Armenian Street

Chennai 600 001

Date: 1st September 2012

BY ORDER OF THE BOARD

M. ETHURAJAN

EXECUTIVE CHAIRMAN

BINNY LIMITED

ANNEXURE

FORM 'A' Power & Fuel Consumption

B & C Mill – since the Mill is not functioning, this is not applicable.

B W Mill – since the Mill is not functioning, this is not applicable.

FORM "B" Technology Absorption

B & C Mill – since the Mill is not functioning, this is not applicable.

B W Mill – since the Mill is not functioning, this is not applicable.

Conservation Energy – Not applicable

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.	31.3.12	2,87,48,100 Equity Shares of Rs. 10 each fully paid up	100%	(552.15)	Nil	(19.50) as on 31-03-2011	Nil

I. CORPORATE GOVERNANCE

Your Directors present company's report on Corporate Governance in compliance with Listing Agreement entered into with the Stock Exchanges and the practices followed by the Company.

The Company's philosophy on Corporate Governance is compliance of matters mentioned in Clause 49 of the Listing Agreement by maintaining disclosure and transparency and aiming at enhancing the shareholders value over a period of time.

2. BOARD OF DIRECTORS

The Board consists of twelve directors, of which one whole-time promoter director, five non-executive promoter directors and six non-executive independent directors. The Board has an appropriate mix of executives and independent directors to ensure proper governance and management.

BOARD MEETINGS

During the year ended 31.3.2012, six board meetings of the Company were held on the following dates viz., 27.04.11, 27.06.11, 10.08.11, 26.08.11, 09.11.11 and 08.02.12. The last Annual General Meeting of the Company was held on 28th September 2011.

BINNY LIMITED

Name	Executive Promoter (P) Non-Executive Promoter (NEP) Non-Executive Independent (NEI)	Attendance particulars		No. of Directorship, Committee Membership/ Chairmanship other than Binny Ltd.			Date of appointment	Date of cessation
		Board Meetings	Last AGM	Other Directorship in Public Limited Companies	Committee Membership	Committee Chairmanship		
Mr.M.Ethurajan	P	6	NP	10	2	2	08.07.1987	-
Mr.M.Nandagopal	NEP	3	Yes	13	-	-	23.03.1996	-
Mr.R.Narayanan	NEI	NP	Yes	5	2	2	30.06.1990	-
Mr.S.Natarajan	NEP	5	Yes	4	1	1	11.01.1988	-
Mr.E.Shanmugam	NEP	6	Yes	7	2	-	31.03.1993	-
Mr.V.R.Venkataachalam	NEP	-	Yes	9	-	-	11.01.1988	-
Mr.Arvind Nandagopal	NEP	6	Yes	8	-	-	25.03.2005	-
Mr.K.Sundareswaran	NEI	5	Yes	-	-	-	25.03.2005	-
Mr. Justice S Jagadeesan	NEI	2	NP	-	-	-	05.09.2007	-
Mr.S.Vijayaraghavan	NEI	4	Yes	-	-	-	05.09.2007	-
Mr. R. Krishnan	NEI	4	Yes	-	-	-	05.09.2007	-
Dr. Sadayavel Kailasam	NEI	-	NP	-	-	-	29.04.2010	-

3. AUDIT COMMITTEE

The Committee consists of two Non-executive Independent Directors and two Non-executive promoter directors. Five meetings were held during the year ended 31.3.2012 on 27.04.11, 10.08.11, 26.08.11, 09.11.11 and 08.02.12. The constitution and functioning of the Audit Committee is in accordance with the terms of reference of Clause 49 of the Listing Agreement and provisions of sec.292A of the Companies Act, 1956 which inter alia recommend the appointment of external auditors and to fix their remuneration, reviewing quarterly, half-yearly and annual financial statements and also reviewing the adequacy of internal control systems.

Name of Member	Category of Members	Designation	Attended
Mr. R. Narayanan	Independent	Chairman	1
Mr. E. Shanmugam	Non-Independent	Member	5
Mr. K. Sundareswaran	Independent	Member	5
Dr. Sadayavel Kailasam	Independent	Member	1

The Company Secretary is the Secretary of the Audit Committee.

4. a. REMUNERATION COMMITTEE

The Board constituted Remuneration Committee on 31.10.2002 for making appointment / reappointment, approve remuneration of managerial personnel of the company. In consonance with the provisions of the Companies Act, 1956 and Corporate Governance the Board drew the guidelines to be followed by the Remuneration Committee, their powers, terms and conditions. Though the Committee recommend the remuneration package, ultimately the shareholders approve the same. Mr.M.Ethurajan, Executive Chairman of the Company has waived his remuneration, as in the past.

4. b. SITTING FEES

The non-executive independent directors were paid sitting fees for attending the meeting of the Board / Committee as fixed by the Board of Directors. No sitting fees was paid during the year.