

BINNY



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ANNUAL REPORT AND ACCOUNTS

MARCH 2011

BINNY LIMITEDANNUAL REPORT
MARCH - 2011

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

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ANNUAL REPORT
MARCH 2011

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BINNY LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the FORTY SECOND ANNUAL GENERAL MEETING of the Company will be held at 106, Armenian Street, Chennai – 600001 on Wednesday, 28th September 2011 at 10.30 A.M.

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account 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. M. Ethurajan, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M. Nandagopal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.E. Shanmugam, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. V.R. Venkataachalam, 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
26th August 2011

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 21-09-2011 to 28-09-2011 (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.

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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. Ethurajan	21-01-1934	08-07-1987	Matriculation	Textiles, Sugar & Chemicals
Mr. M. Nandagopal	09-06-1939	23-03-1996	B.Sc., (Agriculture)	Sugar, Breweries, Textiles & Power
Mr. M.E. Shanmugam	14-04-1967	31-03-1993	B.Com. Management Studies	Textiles, Sugar & Chemicals
Mr. V.R. Venkatachalam	09-04-1960	11-01-1988	B.A.	Textiles, Chemicals & Medical Services

Item No. 2

Mr. M. Ethurajan, is the Chairman of M/s. Thirumagal Mills Limited, M/s. S V Sugar Mills Limited and M/s. TCP Limited. He 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

The Thirumagal Mills Limited	Chairman
S.V. Sugar Mills Limited	Chairman
T C P Limited	Chairman
Binny Engineering Limited	Director
Binny Lorze Limited	Director
Mohan Breweries and Distilleries Limited	Director
Mira Textiles & Industries (India) P. Limited	Director
Meera Papers Limited	Director
Orissa Sugars Limited	Director
Udayar Investment & Consultancy Pvt. Ltd.	Director
Sagar Sugars & Allied Products Ltd.	Director
Artha Hotel Pvt. Ltd	Director
S.V. Global Mill Limited	Director
S.V. Technology Solutions (P) Ltd.	Director
Tiger Farms (P) Limited	Director
Sriraj Mills (P) Limited	Director
Srinidhi Finance Pvt. Limited	Director

Mr. M. Ethurajan, is a Member of Share Transfer and Shareholders / Investors Grievance Committee of Binny Limited, Chairman of Remuneration Committee, Chairman of Share Transfer and Shareholders / Investors Grievance Committee of SV Global Mill Limited and Member of Audit Committee of M/s. S V Sugar Mills Limited.

Item No. 3

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 DI Mohan Bio Oils Ltd. He is also on the Board of several other companies and details of his directorships are given below:

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Name of the Company	Position Held
Mohan Breweries and Distilleries Limited	Executive Chairman
Sagar Sugars & Allied Products Ltd.	Managing Director
D1 Mohan Bio Oils Limited	Managing Director
Binny Engineering Limited	Director
Mohan Meakin Limited	Director
The Thirumagal Mills Limited	Director
T C P Limited	Director
Arthos Breweries Limited	Director
S.V. Sugar Mills Limited	Director
Vestas RRB India Limited	Director
Mira Textiles & Industries (India) Pvt. Limited	Director
Bhankarpur Distilleries Limited	Director
Golden Eagle Communications Limited	Director
Orissa Sugars Limited	Director

Mr. M. Nandagopal is not a Member of any Committee of the Company.

Item No. 4

Mr. M.E. Shanmugam is the Managing Director of M/s. S V Sugar Mills Limited and M/s. Thirumagal Mills Limited. He 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
The Thirumagal Mills Limited	Managing Director
S.V. Sugar Mills Limited	Managing Director
Binny Engineering Limited	Director
Binny Lorze Limited	Director
Mohan Breweries and Distilleries Limited	Director
T C P Limited	Director
Artha Hotel Pvt. Ltd	Director
S.V. Global Mill Limited	Director
S.V. Technology Solutions (P) Ltd.	Director
Tiger Farms (P) Limited	Director
Sriraj Mills (P) Limited	Director
Srinidhi Finance Pvt. Limited	Director
Solan Minerals and Metals Pvt. Limited	Director
The Adyar Property Holding Co. Pvt. Limited	Director

Mr. M.E. Shanmugam is a Member of Share Transfer and Shareholders / Investors Grievance Committee, Member of Audit Committee, Member of Assets Sale Committee and Member of Management Committee of Binny Limited and Member of Audit Committee and Member of Share Transfer and Shareholders / Investors Grievance Committee of M/s. S V Global Mill Limited.

