

# BINNY



Report  junction.com

## ANNUAL REPORT AND ACCOUNTS

MARCH 2010

**BINNY LIMITED**

ANNUAL REPORT

MARCH - 2010

(6 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 Dr. Sadyavel Kailasam
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

CONTENTS		Page		
1.	Board of Directors	B 1	7.	Profit and Loss Account B 19
2.	Notice to Members	B 3	8.	Schedules forming part of Accounts B 20
3.	Directors' Report	B 6	9.	Balance Sheet Abstract B 34
4.	Corporate Governance	B 9	10.	Cash Flow Statement B 35
5.	Auditors' Report	B 15	11.	Statement C 1
6.	Balance Sheet	B 18	12.	Binny Engineering Ltd. (Subsidiary Company) BE 1

Report  junction.com

**NOTICE TO THE SHAREHOLDERS**

NOTICE IS HEREBY GIVEN THAT the FORTY FIRST ANNUAL GENERAL MEETING of the Company will be held  
at 106, Armenian Street, Chennai 600001  
on Monday, 27<sup>TH</sup> September 2010  
at 9.30 A.M.

to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and the Profit and Loss Account for the six 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. Justice S Jagadeesan, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S Vijayaraghavan, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Arvind Nandagopal, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. R Krishnan, 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."

**SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary resolution.  
RESOLVED THAT Mr. Sadayavel Kailasam, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 29<sup>th</sup> April 2010 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company whose office shall be liable to retirement by rotation.

Registered Office:  
106, Armenian Street  
Chennai 600 001  
25<sup>th</sup> August 2010

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 20-9-2010 to 27-9-2010 (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.

#### EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, sets out all material facts relating to the business mentioned at Item No. 7 of the accompanying Notice dated 25<sup>th</sup> August 2010.

Item No. 7:

The Board of Directors, at its meeting held on 29<sup>th</sup> April 2010 appointed Dr. Sadayavel Kailasam as an Additional Director with effect from 29.4.2010, pursuant to Section 260 of the Act. Under Section 260 of the Act, Dr. Sadayavel Kailasam ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. Notice under Section 257 of the Act has been received from a member signifying his intention to propose Dr. Sadayavel Kailasam's appointment as a Director.

Dr. Sadayavel Kailasam M.B.M.S (ORTHO), D.ORTHO, is a specialist Orthopaedics Surgeon by profession. Apart from vast experience in Government and private hospitals in his profession, he has active role in many social activities which includes, a Member – Governing Body of "The Madras Seva Sadan", The Vice President of Rashtriya Life Saving Society (India), the Secretary of Madras District Aquatic Association, Vice-President of Tamil Nadu State Aquatic Association and the Secretary of Justice P.S.Kailasam Medical and Educational Research Foundation.

The Board recommends the Ordinary Resolution set out at item No.7 of the Notice for the approval of the members.

Dr. Sadayavel Kailasam is concerned or interested in Item No. 7 of the Notice.

Registered Office:  
106, Armenian Street  
Chennai 600 001  
25<sup>th</sup> August 2010

BY ORDER OF THE BOARD

G.Venkataraman  
Company Secretary

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. Justice S Jagadeesan	23-03-1941	05-09-2007	B.A., B.L.	Former Judge of the Madras High Court and the Chairman of Intellectual Property Appellate Board
Mr. S Vijayaraghavan	19-07-1942	05-09-2007	B.Sc.	Finance Management
Mr. R Krishnan	03-07-1966	05-09-2007	B.Com, FCA, AICWA, ACS, BGL	Finance and Law
Mr. Arvind Nandagopal	06-04-1975	25-03-2005	Commerce graduate	Textile, Breweries & Chemicals

#### Item No. 2

Mr. Justice S Jagadeesan has been a former Judge of the High Court of Madras and former Chairman of Intellectual Property Appellate Board. He is not holding directorship in any other Company. Mr. Justice S Jagadeesan is not a member of any Committee of the Company.

#### Item No. 3

Mr. S Vijayaraghavan is a B.Sc. graduate and has 43 years of extensive service under various capacities in Sundaram Finance Limited. He is not holding directorship in any other Company. Mr. S. Vijayaraghavan is not a member of any Committee of the Company.

