
BINNY LIMITED
ANNUAL REPORT
MARCH 2013

| | |
|--------------------------|--|
| DIRECTORS | M.Nandagopal – Executive Chairman S.Natarajan Arvind Nandagopal- Managing Director Justice S. Jagadeesan Dr. Sadayavel Kailasam Natarajan Nandhagopal |
| CFO & COMPANY | P.K.Sundaresan |
| SECRETARY BANKERS | State Bank of India Canara Bank State Bank of Hyderabad |
| AUDITORS | CNGSN & Associates 22, Flat “C” & “D” Vijayaraghava Road T.Nagar, Chennai 600017 |
| REGISTERED OFFICE | No: 1, Cooks Road Otteri, Perambur Chennai 600 012 Tamilnadu |

BINNY LIMITED

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

No:1, Cooks Road, Otteri

Perambur, Chennai – 600012

on Monday, 4th November 2013

at 11.00 A.M

to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 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 Justice S. Jagadeesan, who retires by rotation and, being eligible, offers himself for reappointment.
3. 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: 004915S) Chartered Accountants, Chennai be and are hereby re-appointed 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

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Natarajan Nandhagopal, whose term of office as an Additional Director, pursuant to Section 161 of the Companies Act, 2013, expires at this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

5. 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, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the appointment of Mr. M.Nandagopal, as Whole time Director designated as Executive Chairman of the Company for a period of five years commencing from 3rd October 2013 upon such terms and conditions as detailed in the explanatory statement annexed hereto, be and is hereby approved.

6. 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, 310 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the appointment of Mr. Arvind Nandagopal as Whole time Director designated as Managing Director of the

BINNY LIMITED

Company for a period of five years commencing from 3rd October 2013 upon such terms and conditions as detailed in the explanatory statement annexed hereto, be and is hereby approved.

REGISTERED OFFICE

No: 1, Cooks Road

Otteri, Perambur,

Chennai 600 001

Date: 3rd October 2013

BY ORDER OF THE BOARD

P.K. Sundaresan

CFO & Company Secretary

NOTES:

1. 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. PROXYFORMS COMPLETED 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.
2. The Register of members and the share transfer books of the company will remain closed from 28-10-2013 to 04-11-2013 (both days inclusive)
3. Members are requested to intimate changes, if any, in their registered address to the company immediately.
4. Members are requested to furnish a copy of the PAN Card to the Company / RTA for registration of transfer / transmission of shares.
5. 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.
6. 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.
7. 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 appointed/reappointed at this meeting are given below:

| Name of Director | Date of Birth | Date of appointment | Qualifications | Expertise in Functional Area |
|-----------------------|---------------|---------------------|----------------|---|
| Justice S.Jagadeesan | 23-03-1941 | 05-09-2007 | B.A., B.L | Former Judge of Madras High Court and Chairman of Intellectual Property Appellate Board |
| Natarajan Nandhagopal | 21-12-1968 | 03-10-2013 | B.B.A | Breweries, Real Estate, Renewable Energy |

Item No:2

Justice S. Jagadeesan is the Chairman of Audit Committee and Member of Remuneration Committee of Binny Limited. He is not a director in any other company.

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Item No: 4

Mr. Natarajan Nandhagopal is also on the Board of the following companies

| Sl.No. | Name of the Companies | Position |
|--------|--|----------|
| 1. | Mohan Breweries and Distilleries Limited | Director |
| 2. | Arthos Breweries Limited | Director |
| 3. | TCP Limited | Director |
| 4. | Doric Real Estate Limited | Director |
| 5. | Bhankerpur Distilleries Limited | Director |
| 6. | Nandha Energy Limited | Director |
| 7. | Nandha Developers Private Limited | Director |
| 8. | Nandha Logistics Limited | Director |
| 9. | Nandha Glass Limited | Director |

Item No: 5

Mr. M. Nandagopal is also on the Board of the following companies

| Sl.No. | Name of the Companies | Position |
|--------|--|--------------------|
| 1) | Mohan Breweries and Distilleries Limited | Executive Chairman |
| 2) | Mohan Meakin Limited | Director |
| 3) | Arthos Breweries Limited | Director |
| 4) | D1 Mohan Bio Oils Limited | Director |
| 5) | Mira Textiles & Industries (India) Limited | Director |
| 6) | Bhankerpur Distilleries Limited | Director |
| 7) | RRB Energy Limited | Director |
| 8) | Nandha Developers Private Limited | Director |

