

## **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.

### ***Auditors:***

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

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***Binny Mills Limited***

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**NOTICE**

NOTICE is hereby given that the Sixth Annual General Meeting of the Binny Mills Ltd will be held on Monday, the 30<sup>th</sup> September 2013 at 4 P.M. at the Registered Office at No.4, Karpagambal Nagar, Mylapore, Chennai 600004 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2013 and the Statement of Profit and Loss 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 V. Sengutuvan 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:**  
No.4, (Old No.10) Karpagambal Nagar,  
Mylapore,  
Chennai 600 004.

Date: 29<sup>th</sup> May 2013

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## **6th Annual Report 2012-2013**

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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 23<sup>rd</sup> September 2013 to 30<sup>th</sup> September 2013 (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', 5<sup>th</sup> 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', 5<sup>th</sup> 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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***Binny Mills Limited***

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

The Ministry of Corporate Affairs (MCA) vide its Circular No.17/2011 dated 21<sup>st</sup> April 2011 and Circular No.18/2011 dated 29<sup>th</sup> 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.

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## 6th Annual Report 2012-2013

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### DIRECTORS' REPORT

#### To the Members

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Accounts of your company for the year ended 31<sup>st</sup> March 2013.

#### FINANCIAL RESULTS

	31 <sup>st</sup> March 2013 Rs.	31 <sup>st</sup> March 2012 Rs.
Revenue from operations & other income	7,79,30,753	6,08,71,574
Profit / (Loss) before Depreciation	(12,70,348)	1,40,77,842
Depreciation	45,034	2,68,156
Profit / (Loss) before Tax	(13,15,382)	1,38,09,686
Provision for Tax	2,04,393	44,80,553
Profit / (Loss) after Tax	(15,19,775)	93,29,133

#### 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 1<sup>st</sup> Jan 2010, the Appointed Date as per the Demerger Scheme.

The company operates in 4 divisions viz., Warehousing, Showrooms, Agencies and Bintex. The Warehousing division has rented its warehouses and is deriving rental income from it. 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 2012-13, the Rental income from Warehousing division was Rs. 149.23 lakhs as against Rs. 128.37 lakhs in the previous year, an increase by about 16%. The sale made by the Showrooms division was Rs.21.86 lakhs as against Rs. 22.02 lakhs in the previous year, the Agencies division Rs.5.30 lakhs as against Rs. 2.87 lakhs in the previous year and the Bintex division Rs.597.83 lakhs as against Rs. 414.06 lakhs in the previous year.

The aggregate amount of revenue from Rent and Sales were Rs.777.47 lakhs as against Rs.585.95 lakhs in the previous year. However, due to some unforeseen expenses, the Company has incurred a Net Loss of Rs.15.20 lakhs as against a Net Profit of Rs.93.29 lakhs in the previous year.

#### 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 30<sup>th</sup> 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 12<sup>th</sup> May 2015.

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 31<sup>st</sup> March 2013, is Rs.19,34,888/- and for 9% CRPS it is Rs.77,11,83,382/-.

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## ***Binny Mills Limited***

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Since the Company is in the fourth 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 fourth 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.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Economic scenario**

The Indian economy, being an economy that is largely driven by indigenous consumption, lower disposable income of large population had a direct bearing on its growth. In 2012-13, India continued to slide in terms of economic performance, registering an estimated GDP growth of around 5%. This was largely on account of sharp slowdown in investments, delays in policy decisions and weaker consumption from the burgeoning middle class due to high inflation.

#### **Opportunities and threats**

The Company is engaged in retail sale of textile products. The Company's future relies on the Textile industry growth. With the revival of economy and a slew of measures announced by the Government for the Textile Industry there is a good demand for the Company's products in the current year.

#### **Risks and concerns**

The company is engaged in trading business. Hence, the risks associated with the stiff competition in retail textile business are the major risk for the Company. But, the company has built up reputation among the buyers and has created a brand image for its products. Hence, it is confident of mitigating the effects of the risks.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has proper and adequate internal control systems commensurate with its size and nature of operations, to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

#### **HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS**

The Company attaches considerable importance to Human Resource Development and harmonious industrial relations. There are senior and experienced professionals managing the operations of its divisions. The company takes all efforts to train its employees to make them a skilled employee. The overall industrial relations, during the year, were cordial.

#### **ENVIRONMENTAL PROTECTION**

The Environmental Policy of your company is maintaining clean and green environment and eco friendly atmosphere. Your company has been complying with applicable environmental regulations and preventing pollution in all operations.

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## **6th Annual Report 2012-2013**

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### **CORPORATE SOCIAL RESPONSIBILITY**

Your company aims to enhance the quality of life of the community in general and has a strong sense of social responsibility. Your Company and its employees have participated in welfare activities of the community.

### **DIRECTORS**

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

The details of his age, experience and directorship in other companies, as required under the listing agreement, is given in the Report on Corporate Governance which forms part of this Annual Report.

### **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 31<sup>st</sup> March 2013, the applicable Accounting Standards have been followed along with proper explanations for material departures, if any;
- ii) That the selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended 31<sup>st</sup> March 2013 and of the loss of the Company for that period;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv) That the annual accounts for the year ended 31<sup>st</sup> March 2013 has been prepared on a going concern basis.

### **AUDITORS**

It is proposed to reappoint M/s T. Selvaraj & Co., Chartered Accountants, Chennai, as the 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 of the company. The Directors recommend their appointment.

### **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.

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***Binny Mills Limited***

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**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

There are no Particulars to be furnished for the year as required under sec. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**STATEMENT OF EMPLOYEES' PARTICULARS**

There are no employees drawing remuneration of Rs.60 lakhs or more per annum or Rs.5 lakhs or more per month, during the year, as required to be furnished under sec 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**ADMINISTRATIVE OFFICE**

Your Company has an Administrative Office at No.106, Armenian Street, Chennai 600001 where the Books of Accounts of the Company are kept and maintained.

**CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report forms part of this Annual Report.

A certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement is attached to this Report.

**CEO CERTIFICATION OF FINANCIAL STATEMENTS**

Shri V. Rajasekaran, Managing Director, has furnished the certificate as required under clause 49 of the Listing Agreement.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for the continued co-operation and support extended by all concerned persons and authorities for the smooth and efficient functioning of the Company.

**For and on behalf of the Board**

**V.R. Venkataachalam**  
**Chairman**

**Registered Office:**

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

Date: 29<sup>th</sup> May 2013

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## 6th Annual Report 2012-2013

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### REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

#### A.MANDATORY REQUIREMENTS:

##### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

The Company believes in good Corporate Governance 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 2012-13.

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.

Shri V. R. Venkataachalam, Non-Executive Chairman, is the father of Shri V. Sengutuvan, Director. No other directors are related to each other.

#### Details of Directors retiring by rotation and seeking reappointment

(Pursuant to clause 49 of the listing agreement)

Name	Shri V. Sengutuvan*
Date of Birth	7-12-1986
Date of Appointment	26-8-2009
Qualifications	Graduate
Expertise in specific functional areas	Industrial experience in the field of Textile, Chemical, Power, Engineering, etc.
Chairman/Director of other Companies	1. Thiruvalluvar Textiles P Ltd 2. Tanchem Imports & Exports P Ltd 3. TCP Hotels P Ltd 4. TCP Ltd
Chairman / Member of Committees of the Board of Companies in which he is a Director	Member of Audit Committee, Remuneration Committee and Shareholders Committee in TCP Ltd