**Item No. 4**

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:

<b>Name of the Company</b>	<b>Position Held</b>
Mohan Breweries and Distilleries Limited	Executive Director
Sagar Sugars & Allied Products Limited	Executive Director
The Thirumagal Mills Limited	Director
Bankerpur Distilleries Limited	Director
S.V.Sugar Mills Limited	Director
Golden Eagle Communications Limited	Director
Meakin Alco Beverages Limited	Director
TCP Limited	Director
Balaji Breweries Pvt Limited	Director

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

**Item No. 5**

Mr. R Krishnan is a Practicing Chartered Accountant having a wide experience and knowledge in various functional areas including finance, management, accounting and legal. The details of his directorships are given below:

<b>Name of the Company</b>	<b>Position Held</b>
Shreyas Advisory Services Pvt Ltd	Director
Shreyas Stock Broking India Pvt Ltd	Director
IOS Solutions Pvt Ltd	Director
Kernis Aero Products Pvt Ltd	Director
KE Aerocomponents Pvt Ltd	Director

Mr. R Krishnan is not a Member of any Committee of the Company.

**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 41<sup>st</sup> AGM.

Registered Office:  
106, Armenian Street  
Chennai 600 001  
25<sup>th</sup> August 2010.

BY ORDER OF THE BOARD

G.Venkataraman  
Company Secretary



**DIRECTORS' REPORT**

Your Directors present the Forty First Annual Report and Audited Accounts of the Company for the 6 months period ended 31<sup>st</sup> March 2010.

**FINANCIAL RESULTS**

	Rs. In Lakhs	
	2009-2010 6 months	2008-2009 18 months
Operating Profit / (Loss)	85.26	(1077.18)
Interest and Finance Charges	—	—
Profit before Depreciation & Tax	85.26	(1077.18)
Depreciation	14.45	104.49
Impairment Loss (AS-28)	—	915.00
Profit / (Loss) for the year	70.81	(2096.67)
Wealth tax paid (prior years)	866.44	—
Tax	—	4.00
Extra-ordinary items	(795.63)	(2100.67)
	3.83	654.00
Profit / (Loss) for the year	(799.46)	(2754.67)

**REVIEW OF OPERATIONS****Textile Division****B&C Mills**

The textile mill continues to remain closed during the year under review also.

**Service Division**

The performance of the container freight station was continued to be satisfactory during the financial year 2009-10. However, owing to road traffic constraints prevailing in the location of our operation, higher revenue could not be anticipated during the current year.

**BIFR**

Earlier, BIFR sanctioned a Rehabilitation Scheme on 22<sup>nd</sup> October 2003. Then on 26<sup>th</sup> December 2006, BIFR passed an Order stating that the company is out of purview of BIFR, which was challenged before the Hon'ble High Court of Madras by the employees' Unions. The Madras High Court vide its order dated 7<sup>th</sup> August 2008, based on the joint memo filed by the Company and the employees' Unions, declared 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 had 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. During this period the company has demerged into three companies.

**SCHEME OF ARRANGEMENT & DEMERGER**

On 5<sup>th</sup> December 2009, at the meeting of Board of Directors of the Company approved the Scheme of Arrangement 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 1<sup>st</sup> February, 2010, convened Extra-ordinary General Meeting of the equity shareholders of the company on 10<sup>th</sup> March 2010 for approving the Scheme of 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. The Hon'ble High Court of Madras vide its Order dated

22<sup>nd</sup> 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 8<sup>th</sup> May 2010. In terms of the court sanctioned Scheme of Arrangement, 8<sup>th</sup> May 2010 has become the "effective date" and 1<sup>st</sup> January 2010 the "Appointed Date".