Item No: 6

Mr. Arvind Nandagopal is also on the Board of the following companies

| Sl.No. | Name of the Companies | Position |
|--------|---|-------------------|
| 1 | Mohan Breweries and Distilleries Limited | Managing Director |
| 2 | Arthos Breweries Limited | Director |
| 3 | TCP Limited | Director |
| 4 | Mother Mira Industries Limited | Director |
| 5 | Bhankerpur Distilleries Limited | Director |
| 6 | Orissa Sugars Limited | Director |
| 7 | Nandha Energy Limited | Director |
| 8 | Nandha Developers Private Limited | Director |
| 9 | Nandha Logistics Limited | Director |
| 10 | Nandha Glass Limited | Director |
| 11 | Magnum Sugars & Allied Products Pvt. Ltd. | Director |

Explanatory Note as required under Section 102(1) of Companies Act 2013

ITEM NO: 4

The Board of Directors had, in order to strengthen the Board, appointed Mr. Natarajan Nandhagopal as an Additional Director of the Company under the provisions of Section 161(1) of the Companies Act,

BINNY LIMITED

2013 with effect from October 3, 2013. Pursuant to Section 161 of the Companies Act, 2013 he will hold this office up to the date of the forthcoming Annual General Meeting.

Notice in writing from a member has been received by the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Natarajan Nandhagopal for appointment as Director of the Company. He, being eligible, offers himself for appointment.

None of the Directors other than Mr. Natarajan Nandhagopal, Mr.M. Nandagopal and Mr. Arvind Nandagopal are interested or concerned in the said resolutions.

ITEM NO: 5

The Board of Directors have appointed Mr. M. Nandagopal as a Whole - time Director designated as Executive Chairman for a period of five years with effect from 3rd October 2013, subject to the approval of the Company in General Meeting. The terms of appointment as approved by the Board of Directors in their meeting held on 3rd October 2013 are specified hereunder. Necessary resolutions are being proposed to the shareholders for their approval.

Mr. M. Nandagopal shall not draw any remuneration either by way of salary, allowances and perquisites or by way of Commission.

None of the Directors other than Mr.M.Nandagopal, Mr.Natarajan Nandhagopal and Mr.Arvind Nandagopal is interested or concerned in the said resolutions.

ITEM NO: 6

The Board of Directors had appointed Mr. Arvind Nandagopal as a Whole - time Director designated as Managing Director for a period of five years with effect from 3rd October 2013, subject to the approval of the Company in General Meeting. The terms of appointment as approved by the Board of Directors in their meeting held on 3rd October 2013 are specified hereunder. Necessary resolutions are being proposed to the shareholders for their approval.

Mr. Arvind Nandagopal shall not draw any remuneration either by way of salary, allowances and perquisites or by way of Commission.

None of the Directors other than Mr. Arvind Nandagopal, M.Nandagopal and Mr.Natarajan Nandhagopal 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 44th AGM.

Registered Office:
No:1, Cooks Road
Otteri, Perambur
Chennai 600 012.
Date: 3rd October 2013

BY ORDER OF THE BOARD

P.K.Sundaresan
CFO & Company Secretary

DIRECTORS' REPORT

Your Directors present the Forty Fourth Annual Report and Audited Accounts of the Company for the year ended 31st March 2013

FINANCIAL RESULTS

| | Rs. In Lakhs | |
|---|---------------------|------------------|
| | As at | As at |
| | 2012-2013 | 2011-2012 |
| Operating Profit / (Loss) | <u>493.35</u> | <u>355.40</u> |
| Profit before Depreciation & Tax | 493.35 | 355.40 |
| Depreciation | <u>25.18</u> | <u>25.37</u> |
| Profit / (Loss) for the year before Tax | 468.17 | 330.03 |
| Tax | <u>77.16</u> | <u>86.00</u> |
| | 391.01 | 244.03 |
| Extra-ordinary items | <u>48.36</u> | <u>(16.70)</u> |
| Profit / (Loss) for the year | <u>439.37</u> | <u>227.33</u> |

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 the operation, the company ceased the operation of container freight station with effect from May 2012. Hence your company will only continue warehousing operation, and it may not be possible to scale the revenues significantly.

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 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.*

***Key events after balance sheet date**

The shares of the resulting companies got listed on 28th May 2013 and following this Inter-Se transfer between the promoter group and other steps as enshrined in the demerger scheme were completed during the last week of September 2013. Consequent upon this development, the board of your company has been reconstituted and the details are as given below.

