

Binny Mills Limited

**Fifth Annual Report
2011 - 2012**

BINNY MILLS LIMITED

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A REQUEST

**Please bring your copy of the Annual
Report to the meeting.**

Binny Mills Ltd

BINNY MILLS LIMITED

**TCP Sapthagiri Bhavan, No.4 (Old No.10), Karpagambal Nagar,
Mylapore, Chennai – 600 004**

DIRECTORS

Shri V. R. Venkataachalam - Chairman
Shri V. Rajasekaran - Managing Director
Shri V. Sengutuvan
Shri S. Natarajan
Shri S. Varatharajan

Registered Office:

TCP Sapthagiri Bhavan
No.4 (Old No.10) Karpagambal Nagar,
Mylapore,
Chennai 600 004.
email: binnymills@bmlindia.com

Auditors:

T.SELVARAJ & CO.,
Chartered Accountants
32, Dewan Rama Road,
Purasawalkam,
Chennai 600 084.

Binny Mills Limited

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Company will be held on Saturday, the 29th September 2012 at 12 Noon at No.106, Armenian Street, Chennai 600001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Audited Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a director in the place of Shri S. Varatharajan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

In this context to consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s T. Selvaraj & Co., Chartered Accountants, Chennai, be and are hereby appointed as the 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 determined by the Board of Directors."

By Order of the Board of Directors
For Binny Mills Limited

V. Rajasekaran
Managing Director

Registered Office:

TCP Sapthagiri Bhavan,
No.4, (Old No.10) Karpagambal Nagar,
Mylapore, Chennai 600 004.

Date: 1st September 2012

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Form, in order to be effective, must be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September 2012 to 29th September 2012 (both days inclusive).
4. Members/Proxies are requested to bring the attendance slip sent herewith, duly filled in, for attending the meeting and their copy of the Annual Report to the meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members desiring to seek any information on the annual accounts or operations of the company are requested to send their queries to the Company, at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Members holding shares in physical form can now avail nomination facility for the shares held by them. Members desirous of availing this facility may send in their nominations in Form 2B duly filled in and signed to the Registrar and Share Transfer Agent of the Company viz, Cameo Corporate Services Ltd., 'Subramanian Building', 5th Floor, No.1, Club House Road, Chennai 600 002. Phone: 044-2846 0390 to 2846 0394.
9. M/s Cameo Corporate Services Ltd., 'Subramanian Building', 5th Floor, No.1, Club House Road, Chennai 600 002. Phone: 044-2846 0390 to 2846 0394 is the Company's Registrar and Share Transfer Agent for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in Demat form, members may send requests or correspond through their respective Depository Participants.
10. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
11. Members who have multiple folios in identical names in the same order are requested to send all the Share Certificates either to the Company addressed to the Registered Office or to the Company's Registrar and Share Transfer Agent for consolidation of such folios into one to facilitate better services.

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**IMPORTANT COMMUNICATION TO MEMBERS- GREEN INITIATIVE IN
CORPORATÉ GOVERNANCE**

The Ministry of Corporate Affairs (MCA) vide its Circular No.17/2011 dated 21st April 2011 and Circular No.18/2011 dated 29th April 2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, thereby allowing companies to serve documents to its members through electronic mode.

Your Company believes in Environment conservation for sustainable development and therefore your Company supports MCA in this initiative.

Members who hold shares in physical form are requested to intimate their e-mail address to the Company/ Share Transfer Agent and members holding shares in demat form can intimate their e-mail address to their Depository Participant, to enable the company, in future, to send documents such as notices of general meetings, annual reports and other share holder's communication to all the members through e-mail.

Members may also note that in case any member makes a request to the Company for the physical copy of the documents sent by e-mail, it shall be sent by post.

DIRECTORS' REPORT**To the Members**

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Accounts of your company for the year ended 31st March 2012.

FINANCIAL RESULTS

	31st March 2012 Rs.	31st March 2011 Rs.
Sales and other Income	6,08,71,574	6,00,20,724
Profit before Depreciation	1,40,77,842	91,93,617
Depreciation	2,68,156	2,42,561
Profit Before Tax	1,38,09,686	89,51,056
Provision for Tax	44,80,553	14,67,590
Profit after Tax	93,29,133	74,83,466

OPERATIONS

As the members may be aware, pursuant to the Demerger Scheme of Binny Ltd, the Agencies and Services Undertaking of Binny Ltd was transferred to and vested in the Company, with effect from 1st Jan 2010, the Appointed Date as per the Demerger Scheme.

The company operates in 5 divisions viz., Warehousing, Cochin, Showrooms, Agencies and Bintex. The Warehousing division has rented its warehouses and is deriving rental income from it. The Cold Storage room division at Cochin has been rented out for godown and office space rental income. On 31st March 2012, the Cochin division had to be closed down and the land surrendered to the Cochin Port Trust, from whom the Cochin Division had taken it on lease, as the Cochin Port Trust authorities had issued Notice to vacate and surrender the land. The Showrooms are engaged in retail selling of textile materials. The Agencies division is engaged in the business of selling Tarpaulin, rain coats and bags. The Bintex division is engaged in selling textile materials, particularly uniform materials, bed spreads, and other textile varieties.

For the year 2011-12, the Rental income from Warehousing division was Rs. 128.37 lakhs as against Rs.90.49 lakhs in the previous year, an increase by about 42% and from Cochin Division Rs.15.10 lakhs as against Rs.12.91 lakhs in the previous year, an increase by about 17%. The sale made by the Showrooms division was Rs.22.02 lakhs as against Rs.11.88 lakhs in the previous year, an increase by about 85%, the Agencies division Rs.2.87 lakhs as against Rs.4.32 lakhs in the previous year and the Bintex division Rs.414.06 lakhs as against Rs.469.77 lakhs in the previous year.