28<sup>th</sup> May 2010 was fixed as the record date for the purpose of allotment of shares to the shareholders of the Company, in the two resulting companies, viz., S.V.Global Mill Limited and Binny Mills Limited were allotted shares in terms of the Scheme, in the ratio of :

1. In S.V.Global Mill Limited (Resulting Company I) :
  - a. 7 equity shares of face value of Rs.5/- each credited as fully paid up for every 7 equity shares of Rs.5/- each fully paid-up
  - b. One 9.75% Cumulative Redeemable Preference Share of face value of Rs.5/- each credited as fully paid up for every Thirty 9.75% Cumulative Redeemable Preference shares of Rs.5/- each fully paid-up
  - c. 138.99% Cumulative Redeemable Preference share of face value of Rs.5/- each credited as fully paid up for every 3,125 9% Cumulative Redeemable Preference shares of Rs.5/- each fully paid up.
2. In Binny Mills Limited (Resulting Company II) :
  - a. One equity share of face value of Rs.10/- each credited as fully paid up for every 7 equity shares of Rs.5/- each fully paid-up
  - b. 15.975% Cumulative Redeemable Preference Share of face value of Rs.5/- each credited as fully paid up for every Thirty 9.75% Cumulative Redeemable Preference shares of Rs.5/- each fully paid-up
  - c. 1,631.99% Cumulative Redeemable Preference share of face value of Rs.5/- each credited as fully paid up for every 3,125 9% Cumulative Redeemable Preference shares of Rs.5/- each fully paid up.

The Share certificates to the equity shareholders were allotted and issued in the respective resulting companies on 2<sup>nd</sup> June 2010.

Central Depository Services (India) Limited (CDSL) has permitted the equity shares of the company for connectivity in their depository vide ISIN No: INE118K01011. 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 are under process.

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, but the "Appointed Date" being 1<sup>st</sup> January 2010, pending these formalities the additional preference share capital and reduction in preference share capital have been accounted for in the Balance Sheet of the Company as on 31.3.2010.

Accounting entries in respect of transfer of assets and liabilities from Binny Limited to the respective resulting companies were made with effect from 1.1.2010 and the excess of the value of assets over the value of liabilities transferred pursuant to the Scheme of Arrangement amounting to Rs.10,287.54 lakhs have been credited to "Capital Reserve Account".

#### DIRECTORS

At the meeting of Board of Directors held on 29<sup>th</sup> April 2010, Dr. Sadayavel Kailasam, has been co-opted as an additional independent Director of the Company to hold office upto the date of the ensuing Annual General Meeting and being eligible for reappointment. With this appointment, the Company continue to comply with the terms of Clause 49 (C) (iv) of the Listing Agreement with Stock exchanges.

Mr. Justice S. Jagadeesan, Mr.S.Vijayaraghavan, Mr.R.Krishnan and Mr. Arvind Nandagopal retire by rotation and offer themselves for reappointment.

#### Binny Engineering Limited

The audited accounts for the 6 months period ended 31.3.2010 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.



**BINNY**

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 six months period ended 31<sup>st</sup> March, 2010 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 six months period ended 31<sup>st</sup> March, 2010 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 six months period ended 31<sup>st</sup> March 2010 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 2007-08 and 2008-09, the Central Government has granted exemption for the said period. The necessary application has been submitted to the Central Government for the year 2009-10 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' REMARKS**

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

- 4 (f) (i) Pursuant to Clause 8 of the Scheme of Arrangement sanctioned by the Hon'ble High Court of Madras, your Directors engaged a reputed valuer to revalue the B & C Mill Compound forming part of the remaining undertaking and to restate the value of the brought forward loss.
- 4 (f) (ii) Efforts are being made to confirm the balances.
- 4 (f) (iii) The Company has filed returns with "Nil" taxable wealth and the Department has not raised any demand till 31.3.2010 and the management is of the view that there are no wealth tax liability as on 31.3.2010.

**AUDITORS**

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.

Chennai  
25<sup>th</sup> August 2010

By Order of the Board

M ETHURAJAN  
Executive Chairman

## BINNY

## ANNEXURE

## FORM 'A' Power &amp; Fuel Consumption

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

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

## FORM 'B' Technology Absorption

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

B W Mills – since the Mills are 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. '000		Rs. '000	
Binny Engineering Ltd.	31.3.10	2,87,48,100 Equity Shares of Rs. 10 each fully paid up	100%	(3620)	Nil	61050 after extra-ordinary items as on 30-09-2009	Nil

## 1. 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 directors to ensure proper governance and management.

## BOARD MEETINGS

During the 6 months period ended 31.3.2010, four board meetings of the Company were held on the following dates viz., 30.10.09, 27.11.09, 5.12.09 and 29.1.10. The last Annual General Meeting of the Company was held on 23<sup>rd</sup> December 2009.