Directors

A. The following directors have resigned from the board

1. Mr.M.Ethiraj
2. Mr..E.Shanmugam
3. Mr.V.R.Venkataachalam.
4. Mr.K.Sundareswaran
5. Mr.S.Vijayaraghavan
6. Mr.R.Krishnan
7. Mr.R.Narayanan

Your Directors place on record their sincere appreciation for the contribution made by each one of the above listed Directors during their tenure as Directors of the Company.

B. Mr.Natarajan Nandhagopal has been appointed as an Additional Director of the Company with effect from 3rd October 2013 under Section 161(1) of Companies Act 2013.

C. Mr.M.Nandagopal has been appointed as a Whole-Time Director and designated as Executive Chairman, subject to your approval at the ensuing Annual General Meeting.

D. Mr.Arvind Nandagopal has been appointed as a Whole-Time Director and designated as Managing Director, subject to your approval at the ensuing Annual General Meeting.

The Company continues to comply with the terms of Clause 49 (C) (iv) of the Listing Agreement with Stock exchanges. Mr. Justice S. Jagadeesan retires by rotation and offers himself for reappointment. Mr.Arvind Nandagopal also retires by rotation and offers himself for reappointment as director.

Binny Engineering Limited

Considering the negative net worth, highly limited usage of the lease-hold property and on the basis of a fair valuation report, your directors decided to sell the entire 100% shareholding in the subsidiary for a sum of Rs 3.45 Cr

As Binny Engineering Limited was a 100% subsidiary of your Company, the audited accounts for the year ended 31.3.2013 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, 2013 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, 2013 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 2013 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:

- i. The Company has received wealth tax demand for the Asst. year 2005 – 06, 2006 – 07, 2007 – 08, 2008 – 09, 2009 -10, 2010 – 11 and 2011 – 12 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.
- ii. The entire shareholding in the subsidiary, has since been sold as aforementioned under the paragraphs on Key Events after the Balance Sheet date. Hence the remarks in this regard are no longer applicable.
- iii. Efforts are being made to obtain confirmation of balances of the receivables, payables, loans & advances etc pending over 3 years..

In case of Auditors observations under Emphasis of Matter on the income tax demand made for Asst Year 2010-11, your company has filed an appeal before CIT(appeals) and is confident of succeeding.

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Auditors

M/s CNGSN & Associates, (Firm Registration No: 004915S) 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:
No :1, Cooks Road
Perambur
Chennai 600 012
Date: 03.10.2013

BY ORDER OF THE BOARD

M. NANDAGOPAL
EXECUTIVE CHAIRMAN

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 of 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 | 31.3.13 | 287,48,100 Equity shares of Rs.10 each fully paid up | 100% | (44.19) | NIL | (552.15) as on 31.3.2012 | 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 executives and independent directors to ensure proper governance and management.

BOARD MEETINGS

During the year ended 31.3.2013, five board meetings of the Company were held on the following dates viz., 14.05.12, 13.08.12, 01.09.12, 02.11.12 and 06.02.13. The last Annual General Meeting of the Company was held on 29th September 2012.

| 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. Ethiraj | P | 4 | NP | 10 | 2 | 2 | 08.07.1987 | - |
| Mr. M. Nandagopal | NEP | 2 | Yes | 13 | - | - | 23.03.1996 | - |
| Mr.R.Narayanan | NEI | 1 | Yes | 5 | 2 | 2 | 30.06.1990 | - |
| Mr. S. Natarajan | NEP | 3 | NP | 4 | 1 | 1 | 11.01.1988 | - |
| Mr. E. Shanmugam | NEP | 5 | Yes | 7 | 2 | - | 31.03.1993 | - |
| Mr. V.R.Venkataachalam | NEP | 3 | Yes | 9 | - | 1 | 11.01.1988 | - |
| Mr. Arvind Nandagopal | NEP | - | NP | 8 | - | - | 25.03.2005 | - |
| Mr. K. Sundareswaran | NEI | 4 | Yes | - | - | - | 25.03.2005 | - |
| Mr. Justice S Jagadeesan | NEI | - | NP | 1 | 2 | - | 05.09.2007 | - |
| Mr. S. Vijayaraghavan | NEI | 1 | Yes | - | - | - | 05.09.2007 | - |
| Mr. R. Krishnan | NEI | 5 | Yes | - | 5 | - | 05.09.2007 | - |
| Dr. Sadayavel Kailasam | NEI | - | NP | - | - | - | 29.04.2010 | - |

3. AUDIT COMMITTEE

The Committee consists of three Non-executive Independent Directors and one Non-executive promoter director. Five meetings were held during the year ended 31.3.2013 on 14.05.12, 13.08.12, 01.09.12, 02.11.12 and 06.02.13. 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.