Item No. 5

Mr. V.R. Venkataachalam is the Managing Director of M/s TCP Limited and Managing Trustee and Chancellor of Sri Ramachandra Educational and Health Trust. The details of his directorship in other companies are as follows:

Name of the Company	Position Held
T C P Limited	Managing Director
Sri Ramachandra Educational & Health Trust	Managing Trustee and Chancellor
Binny Engineering Limited	Director
Binny Lorze Limited	Director

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Binny Mills Limited	Director
S V Sugar Mills Limited	Director
The Thirumagal Mills Limited	Director
Mohan Breweries & Distilleries Limited	Director
Arthos Breweries Limited	Director
New Horizon Sugar Mills Limited	Director
VRV Imports & Exports Pvt. Ltd	Director
Pennar Cotton Mills (P) Limited	Director
Trivitron Medical Systems (P) Ltd.	Director
Thiruvalluvar Textiles (P) Limited	Director
Viceroy Chennai Hotels Pvt. Limited	Director
Egmore Benefit Society Limited	President
Indian Membership Benefit Fund Ltd.	President
TVRRS Enterprises	Partner

Mr. V.R. Venkataachalam is not a Member of any 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 10.00 a.m. to 12.00 noon up to the date of 42nd AGM.

Registered Office:
106, Armenian Street,
Chennai 600 001
26th August 2011

BY ORDER OF THE BOARD

G. Venkataraman
Company Secretary

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BINNY LIMITED

DIRECTORS' REPORT

Your Directors present the Forty Second Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

	Rs. in Lakhs	
	2010-2011 12 months	2009-2010 6 months
Operating Profit / (Loss)	543.88	85.26
Interest and Finance Charges	—	—
Profit before Depreciation & Tax	543.88	85.26
Depreciation	25.43	14.45
Impairment Loss (AS-28)	—	—
Profit / (Loss) for the year	518.45	70.81
Wealth tax paid (prior years)	—	866.44
Tax	105.00	—
	413.45	(795.63)
Extra-ordinary items	0.50	3.83
Profit / (Loss) for the year	412.95	(799.46)

REVIEW OF OPERATIONS

Textile Division

B&C Mills

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

Services Division

The performance of the container freight station was continued to be satisfactory during the financial year 2010-11. However, owing to road traffic constraints prevailing in the location of our 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 123 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

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.

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 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

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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".

28th 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 9% 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 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. 1,631 9% 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 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 the respective resulting companies are following it up with SEBI. Upon obtaining the approval of SEBI for relaxation of Rule 19(2)(b), trading in equity shares of the respective resulting companies could be permitted and until then the shares credited to the respective shareholders demat account is kept frozen.

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.

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

The Company continues to comply with the terms of Clause 49 (C) (iv) of the Listing Agreement with Stock exchanges. Mr. M Ethurajan, Mr. M Nandagopal, Mr. M E Shanmugam and Mr. V R Venkatachalam, Directors, retire by rotation and offer themselves for reappointment.

Binny Engineering Limited

The audited accounts for the year ended 31.3.2011 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.

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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, 2011 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 year ended 31st March, 2011 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 2011 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 and 2007 – 08 for Rs.42599 thousands 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.1921 thousands, 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.
- iii. Efforts are being made to obtain confirmation of balances.

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.

By Order of the Board

Chennai

26th August 2011

M ETHURAJAN

Executive Chairman