The aggregate amount of Rent and Sales was Rs.582.44 lakhs as against Rs.589.37 lakhs in the previous year. The Net Profit before tax rose to Rs.138.09 lakhs from Rs.89.51 lakhs in the previous year, an increase by about 54%.

PREFERENCE SHARES

The 5,88,000 (9.75%) Cumulative Redeemable Preference Shares (CRPS) of Rs.5/- each, aggregating to Rs.29,40,000/- are redeemable on or before 30th June 2016.

The 28,14,18,142 (9%) CRPS of Rs.5/- each aggregating to Rs.140,70,90,710/- are redeemable on or before 12th May 2015.

Binny Mills Limited

Preference dividend is payable on the CRPS from the date of original allotment of shares by Binny Ltd. The holders of the CRPS have preferential right to dividend over the equity share holders, as and when dividend is declared by the company. The Preference dividend in arrears for 9.75% CRPS, as at 31st March 2012, is Rs.16,48,238/- and for 9% CRPS it is Rs.64,45,45,218/-.

Since the Company is in the third year of operation after the transfer and vesting of the Agencies and Services Undertaking of Binny Ltd in the Company, pursuant to the Demerger Scheme, the company could not find enough resources to pay dividend this year. Hence, the company is not recommending preference dividend this year.

DIVIDEND ON EQUITY SHARES

As stated for Preference Dividend, since the Company is in the third year of operation after the transfer and vesting of the Agencies and Services Undertaking of Binny Ltd in the Company, pursuant to the Demerger Scheme, the company could not find enough resources to pay dividend this year. Hence, the company is not recommending dividend on the equity shares this year.

DIRECTORS

Shri S. Varatharajan, Director, retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

CORPORATE GOVERNANCE

The Company believes in good Corporate Governance essential to achieve long-term corporate goals and to enhance stake holders' value. The Company is committed to complying with the principles of the Corporate Governance Code.

BOARD OF DIRECTORS

The composition of the Board of Directors is in conformity with the Corporate Governance Code.

The present strength of the Board is five directors. The Board comprises of an optimum combination of Executive and Non-Executive directors, with four directors being Non-Executive directors, including the Non-Executive Chairman. There are two independent directors viz., Shri S. Natarajan and Shri S. Varatharajan, who exercise independent judgement in the Board's deliberations, discussions and decisions. Shri V. R. Venkataachalam is the Non-Executive Chairman and Shri V. Rajasekaran is the Managing Director.

The Directors on the Board are experienced, competent and highly respected persons in their respective field.

The Managing Director is not drawing any remuneration from the Company. The Non-Executive directors are not claiming sitting fees or other remuneration from the Company for attending the Board meetings or Committee meetings of the Company.

All the directors attended all the Board Meetings of the Company held during the year 2011-12 on the following dates, viz., 15th June 2011, 3rd August 2011, 29th August 2011, 31st October 2011 and 30th March 2012.

None of the directors of the Board are members in more than ten committees or act as chairman of more than five committees across all companies in which they are directors.

Shri V.R. Venkataachalam, Non-Executive Chairman, holds 1,09,317 equity shares in the Company constituting 3.42% of the paid-up equity shares of the Company. No other directors hold equity shares in the Company.

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DEMATERIALISATION OF SHARES AND LIQUIDITY

For Dematerialisation of Equity Shares, your company has entered into a Tripartite Agreement along with M/s Cameo Corporate Services Limited (the Registrar and Share Transfer Agent) with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for admitting the equity shares of the company in their depository system - from 2nd June 2010 with the NSDL and 13th July 2010 with the CDSL - and the equity shares have been allotted the International Securities Identification Number (ISIN): **INE160L01011**.

However, the Depositories have suspended and marked frozen the ISIN, from the date of its credit in their system, for all debits in the Depositories, pursuant to the Madras High Court Order regarding issue of shares pursuant to the Scheme. Hence, only credits pertaining to the ISIN will be allowed. The debits in the system will be activated on the receipt of notice from the Stock Exchanges, where the shares of the company are listed, for commencement of trading and for reactivation of the ISIN. However, NSDL has also marked frozen the ISIN for demat of the physical shares.

Details of shares in Demat and Physical Form as on 31st March 2012:

Particulars	No. of Shareholders	No. of Shares	% to Capital
NSDL	632	3,11,284	9.76
CDSL	16	505	0.02
Physical Form	8,324	28,76,685	90.22
Total	8,972	31,88,474	100.00

REGISTRAR AND SHARE TRANSFER AGENT:

Your company has entered into an RTA Agreement with M/s Cameo Corporate Services Ltd., Chennai. Shareholders/Investors are requested to forward their share transfer documents, Demat requests and other related correspondence directly to the RTA at the following address for speedy response:

M/s Cameo Corporate Services Ltd

'Subramanian Building'

No.1, Club House Road, Chennai 600 002.

Phone: 044-2846 0390 to 2846 0394; Fax: 044-2846 0129;

E-mail:investor@cameoindia.com

APPOINTMENT OF WHOLE TIME COMPANY SECRETARY

As per the provisions of the Companies Act, 1956 the Company should have a whole time Company Secretary. Despite the best efforts taken, the Company could not appoint a suitable person. The Company's present financial situation does not support the remuneration demanded by prospective candidates. However, the Company will endeavour to appoint a whole time Company secretary.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

- i) That in the preparation of the Annual Accounts, for the year ended 31st March 2012, the applicable Accounting Standards have been followed along with proper explanations for material departures, if any;